

Wednesday, August 28, 2013



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Agenda

- HHS OIG Work Plan FY 2013
- NSF DATA ANALYTICS
- AUDIT UPDATE
 - UNIVERSITY AUDITS, SETTLEMENTS AND INVESTIGATIONS

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HHS OIG Work Plan FY 2013

• National Institutes of Health

- Colleges' and Universities' Compliance With Cost Principles
- Review of Extra Service Compensation Payments Made by Educational Institutions

Data Analytics and Audit Update

- Inappropriate Salary Draws From Multiple Universities
- Cost Sharing Claimed by Universities
- Hurricane Sandy

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Colleges' and Universities' Compliance With Cost Principles

- Assess compliance of costs claimed based on select cost principles issued by OMB Circular A-21, Cost Principles for Educational Institutions
- · Conduct reviews on the basis of:
 - Dollar value of Federal grants received
 - Input from HHS operating divisions and the offices of Assistant Secretary for Financial Resources, and the Assistant Secretary for Administration

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Data Analytics and Audit Update

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Extra Service Compensation Payments Made by Educational	
nstitutions	

Determine whether extra service compensation charged to federally sponsored grants, contracts, and cooperative agreements:

- Complied with Federal Regulations;
- Were properly calculated; and
- Approved by the sponsoring agency.

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Data Analytics and Audit Update

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Inappropriate Salary Draws From Multiple Universities

- · Determine if salaries drawn from multiple universities were appropriate.
- Recovery Act provided \$10.4 billion in new funding to NIH for use over a short period of time creating opportunity for inadequate use of funds.
 - ARRA reviews are done since funding stream is done.

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Cost Sharing Claimed by Universities

· How are universities meeting cost sharing requirements?

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Reimbursable Audits and Requested Audit Services

- HHS OIG holds audit cognizance over all State governments and most major research colleges and universities.
- HHS OIG received reimbursement for audits that it performs on non-HHS funds.
- Audits may be requested by Congress, HHS, and other Federal organizations.
- · Requested audit services include: - Recipient capability audits

 - Contract and grant closeouts;
 - Indirect cost audits:
 - Bid proposal audits; and
 - Other reviews designed to provide specific information requested by management.

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Presence of OIG in Educational Institutions

- · Direct cost reviews:
 - Unallowable direct costs
 - Administrative costs normally treated as F&A costs that were charged directly.
 - Clerical salaries normally treated as F&A costs that were charged directly.
 - Extra service compensation for duties not specifically provided for in the sponsored agreement or approved in writing by the sponsoring agency.
 - · Dollar values of findings were small
 - No plans to do any direct cost reviews unless HHS OIG gets a reimbursable request

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NSF Data Analytics

- Data analytics-driven, risk-based methodology to improve oversight Identify institutions that may not use Federal funds properly
- · Techniques to surface questionnable expenditures
- · Life cycle approach to oversight
 - Mapping of end-to-end process to identify controls
 100% review of key financial and program information
 Focus attention to award and expenditure anomalies
- · Complements traditional oversight approaches
 - Techniques to review process and transactions are similar
 Transactions of questionable activities are targeted

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NSF Data Analytics

- Data Analytics defined:
 - Utilizing Set Rules to Perform Knowledge Discovery On the Receipt and Use of Federal Award Funds

Data Analytics Audit Objectives:

- Use computer assisted techniques and data analytics to
- Target fieldwork phase of audit
- Monitor grant spending
- Determine if costs claimed on federal awards are
 Allowable, Allocable, and Reasonable
- In conformity with Grant Terms and Federal Guidance

- Data Request
 General Ledger and Subledgers transactional details (ex: A/P, Payroll) for all costs claimed
 ControlHash totals for all files provided
 Data models, system architecture, data flowcharts
 Data dictionary containing record layout for each field

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NSF Data Analytics

- ACTIVE AWARD RISKS
 - Unallowable, Unallocable, Unreasonable Costs
 - Inadequate Documentation General Ledger Differs from Draw Amount
 - Burn Rate
 - No /Late/Inadequate Reports
 - Sub-awards, Consultants, Contracts

 - Duplicate Payments
 Excess Cash on Hand/Cost transfers
 - Unreported Program Income

AWARD END RISKS

- No /Late Final Reports Cost Transfers
 Spend-out
 Financial Adjustments

- Unmet Cost Share

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$Audit \ Update \ ({}_{\rm costaccounting.org-Cheryl \ Blevens})$

- Qui Tam
 Northwestern University
 \$3 million settlement Qui tam
- F&A Costs as Direct Costs
 Memberships
 Administrative and Clerical Salaries
 General Purpose Equipment and Supplies
 Lab Supplies
- Salary
 Administrative and Clerical
 Extra Compensation
 Effort Reporting versus Space Survey
- Service Center
 Rates
- Subrecipient Monitoring

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