

2012 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

# “The Chosen One”

Your Grant Has Been Selected for Audit

Wednesday, April 11, 2012

**UIC** UNIVERSITY OF ILLINOIS  
AT CHICAGO

**UIC**

Lincoln Hall

7075 South Morgan Street

# Workshop Presenter(s)

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Title: Associate Director  
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Title: Associate Director  
Contact Information: [meemlee@uic.edu](mailto:meemlee@uic.edu)
- Name: LaShawnda Hall-Thomas  
Title: Assistant Director  
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# Please ...

- Turn off cell phones.
- Avoid side conversations.
- Interactive Case Study – Ask questions at any time?
- Sign the attendance roster.
- Complete the evaluation at the end of the workshop.

# Workshop Objectives

- Evaluate level of preparedness for an audit
- Assess correct vs. incorrect practices
- Establish supportable and well documented processes

# Agenda

- Background/ Assumed Knowledge
- Case Studies

## Approach

- Grant Administration
- Audit Requests
- Dept. Response
- Be Prepared

## Topics

- Budgeting/Spending
- Bi-Weekly Time Approval
- Subrecipient Monitoring
- Cost Sharing

# The Case

Dr. Lowe was awarded an R01. The grant was later selected for audit. Below is the project description:

The PI will actively participate in weekly data management and analysis meetings, 3 graduate hourly employees will assist in literature reviews and searches as well as conducting data analysis and preparing tables/graphs; UIC fringe rates for academic appts 32.44%, and graduate students 2.36%; 10 iPad2 tablets to manage and analyze large data sets, office supplies, travel, telecommunications, and 2 subawards.

# The Case *cont.*

Subrecipient (A) will be tasked with analyzing large data sets while guiding the application statistical techniques. Analysis reports are required to be submitted with each invoices.

Subrecipient (B) will be responsible for data collection, writing and dissemination of activities.

A 10% cost share contribution is required for the prime recipient and 2 subrecipients.

# Budget

		Sponsor by Agency	Match Contribution
Principle Investigator	25% Effort	31,250	
3 Grad Hourly	3 @ 100%, \$24,000	72,000	
Fringe		11,837	
Supplies		75,000	
Equipment	10 iPads @ \$675	6,750	
Subrecipients		240,000	
	Georgetown	150,000	15,000
	Inquirium	90,000	9,000
Travel		2,000	
Phone		1,000	
Total Direct Costs		439,837	33,840 (UIC equip match)
Modified Total Direct Cost	243,087		
F&A @ 57%		138,559	
<b>Total Costs</b>		<b>578,396</b>	<b>57,840</b>



# Expenses Grant Ledger

		Sponsor by Agency	June 30, 2011 ITD
Principle Investigator	25% Effort	31,250	
3 Grad Hourly	3 @ 100%, \$24,000	72,000	
Fringe		11,837	
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Total Direct Costs		439,837	
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F&A @ 57%		138,559	
<b>Total Costs</b>		<b>578,396</b>	

# ICR Ledger

2-200250-999000-999002		Expenses	June 30, 2011
Academic Salaries		340,000	
Grad Assistant Salaries		72,000	
Fringe		11,837	
Office Supplies		75,000	
Equipment		190,504	
Printing		13,000	
Postage		9,000	
Information Technology Supplies		43,000	
Travel		22,000	
Phone		111,000	
Total Direct Costs		581,341	
<b>Total Costs</b>		<b>581,341</b>	



# Congratulations!!

Your award has been chosen for audit.

# Are You Ready for Audit?



This was the budget presented. Is this budget correct?

- No. The iPads should be classified as supplies because the unit price is under \$5,000
  - The F&A is incorrect as a result of the misclassification

What might raise concern for an auditor?

- Phone charges
- Usage of iPads
- Usage of office supplies
- Monitoring of subrecipients



# Be Prepared

- ✓ Make sure budget items are classified appropriately
- ✓ To explain how phone charges, office supplies and iPads will be used exclusively for this project
- ✓ Include an explanation in the budget justification at the time of proposal and a description when processing expenses
- ✓ PI and business manager/lab manager should monitor usage of items and materials that could raise red flags for auditors



# Are You Ready for Audit?

The auditor requested copies of source documentation for the following transaction:

- Grad hourly salary for period of May 29 -June 11 and certification of work performed

What should be used to satisfy this request?

- Employee's bi-weekly timesheet for the selected period

**Employee**

Search

[SITE MAP](#) [HELP](#) [EXIT](#)

## Employee Detailed Information

To select the next or previous employee (if applicable), click either **Next** or **Previous**.

**Employee ID and Name:** 665544332 Soprano, Tony  
**Title:** C12345, Grad Asst - Hourly

**Department and Description:** 2 9xxxxx Some Chosen Department  
**Transaction Status:** Completed

[Routing Queue](#) | [Account Distribution](#)

### Time Sheet

Earnings	Shift	Special Rate	Total Hours	Total Units	Sunday, May 29, 2011	Monday, May 30, 2011	Tuesday, May 31, 2011	Wednesday, Jun 01, 2011	Thursday, Jun 02, 2011	Friday, Jun 03, 2011	Saturday, Jun 04, 2011	Sunday, Jun 05, 2011	Monday, Jun 06, 2011	Tuesday, Jun 07, 2011	Wednesday, Jun 08, 2011	Thursday, Jun 09, 2011	Friday, Jun 10, 2011	Saturday, Jun 11, 2011
Regular Pay	1		7.5			7.5	7.5	7.5	7.5	7.5			7.5	7.5	7.5	7.5	7.5	
<b>Total Hours:</b>			7.5			7.5	7.5	7.5	7.5	7.5			7.5	7.5	7.5	7.5	7.5	
<b>Total Units:</b>				0														

### Routing Queue

Name	Action and Date
Derrick Rose	Originated June 13, 2011 9:20am
Derrick Rose	Submitted June 13, 2011 9:20am
Derrick Rose	Overridden June 13, 2011 9:22

### Account Distribution Default Data

Pay Period Effective Date	Percent	Index	Fund	Organization	Account	Program	Activity	Location	Project Type	Cost Type
May 29, 2011	100%		49xxxx	9xxxxx	21xxxx	191200				

Employee Timesheet Detail: Time Sheet: Employee Tab - Windows Internet Explorer

https://u2web2.apps.uillinois.edu/SANPROD2/bwpltais.P\_ProcDeleteAppr

UIC UNIVERSITY OF ILLINOIS AT CHICAGO

A World-Class Education, World-Class City

Employee

Search  Go

SITE MAP HELP EXIT

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Regular Pay	1		75			7.5	7.5	7.5	7.5	7.5			7.5	7.5	7.5	7.5	7.5	
<b>Total Hours:</b>			75			7.5	7.5	7.5	7.5	7.5			7.5	7.5	7.5	7.5	7.5	
<b>Total Units:</b>																		

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May 29, 2011	100%		49xxxx	9xxxxx	21xxxx	191200				

Previous Menu Previous Next

Trusted sites | Protected Mode: Off

9:55 AM 12/8/2011



# Are You Ready for Audit?



## What's wrong with this timesheet?

- ✓ Employee name and position
- ✓ Hours worked per day
- ✓ C-FOAP information displayed
- × **Appropriate approval**
  - Was not approved using Web-Time Entry
  - Supervisory review and approval not obvious
  - Paper timesheet not submitted



# Be Prepared

- ✓ Use Web-Time Entry to approve all biweekly time paid from sponsored awards
- ✓ Be sure that all approval processes include the following:
  - employee attestation of time and
  - supervisory approval of time even if paper timesheets are used in conjunction with Web-Time Entry Approval process



# Are You Ready for Audit?

The auditor requested copies of source documentation for the following transaction:

- **Payment for subrecipient A posted on April 7**
- **Payment for subrecipient B posted on February 20**

What was provided?

- **Copy of the invoice voucher processed by the department and invoice submitted by subrecipient**

# Subrecipient A

## UNIVERSITY OF ILLINOIS INVOICE VOUCHER AND TRAVEL/PROGRAM ADVANCE FORM Chicago/Springfield/Urbana-Champaign

NOTE: All payments to non-employee Foreign Nationals must be submitted to PAYROLL using the Foreign National Payment Form.

Name: Georgetown University	Dept. Name & M/C: Some Scientific Research	Encumbrance #: E1111111	UPAY Use Only
Banner Vendor Number: @00499101	Dept. Contact: Tim Tebow	Final Payment?: No	Banner Document #
Remittance Address (insert on lines below): Georgetown University Office of Sponsored Accounting BOX 571164 Whashington, D.C. 20057	Phone: 6-6666	Payment Due Date: ASAP	Address Sequence:
	Travel/Program Advance? No	Invoice/Service Date: 4/5/2011	Address Code:
	Amount of Advance:	Vendor Reference: J325	Check Print Location:
	Date of Departure?	Special Handling:	1099? Yes No
	Date of Return?	# to call for check pickup	Encl? Yes No
	Purpose of Trip?		OBFS Approval:
Wire Transfer? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>Form Link</b>	Advance Signature/Date:		

**COMPLETE DESCRIPTION OF ARTICLES OR SERVICES RENDERED (attach supporting documentation)**

Please pay invoices for services from 1/1/11-3/31/11 as per contract

**AMOUNT**  
  
\$ 39,430.13

**Grand Total \$ 39,430.13**

"I certify that the goods or services specified on this voucher were for the use of this agency and that the expenditure for such goods or services was authorized and lawfully incurred, that such goods or services meet all the required standards set forth in the purchase agreement or contract to which this voucher relates; and that the amount shown on this voucher is correct and approved for payment. If applicable, the reporting requirements of section 5.1 of 'An Act to create the Bureau of the Budget and to define its powers and duties and to make an appropriation,' approved April 16, 1969, as amended, have been met."

Dept. Authorized Signature: *Tim Tebow* Date: *4/6/11*

Additional Approval: \_\_\_\_\_ Date: \_\_\_\_\_

FOAPAL (* = Required Fields; For Travel Advance, complete Chart code on last line)								
Chart*	Index	Fund*	Orgn*	Acct*	Program*	Activity	Location	Amount
FOP TITLE:								
2		49XXXX	XXXXXX	156001	191100			\$ 39,430.13
FOP TITLE:								
FOP TITLE:								
FOP TITLE: Travel Advance (*Complete Chart Code below)								
		200450		53080				\$ -



# GEORGETOWN UNIVERSITY

## DIVISION OF FINANCIAL AFFAIRS

### Office of Cost and Sponsored Accounting

Date: April 5, 2011

Tim Tebow  
University of Illinois at Chicago  
Dept of Some Scientific Research  
888 S. Some Street  
Chicago, IL 60612

Invoice: 11111-01  
Subaward: 2009-03931  
Project Period: 1/1/11-12/31/13  
Prime Award: 888 PD1244444  
Georgetown PI: Phil Jackson

Expenditures for the period : Jan 01, 2011 – March 31, 2011

	Current Report	Cumulative Expenses
Salaries	24,462.27	24,462.27
Fringe	5,296.32	5,296.32
Services	-	-
Travel	-	-
<hr/>		
Direct Exp	29,758.59	29,758.59
IDC	9,671.54	9,671.54
<hr/>		
Total Exp	39,430.13	39,430.13

James Reisert  
Director, Cost and Sponsored Accounting

Billing Contact: Zachary Graves  
SAO Account Analyst  
phone: 202-687-7069  
email: zsg4@georgetown.edu

Remit Payment To:  
Georgetown University  
Office of Sponsored Accounting  
Box 571164  
Washington, DC 20057-1164

Subrecipient A



# Are You Ready for Audit?



The auditor reviewed the invoices and had more questions.

Why would the auditor still have questions?

- No indication of approval by PI on invoice or voucher
- No cost share information included on invoice
- No supporting documentation for charges

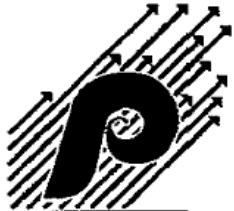


# Are You Ready for Audit?

Then, the auditor asked to see proof that the cost sharing obligation was met per the terms of the award.

What was provided?





Please Remit Your Timely Payment To:  
**PROGRESSIVE INDUSTRIES, INC.**  
 2733 N. Pulaski  
 Chicago, IL 60639-2119

**Invoice**  
**No. 84508**  
**Date: 2/17/12**

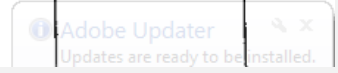
Phone: (773)763-9566

Fax: (773)763-9587

Email: [invoices@progressivepi.com](mailto:invoices@progressivepi.com) Web: [www.progressivepi.com](http://www.progressivepi.com)

<b>Bill To</b>	University of Illinois University Payables P.O. Box 820 Rantoul, IL 61866	<b>Ship To</b>	University of Illinois at Chicago MAB 5 <sup>th</sup> Floor 809 S. Marshfield Ave Chicago, IL 60612
Delivery Ticket Number: 999185-00		Shipped: 2/13/12	
Terms: Net 30 Days		Client PO#: P0438124	

Qty	Units	Item Number	Description	Unit Price	Extension
1			<i>C5 High Speed Data Analysis Processor</i>	68,000	
			2-200250-999000-163000-999002	68,000	



# ICR Ledger

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Total Direct Costs		581,341	
<b>Total Costs</b>		<b>581,341</b>	



# Are You Ready for Audit?

What should be provided?

- Itemization of all cost share expenses applicable to this award used to meet the cost share obligation for the prime recipient
- Supporting documentation for the cost sharing expenses
- Itemization of both subrecipients' cost share expenses and supporting documentation



# Be Prepared

- ✓ Track all expenses used to meet cost share obligations
  - Some departments use shadow systems to track cost share expenses
  
- ✓ Supporting documentation should be:
  - ✓ invoices and applicable ledgers
  - ✓ effort reports and applicable ledgers

*Funds used for cost sharing cannot be another sponsored award unless it was specifically awarded for that purpose.*
  
- ✓ Be prepared to demonstrate how the charge identified as cost share is directly related to the award and not co-mingled with other awards or non-sponsored activities.

# How Prepared Are You?

- Is your award budgeted and classified appropriately?
- Are you approving all bi-weekly salary paid from sponsored awards using Web-Time Entry?
- Are you reimbursing subcontract invoices per terms and conditions of the award?
- Are you documenting and tracking cost share expenditures appropriately?
- Are you ensuring that all charges are reasonable, allocable, allowable, and consistently treated per A-21?



Questions / Concerns?