Federal Audit Update

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Relevant 2013 Audits

Cornell – HHS OIG on behalf of NSF
Emory – Medicaid and Medicare
Northwestern – HHS OIG, FBI, US Attorney
University of Colorado – HHS OIG
Thomas Jefferson University – HHS OIG
NSF OIG 2014 Audit Work Plan

- Two major areas for audits and reviews in FY 2014 (19 institutions planned):
  - Financial and/or program accountability
  - The American Recovery and Reinvestment Act (ARRA)
Financial/Accountability Audit
Objectives

- Costs charged are allowable, allocable, and reasonable
- Assess the adequacy of internal controls over NSF funds
- For FY 2014, these incurred cost audits will include ARRA funds.
ARRA Audit Objectives

- Identify instances of unallowable, unallocable, and unreasonable costs
- Identify instances of noncompliance with regulations
- Determine if adequate accounting systems are in place
- Determine if awardee is properly accounting, segregating, and reporting for these awards
- ARRA quarterly reporting, including reporting of jobs created under ARRA and grant expenditures for the two most recent quarters
HHS OIG 2014 Work Plan

- Adherence to general costing principles
- Selected colleges and universities
- On the basis of the dollar value of Federal grants received
- Input from HHS operating divisions and Assistant Secretaries’ for Financial Resources and Administration
General Expenditures

- Magazine subscription that did not benefit the project [C]
- Individual membership in a professional organization [TJ]
- Visa expenses outside the project performance period [C]
- Late fees for publishing a thesis [C]
- Office supply costs [C, UC]
General Expenditures (cont)

Foreign travel in excess of allowable of per diem rate; with unallowable expenses (alcohol, laundry); not reasonable; and not adequately documented [C]

Monthly local telephone line charges [UC]
Supplies

Claims for items such as laptops, monitors, toner cartridges, binder clips, post it notes, pens without sufficient documentation to support direct cost treatment [C, UC, TJ]

Lab supplies without proof of receipt or any other documentation supporting the charge [UC]
Participant Support

- Lack of documentation (e.g. signed attendance sheets) [C]

- Using funds budgeted for participant support spent in other cost categories without NSF Approval (i.e. “conference meal”) [C]

- Stipend paid to a program attendee greater than paid to other attendees [C]
Compensation Charges

attempted

Hourly employee timesheets did not identify the projects on which they worked. [UC]

The University stated that such employees generally did not know which projects their work benefitted, or the proportion of time devoted to each project if they worked on multiple projects. [UC]
Administrative and Clerical Salaries

- No justification of unusual degree of administrative support

- Administrative activities were not related solely to the project

- No documentation of rationale for meeting the definition of “major project”
Cost Transfers

- Cornell – selected all positive cost transfers greater than $200

- Univ of Cal Santa Barbara – transfer six months after award end date and 50% of cost transfers relate to one PI
Fraud, Waste and Abuse

Federal grant allegedly billed for PI family trips; meals and hotels for himself and friends; and “consulting fees” for unqualified friends and family members (including brother and cousin). [N]
Clinical Trial Billing

- Qui Tam action - Emory

- Emory allegedly billed Medicare and Medicaid for services clinical trial sponsor paid, thus resulting in Emory being paid twice for the same service.
Select Agent Requirements

- Inventory recordkeeping
- Access controls
- Employee training
Want to Read More?

www.costaccounting.org