

NCURA Region IV

Surviving Adverse and Qualified Audits

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Promoting Collaboration in Research

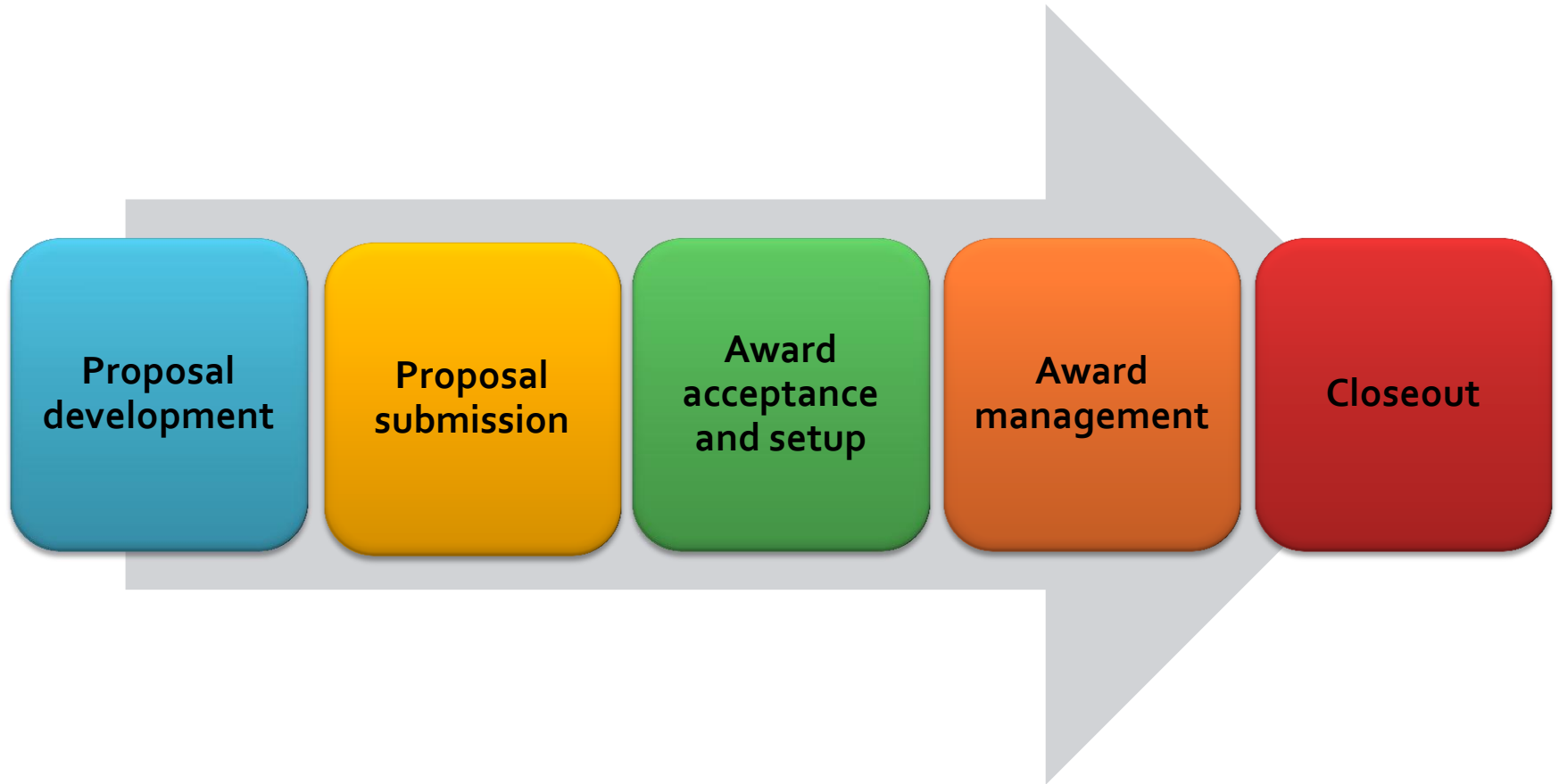
Surviving Adverse and Qualified Audits - *Intermediate*

- Sponsored activity requires a significant administrative *investment* to ensure compliance with a myriad of complex funding requirements, and one of the most talked-about compliance items relates to audits.
- This session offers a more in-depth analysis of recurring audit findings, management responses, and institutional resolutions..

Session Objectives

- Identify who performs the various audits
- Identify the critical parties involved
- Develop steps to a successful audit process
- Develop a proactive approach to creating sound business policies year round
- Identify the negative impacts of a poor audit

Award Cycle



Quick Update ~ Impact of OMB Circular Combination

- Link to full text -

<http://www.regulations.gov/#!documentDetail;D=OMB-2013-0001-0002>

- Huron Education Analysis -

http://www.huronconsultinggroup.com/Insights/Analysis/Education/~media/Insights-Media-Content/PDF/Education/HE-ClientAlert_OMB_Circular.pdf

Looking at our expertise

- Please share your name and...
 - Institution
 - Role (Departmental/Central Office, Preaward/Postaward)
 - Years in research administration
 - Audit experiences
 - Something fun about yourself

Audit Types

An onslaught of oversight...

Audits

- A-133
- OIG Audits
- Sponsor Site Visit
- Desk reviews
- Pre-Award Audits

Single Audit

- Required when an entity expends more than \$500,000 in federal assistance during their fiscal year. (Move to \$750 w/new OMNI proposal)
- Only affects federal funding
 - Federal Contracts
 - Federal Grants
 - Student Financial Aid
- Subject to the provisions of OMB Circular A-133

Sponsor Site Visits

- Review of one award or group of awards from a specific sponsor
- Federal or Non Federal
- Review of financial & technical data
- Third party auditor often utilized
- Sponsor specific guidelines
- Beware of specific submission requirements through secure portals
- Desk Review

Critical Players

It takes many hands to make light of the work!

Who should/could be involved?

- Controller's Office
- Sponsored Programs
 - Pre-award
 - Post-award
- Departmental Administrators
- Principle Investigator
- Compliance Department
- Internal Auditors
- External Auditors

Steps to a Successful Audit

Beginning with the end in mind...

What an audit is...and is not

- Audits are systematic, purposeful and structured.
- Audits are based in evidence and procedure.
- Audits are not haphazard, unplanned or unstructured.
- Audits are not “bad.” They can help us do our jobs better by revealing areas in need of improvement.

Audit Life Cycle

Auditor Process



Auditee Process



How can we prepare?

- Audit visits throughout the year
 - A-133
 - Sponsor site visits
- Educate from the top down
 - Policies and procedures
 - Training programs
- Sound business policies promote compliance
- Perpetual preparation leads to a smooth audit process & unqualified results

Voice Expectations

- Begin with the end in mind
- Review expectations with internal parties
 - Staff members
 - Departmental administrators
- Review expectations with auditors
 - Develop expectations with the auditors from start to finish
- Reward staff for meeting expectations

General Discussion About Audits

Let's share our experiences...

Proactive Approach

Developing sound business policies & operating procedures

Best Practices

Let's develop a list together

Staffing & Expertise

- Staffing
 - Allows for proper monitoring
 - Reduces oversight errors
 - Increases time to research new issues
 - Allows for availability of point person
- Technical Expertise
 - Increases efficiency
 - Leads to effective procedures
 - Allows for specialization
 - Fosters ownership in daily duties

Negative Impacts

Living the nightmare of adverse & qualified opinions

What's your risk?

- Significant reimbursements for unallowable costs
- Increased audit coverage: A-133

(f) Percentage of coverage rule. The auditor shall audit as major programs Federal programs with Federal awards expended that, in the aggregate, encompass at least 50 percent of total Federal awards expended. If the auditee meets the criteria in § __.530 for a low-risk auditee, the auditor need only audit as major programs Federal programs with Federal awards expended that, in the aggregate, encompass at least 25 percent of total Federal awards expended.

- Increased sponsor site visits & subrecipient monitoring
- Damaged reputation

Case Studies

Wrap up Discussions

Q&A

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