

External Audits: UNC Perspective



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HHS OIG Audit: UNC Perspective



Audit Objective:

Determine whether the university claimed selected costs charged directly to HHS awards in accordance with Federal regulations and applicable guidelines

HHS OIG Audit: UNC Perspective



- **Background:**

- Approximately \$956.3 million in costs incurred claimed on 1,447 grants, contracts, and other agreements (awards) from HHS July 1, 2009 – June 30, 2011

- **Scope:**

- FY2010 & FY2011 (audit period)
- \$112.2m in transactions claimed for reimbursement for the audit period
- 164 non salary; 10 salary
- \$12 - \$1.8M

- **Timeline: Notification to Final Report**

- Proposed (7 months) – June 2012 – January 2013
- Actual (24 months) - June 2012 – June 2014

HHS OIG Audit: UNC Perspective



- **Areas of Interest**

- Allocation
- Cost Transfers
- Timing of expenses
- Service Centers
- General Use Items

- **Resources**

- DHHS Auditor (2)
- Office of Sponsored Research (5)
- Office of University Counsel (1)
- Department (various)

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- **Results**

- Reviewed: 163 transactions totaling \$8,496,835
- Allowable: 155 transactions totaling \$8,160,961
- Unallowable: 8 transactions totaling \$335,874 plus \$16,969 F&A
 - ✦ Costs were not adequately documented
 - Cost transfers
 - ✦ Costs were not reasonable
 - Duplicate charges
 - ✦ Costs were not treated consistently
 - Direct vs indirect costs

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- **HHS Recommendations & UNC Response**
 - Refund the Federal Government the \$352,843 in unallowable costs
 - ✦ Accounts credited and funds being refunded to sponsors
 - Enhance oversight of charges to Federal awards to ensure consistent compliance with Federal requirements
 - ✦ Revision of policies
 - ✦ Training
- **Link to full audit report**
 - <http://go.usa.gov/X6VY>

A133 Audit: UNC Perspective



Audit Objective:

The A133 audit (also known as the single audit) objective is to provide assurance to the US federal government as to the management and use of funds by recipients such as states, cities, universities, and non-profit organizations

Audit is performed annually by an independent auditor for entities that expend \$500,000 or more in federal assistance

The A133 Audit is divided into two areas: Compliance and Financial

A133 Audit: UNC Perspective



- **Scope:**

- FY2013
- Internal controls
- Transaction testing

- **Timeline:**

- FY2013 A133 audit began in May 2013
- Final report issued April 2014

- **Resources**

- State Auditors (3)
- Office of Sponsored Research (5)
- Office of University Counsel (1)
- Department (various)

A133 Audit: UNC Perspective



- **Results**

- Internal controls over equipment need improvement
- Internal control deficiencies related to subrecipient audit findings
- For-profit subrecipient monitoring not adequate

- **Recommendations & UNC Response**

- The University should strengthen internal controls to adequately maintain equipment records and to safeguard equipment
 - ✦ Memo from Asset Management sent 4/29/14
 - ✦ <http://finance.unc.edu/news/obsolete-damaged-and-unusable-equipment-2/>

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- The University should strengthen internal controls over subrecipient monitoring
 - ✦ OSR fully implemented process to review A133 reports of subrecipients and issue management letters within 6 months of receipt
- The University should strengthen their system to ensure adequate monitoring of for-profit subrecipients
 - ✦ OSR implemented annual subrecipient questionnaire for all subrecipients for the FY2013 audit period
 - ✦ For-profit invoice desk audit



- **Link to full audit report**

- <http://www.ncauditor.net/EPSSWeb/Reports/Financial/FSA-2013-6020.pdf>

