Expenditures Review and Reconciliation using GM096 and ASRSP Expense Review Workbook

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Session Description

Routine expenditures Review and Reconciliation are important steps for monitoring sponsored charges. The Uniform Guidance (2 CFR Part 200) focuses on Internal Controls that include monitoring and reconciling sponsored expenditures on a regular basis.

This session will provide a brief overview of the Federal requirements on Internal Controls and risks of non-compliance. Then we will dive in the details of utilizing the tools, GM096 and ASRSP workbook, to conduct expenditures review and reconciliation.
Why Internal Controls are Important?

• Internal Controls became an audit focus since Uniform Guidance took effect in December, 2014
• Federal Requirements (Uniform Guidance, 200.303)
  – **Must** maintain effective internal control over the federal award that provides reasonable assurance...
  – **Should** be in compliance with COSO and Standards for Internal Control in the Federal Government (the “Green Book”).
  – **Must** comply, evaluate and monitor compliance with federal statutes, regulations and the terms and conditions of the federal awards
  – **Must** take prompt action when non-compliance is identified
  – **Must** take reasonable measures to safeguard personally identifiable information and other information designated as sensitive
Internal Controls – Checks and Balances

- Multi-level reviewers/approvers - each role has responsibilities for Checks and Balances
- Know what you are submitting/approving/monitoring
  - It can be charged there, but should it be?
  - How are the charges monitored and reconciled?

Dept. • Administrator • PI

School

Dean’s Office

Central • Post Award
• Accounting Services
• Payroll • A/P
Auditor’s Focus – Internal Controls

Reviewing key indicators of strong Internal Controls:

- **Routine communication of expenditures review and reconciliation with the PI**
- Staff knowledge of compliance requirements
- Sense of the entity conducting operations ethically
- Positive responsiveness to questioned costs
- Training programs

*Remember the 40 PI interviews conducted by the Annual Single Audit Auditors in 2018?*
## Risks of Non-compliance

<table>
<thead>
<tr>
<th>Institution</th>
<th>Year Settled</th>
<th>Alleged Issues</th>
<th>Settlement/Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Louisville</td>
<td>2016/NIH</td>
<td>Salary transactions, general purpose equipment/office supplies, &amp; service center charges</td>
<td>Auditor estimated $1.3m unallowable transactions</td>
</tr>
<tr>
<td>Northwestern University</td>
<td>2013</td>
<td>Grants billed for personal trips, meals, hotels, and consulting fees</td>
<td>$2.9 million</td>
</tr>
<tr>
<td>Duke University</td>
<td>2009</td>
<td>Charging administrative/clerical costs and other direct costs (phone charges, copier paper, office supplies)</td>
<td>Auditor recommended $1.7m</td>
</tr>
<tr>
<td>Duke University</td>
<td>Jan-09</td>
<td>Charging administrative/clerical costs and other direct costs</td>
<td>Auditor recommended $1.7m</td>
</tr>
<tr>
<td>Yale University</td>
<td>Dec 2008 / multiple agencies</td>
<td>Cost transfers, summer salary charges, effort reporting</td>
<td>$7.6 million</td>
</tr>
<tr>
<td>St. Louis University</td>
<td>Jul 2008 / NIH, CDC, HUD</td>
<td>Supplemental compensation, Effort reporting</td>
<td>$1 million</td>
</tr>
<tr>
<td>Cornell University's Weill Medical College</td>
<td>Jun 2005/NIH</td>
<td>Effort reporting, payroll distribution, cost allocation, double billing Medicaid</td>
<td>$4.38 million</td>
</tr>
<tr>
<td>The Mayo Clinic</td>
<td>May 2005/NIH, others</td>
<td>Cost transfers, inadequate accounting system</td>
<td>$6.5 million</td>
</tr>
<tr>
<td>Harvard University</td>
<td>Jul 2004/NIH</td>
<td>Government billed for salaries &amp; expenses unrelated to federal grants; self reported</td>
<td>$3.3 million</td>
</tr>
<tr>
<td>Florida International U.</td>
<td>Feb 2005/Dept of Energy</td>
<td>Effort reporting, cost transfers, payroll distribution</td>
<td>$11.5 million</td>
</tr>
<tr>
<td>Northwestern University</td>
<td>Feb 2003/NIH</td>
<td>Institutional Base Salary; K award; certifier assignment</td>
<td>$5.5 million</td>
</tr>
</tbody>
</table>
## Northwestern NSF Data Analytics Audit

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>Additional Details</th>
<th>$Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unreasonable Expenses Near Award Expiration</td>
<td>Equipment (e.g., computing Device) or supplies charged near or after end of awards.</td>
<td>21,937</td>
</tr>
<tr>
<td>2</td>
<td>Misapplication of Indirect Costs (IDC)</td>
<td>Capital Account Code must be used for eligible equipment over $5k. Indirect Cost cannot be claimed for capital equipment.</td>
<td>17,517</td>
</tr>
<tr>
<td>3</td>
<td>Unreasonable or Unallocable General Expense Charges</td>
<td>Tuition must follow payroll charges. When a payroll charge is journaled from/to a sponsored project, the funding of tuition must be updated.</td>
<td>7,174</td>
</tr>
<tr>
<td>4</td>
<td>Unreasonable, Unallowable, or Unsupported Travel Costs</td>
<td>Travel should not occur after award end; duplicate hotel nights are not allowed.</td>
<td>3,589</td>
</tr>
<tr>
<td>5</td>
<td>Unsupported or Incorrect Charges to Participant Support</td>
<td>Limitation on participant support costs.</td>
<td>1,244</td>
</tr>
</tbody>
</table>

**Total:** 51,461
Expenditures Review and Reconciliation

• Routine Review and Reconciliations Should be conducted Monthly (or no less than quarterly)

• Benefits of conducting routine reviews
  – Reduce cost transfers and unexpected remaining funds during award closeout
  – Sound financial management; mitigate compliance risks

• ASRSP would like to help you to maximize the charges legally by providing Tools and Trainings for monthly expenditures review and reconciliation:
  – GM096 – Grants Transaction History Queries
  – Workbook and Guide to Review the Workbook
  – Cost Allowability Guide
Download from ASRSP Website

https://www.northwestern.edu/asrsp/forms/index.html
Do You Need Additional Assistance or Training?

- Attend one of the ASRSP training sessions
  - More training sessions will be announced
- Attend one of the refresher sessions
  - It never gets old!
- Coming soon!
  - Open Labs – show your workbook to the trainer

Workbook review by Svetlana Kanev