

Auditors....What are they looking for?

Hot Topics in Research Administration
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Auditors....What are they looking for?

Presenters:

- **Beth Siple, Assistant DFA, College of Agriculture**
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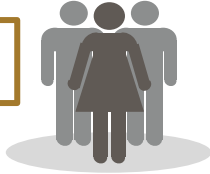
Auditors....What are they looking for?

Agenda:

- **Purdue Audit Example**
- **NSF Audit Update**
- **Audit Reviews of Other Universities**
- **Preparing for an Audit**

AUDIT PROCESS

Auditors



- Permissible
- Authority

Uniform
Guidance

Award
Documents

Project File

Proposals
Contract (T&Cs)
Costs & Charges
Documentation

- Allowable
- Prior Approval
- Reasonable

- Consistency
- Adequately Documented
- Timely

Internal
Controls

Program
Requirements

- Allocable
- Necessary

Purdue Audit Example

United States Agency for International Development

- **USAID Office of Inspector General (OIG) In Afghanistan**
- **May 2014-Received initial notification**
 - **Audit of current cooperative agreement**
- **August 2014-Audit entrance call and requests for information from Purdue**
 - **USAID contracted with separate audit firm**

Purdue Audit Example

United States Agency for International Development

- **December 2014-Audit Closed Out and Report Issued**
- **January 2015-Received 2nd Notice from USAID OIG**
 - **Audit next 12 months of current grant**
 - **Close out of grant that expired in 2011**
- **August 2015-Received notice from Audit Firm and request for information**

....What are they looking for?

- All agreement documents and amendments
- All subcontract agreements and amendments
- Copy of approved budget
- Crosswalk between approved budget categories and general ledger
- Billing history report
- Complete inventory list
- Procedures for disposition of fixed assets and inventories

....What are they looking for?

- Specific control procedures (Hiring, Compensation, Identifying ineligible costs, Procurement)
- Payroll journals and timesheets
- Detailed transaction lists
- Project organizational chart (name, position, salary)
- Copies of all correspondence and notices with USAID
- Prior approvals from USAID
- Documentation of proper vetting of Foreign Subrecipients

Purdue Audit Example

United States Agency for International Development

- **Management Representation Letter**
 - **Form letter provided by auditor that included 20 certification statements**
 - **Certifying the integrity of financial statements**
 - **No knowledge of fraud**
 - **Administer program in accordance with compliance requirements**
 - **Full disclosure of any known noncompliance issues**

....What are they looking for?

- Sample selected included approximately 30 transactions for each grant
- Detailed transactions included all expense categories
 - Payroll
 - Travel
 - Subrecipient Payments
 - Purchase Orders (ARIBA, PCards, DIV's)
 - Indirect Costs

....What are they looking for?

- Some transactions dated as far back as 2007
- Various academic departments were impacted to some degree
- Several items required specific back up documentation and explanation from the business office
 - Additional Pay Wage Types
 - Administrative Supplement

Purdue Audit Example

United States Agency for International Development

2014 Audit

- **Concluded with no findings**

2015 Audit

- **Draft report indicates no findings**

NSF Audit

- Three years of transactions submitted to NSF (493,646)
- NSF will randomly select transactions for additional documentation and response to questions (list of sample questions - <http://www.purdue.edu/business/sps/Training/hottopics.html>)
- Tentative Schedule:
 - 11/6-13: Audit firm submits samples to NSF for review
 - 11/16-18: Purdue receives list, reviews and forward to Contacts
 - 11/18-12/10: Review by BO & documentation forwarded to SPS
 - 1/4-15: Auditors on campus

Audit Results at Other Universities

- Unreasonable equipment charges – during last 60 days of projects
- Meals/Food
- Unallowable or unreasonable transactions (i.e. travel – excessive hotel rates)
- Exceed NSF limits on Senior Salary
- Costs not allocable to the project
- Financial Conflict of Interest (FCOI) – procurement related

Preparing for an Audit

- External Audit Request Quick Reference Sheet

<http://www.purdue.edu/business/sps/postaward/bs/Compliance/index.html>