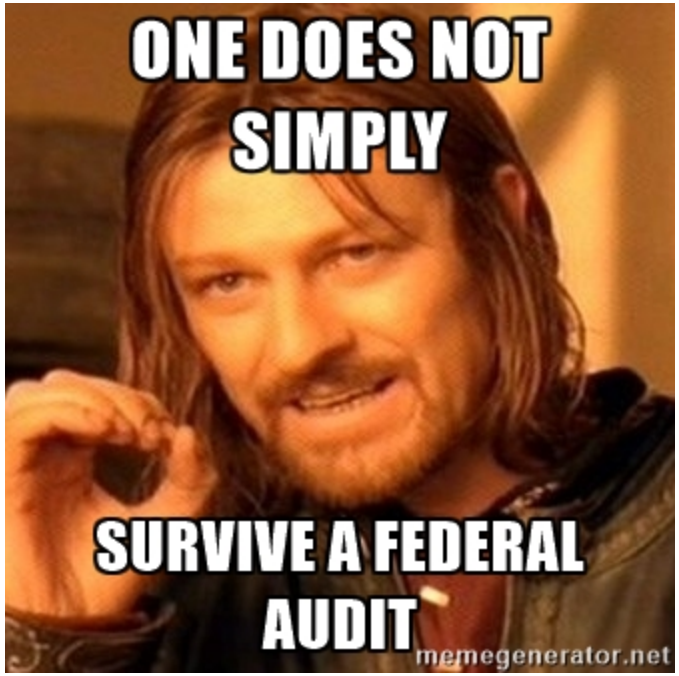
HOW TO SURVIVE AN AUDIT



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Thank you!!!

Oregon Space Grant
Jack, Catherine and Shirley
for hosting a wonderful meeting!!

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Texas Space Grant was audited on our last 5 year grant 2010-2015

Audit Process July 2015 – March 2016

6-inch binder:

- 5 year proposal tab
- Annual reports tab
- UT project agreement tab
- Subcontracts tab
- Transaction details tab

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Timeline

July 2015

- Receipt of Official Audit Memo (see handout)
- Pre-Audit Conference with TSGC and Contracts and Grants (C&G) Office

August 2015

- Official "Audit Entrance" conference with Auditors, TSGC and C&G
- Uploaded Files to a shared online folder "UT Box "

October 2015

- One week Auditor site visit at TSGC office and C&G office on campus

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One Week Auditor Site Visit

October 2015

Two main auditors (1 additional audit manager)

One full day at TSGC - with one C&G person and TSGC staff

- Documentation for Subcontracts and Matching were reviewed as well as record keeping procedures

One full day at C&G office on campus (with TSGC Staff)

Two full days at C&G office on campus (without TSGC Staff) review of internal University processes

- University accounting processes – Contract processes, payroll etc.

One last day at TSGC for exit meeting, clarification of any questions, ending site visit.

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Timeline

Weekly

Oct-Jan

- Emails from Auditors requesting information or asking questions
- Additional telecons with auditors
- Uploading documents into shared “BOX”

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Timeline

Month of January

- Request for exit conference call from Auditors

- Auditors continued to ask questions
- Draft Audit findings report emailed to us

- University and TSGC reviewed, commented, and made minor edits to report.

Timeline

February 18, 2016

Exit Telecon with NASA, Auditors, TSGC, C&G and Accounting

Final Audit Report Circulated

DONE by March 2016 !!

Audit Focused On

- Verifying that funds were used for what the training grant intends and are aligned with NASA Grant Rules. (including personnel charges and project / detailed account transactions) C&G provided the transactional history, all accounts issued, all Subcontracts issued for FY10-15

- Matching funds/ Cost Share

- Account transactions/reverse or corrected transactions / object codes

- Subcontract monitoring (internal control documentation, policies and procedures)

Audit Focused On

- Reviewed project (and sub-awards) descriptions, budgets and reporting information
- Policies and procedures for verification that US Citizenship rules are in place for Fellowship, Scholarships, Interns and Program PIs
- Performance data reported to NASA for each year (Survey Monkey, narrative reports, budget charts)
- Annual financial statements reported to NASA such as A-133 reports, financial reports and grant drawdowns (C&G)

Audit Focused On

Verifying that funds were used for what the training grant intends them to be used and are aligned with NASA Grant Rules.

Audit specific questions:

- Describe your controls established for administering Space Grant and ensuring adherence to its terms and conditions. This includes accounting and reporting, payroll, property, equipment, performance measurement, and outcome assessment.
- Describe the payroll system utilized and briefly describe how it works. How is employee time recorded and certified? What are the procedures for approving and verifying time worked? How are labor charges authorized, recorded, and allocated to the award?

Audit Focused On

Subcontract monitoring

Auditor Specific questions:

- Describe the procedures utilized for receiving and paying invoices, ensuring cost share (cost share on invoices?) and explain how you have an adequate segregation of duties from the time supplies or services are requested through the payment of the bill.
- What controls exist to monitor sub-recipients, consultants, or contractors; how do you verify their financial and program information?

Audit Focused On

Cost Share / Matching funds

- Matching (dollar amount to date, how collected, labor, effort), In-Kind Affiliate cost share letters.
- Auditors will not accept proposed match. Must be documented after the project – in an affiliate in-kind match letter or on invoices (final invoice)
- Auditors will not accept forgiven overhead or "waived IDC" cost share if it was not in the original proposal as cost share.

Audit Focused On

<u>Processes for verification of US Citizenship are in place</u>

- Review of application process for Fellows and Scholars – how you verify they are US citizens.
- Review of incoming proposals /subcontract set up / reports and invoices how you verify that PIs of other projects are US citizens.

Advice!!!!!

- Contracts and Grants is your BEST FRIEND!!!! (They Coordinated most of the correspondence/meetings/document transfer and responses)
- KEEP everything! E-mails, Files, Electronic PDFs
- Carefully document cost share - with letters, on invoices, signed off documents after the project – not projected cost share
- US Citizenship processes - other than Fellowships / Scholarships and Interns. Send Grant rules for Non US Citizens to PIs (regardless whether C&G sends it) So affiliates are aware they cannot fund a non US Citizen.
- Every Audit is different. It depends on your University Audit practices that will ensure you get through an audit efficiently and as easily as possible.

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Advice!!!!!

You might feel like this at times……

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Advice!!!!!

But with great team work, everything will be calm in the end!

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Questions?

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