2012 Federal OIG Audit Plans

Ted Mordhorst
Assistant Director Post Award
Financial Compliance
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DHHS OIG

- ARRA audits continue, with emphasis on Centers for Disease Control (CDC) awards.
  - Audits examine if recipients spent funds in compliance with ARRA and federal regulations.
  - Departments should review award terms and conditions to ensure activity and expenditures comply with award terms and conditions.
• Review Administrative and Clerical salary charges
  — Normally reimbursed through the F&A rate

• Suggested Department Administrator and PI actions:
  — Review GIM 23 for University policy on direct charging of Administrative and Clerical salaries
  — Review proposal and award document for compliance with policy
  — Review award expenditures for allowable costs per university policy
• Recharge/Cost center operational and rate reviews
  – OIG will review rate components for reasonableness, consistency and compliance with A-21 principles

• Suggested Department Administrator actions:
  – Ensure that rate levels and components are reviewed at least annually by MAA or the Dean’s office
• Salaries paid to faculty who have appointments at multiple organizations
  – OIG will determine whether faculty members working on NIH grants were inappropriately drawing salaries from multiple universities.

• Suggested Department Administrator actions:
  – Review faculty with appointments at multiple organizations to ensure they are not being compensated from more than one organization for work on a sponsored project.
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• How universities meet cost-sharing requirements
  – Are they claiming waived F&A as cost share and direct charging of administrative/clerical salaries, and/or other normal F&A costs?

• Suggested Department Administrator actions:
  – Examine expenditures on awards with waived F&A as cost share to ensure other normal F&A costs are not being direct charged
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• Compliance by colleges and universities with selected cost principles referenced in OMB Circular A-21

• Suggested Department Administrator actions:
  – Review award expenditures with the PI to ensure allowability under the cost principles
  – Ensure expenditures are reasonable, allocable and allowable
• Do payments for extra compensation charged to federally sponsored agreements by educational institutions comply with Federal regulations?
  – OIG will determine whether extra compensation payments were properly calculated and approved by the sponsoring agency.

• Suggested Department Administrator actions:
  – Review any excess compensation to ensure compliance with OMB Circular A-21 J 10 d
• Examine awards under several programs to determine if grantees used the funds for the purposes outlined in the award, federal laws and directives

• Suggested Department Administrator actions:
  – Review internal control procedures to ensure that they are appropriate to properly manage federal awards
  – Review procedures to ensure that funds are only being used to support the project as proposed
NSF OIG

• For ARRA funding, OIG will focus on the allowability of actual expenditures.

• OIG will also audit the actual number of jobs created and/or retained with ARRA funding.

• Auditees will be selected using automated statistical analysis software.

• Using this software OIG will audit 100% of transactions for selected awards.
• For other funding, OIG will continue ongoing and planned audits in FY 2012 that will focus on:
  — whether costs charged to NSF awards are allowable, allocable, and reasonable, and
  — the adequacy of awardees’ internal controls over the administration of NSF funds in compliance with Federal and NSF requirements