

OMG!

It's an OIG Audit!

Robert Andresen—University of Wisconsin-Madison
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What's the OIG?

- Independent Auditors Responsible for:
 - Conducting Audits and Investigations
 - Preventing and Detecting Waste, Abuse, and Fraud
 - Promoting Economies and Efficiencies
 - Informing Agency Head and Congress
- General Supervision by Agency Head
 - Agency Head Cannot Prevent or Prohibit an Audit
 - Dual Reporting Relationship to Agency Head and Congress

UW-Madison's Audit

- NSF Contract to Build A Drill for Antarctica & Arctic Research
- Contract Amount: ~\$21 million
- Contract Period: 6/1/2000 through 9/30/2007
- Ongoing Discussions Regarding Cost of Constructing Drill

Working with OIG

- Initial Contact: August 2007
- Audit of Incurred Costs
- Separate Discussions on Equitable Adjustment for Cost Overruns

The Auditors

- Contracted Out to DCAA (Defense Contract Audit Agency)
- Preliminary Information:
 - Contract
 - Cost Accounting Standards Disclosure Statement (DS-2)
 - DHHS Rate Agreements
 - Ledgers
 - Summary of All Transactions
 - Invoices to NSF for Contract Payments
 - University Policies and Procedures for Managing Extramural Funds

The Onsite Audit

- Entrance Conference: May 2008
- Onsite Audit: July 2008
- Exit Conference: April 2009

The Audit Report

- Questioned Costs of \$2.48 Million
 - Prior-Approval to Subcontract
 - Documented Approval vs. Approval of Progress Reports
 - Extrapolated Costs
- UW Provided Response to DCAA: June 2009
 - No formal response back from DCAA:
 - NSF OIG Posts Audit Report on Website: July 2009
 - <http://www.nsf.gov/oig/auditpubs.jsp>
- Next Steps: Unknown

Lessons Learned

- Be Prepared to Provide Guidance to Auditors on Agency Policies and Procedures.
- Be Prepared to Provide Guidance to Auditors on OMB Circulars A-21 and A-110
- Documentation of All Agency Interactions:
 - Programmatic and Financial
- Extrapolation of Disallowed Costs Can Create Significant Problems
- Audit Resolution is a Lengthy Process

University of Kansas

Michelle Ginavan-Hayes

The Investigation at the University of Kansas

- NSF Investigation regarding compliance with award terms and conditions on a specific award.
- Research project involved collection of insects in Venezuela
 - Project period: 9/1/08 – 8/31/12
 - Total award amount: \$500,000
- All communication done via email. No onsite visit. No onsite auditors.

Steps taken after initial contact

- Immediately contact General Counsel
- Immediately notify the Principal Investigator
- Form an internal team:
 - Representative(s) from Post Award Services
 - Representative(s) from Research Administration
 - Representative from General Counsel
 - Principal Investigator
 - Departmental Administrator
- Identify one primary contact for all communications.

Timeline

- September 2, 2009 – Notification from NSF
- September 16, 2009 – University Response #1
- September 17, 2009 – Follow-up request from NSF
- October 2, 2009 – University Response #2
- November 17, 2009 – Follow-up request from NSF
- December 3, 2009 – University Response #3
- March 31, 2010 – Final closing letter from NSF

Specific information NSF requested:

- Supporting documentation for travel expenses on all travel to date
- Copies of collection permits
- University policies related to work and collection permit requirements
- University guidelines for processing foreign travel paid with federal funds
- List and contact information for all participants supported under this award

Lessons Learned

- Involve the appropriate campus people from the beginning.
- Document. Document. Document.
- Educate PI's and staff at all levels about documentation needed for participant travel and reimbursements, especially when traveling to a foreign country.

Outcomes

- Created an International Travel Guide and checklist to assist researchers traveling outside of the U.S.
- Central Administration, in collaboration with this PI and his department, have devised improved methods for documenting costs while in the field.

University of Illinois

Julie Jarvis

NSF Audit of Labor Effort Reporting, University of Illinois at Urbana- Champaign (UIUC)

- One of a series of NSF OIG reviews of the Labor Effort Distribution Systems at NSF's top-funded universities
- Assess adequacy of internal controls to ensure salary and wage costs claimed on NSF grants are properly managed, accounted for, and monitored.
- FY2006 NSF grant expenditures approx. \$90 million at UIUC
 - One-third for labor costs

Timeline

NSF Audit of Labor (UIUC)

- May 2006 – Notification from NSF OIG
- November 2006 – NSF contracted CPA firm
- Nov/Dec 2006 – CPA firm and OIG on-site
- September 2007 – Discussion draft
- October 2007 – University, CPA firm, NSF OIG teleconference regarding draft
- January 2008 – Request for comment draft
- February 2008 – University response
- March 2008 – Final report issued
- October 2008 – Audit resolution process
- July 2009 – Final Closing Letter from NSF

Audit Process, NSF Audit of Labor (UIUC)

- Prepare before the auditors arrive
 - Campus notification of review to be done
 - White Paper to accumulate information on policies, systems, procedures, DS-2, etc. (entrance conference discussion)
- Auditor Fieldwork
 - Contracted by NSF to CPA firm
 - Cold call challenges for campus AND auditors
 - On-site visits
 - Initial visit included NSF OIG staff

Findings, Responses, Resolution NSF Audit of Labor (UIUC)

- Discussion Draft
- Final Draft Report
- University Formal Response
- NSF OIG published Final Report
- NSF Cost Analysis and Audit Resolution Branch, Institution & Award Support Division

Lessons Learned

- Prepare for the visit
- Coordinate and Communicate with Campus and Administration
- Learn about Audit Resolution process early

Questions?

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