

# ON TRACK!

SPONSORED PROGRAMS ACCOUNTING- QUARTERLY: JAN 2008

**Mission of this newsletter:** *To keep campus aware of updates and changes in research policies and to share best practices*

## AUDIT FINDINGS RELATING TO CONTRACTS/GRANTS FOR FISCAL YEAR ENDING JUNE 30, 2007

### 1) Expenses charged to a contract/grant after the project end date.

The grant end date was September 30, 2006, travel occurred in October 2006, and the grant was charged on January 24, 2007. An extension of time was requested after the late expense was discovered, but was not in place as of September 14, 2007 when the auditors did the review, and the money has not been returned to the agency. The auditors may disallow the charge because the expense was incurred after the grant end date. See OMB Circular A-110 Section C28. <http://www.whitehouse.gov/OMB/circulars/a110/a110.html#28>

### 2) No supporting documentation for an expense.

Of purchase card transactions chosen for review, one was found to have no supporting documentation. After review of vendor documentation and a copy of the P-card statement, it was determined that the charge was allowable and within the grant time period. While this example was a P-card transaction, supporting documentation is necessary for all transactions. See OMB Circular A-110 Section C53. <http://www.whitehouse.gov/OMB/circulars/a110/a110.html#53>.

### 3) Time and Effort Certifications

A review was done of timecards and Time and Effort Certifications for employees who charged time to federal grants. Two salaried employees did not have a (Continues AUDIT p.2)

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#### Special Points of Interest:

How we can improve.  
""Hot Topics"" from campus training  
Who ya gonna call?  
We need to know what you need!

## “A STITCH IN TIME SAVES NINE”

Recently the Sponsored Program Accountants went out to campus with training on four ‘hot audit topics.’

- ◆ Time and Effort Certification
- ◆ Cost Transfers
- ◆ Match/Cost Share Accounts

◆ Sub-recipient Monitoring  
Over the course of the next year, each topic will be reviewed. The topic selected this quarter is Cost Transfers. As discussed in the training presentation, excessive cost transfers are an indication there are internal control weaknesses related to cost allocations. Here are a few

tips on ways to avoid excess cost transfers.

#### Plan Ahead

When an agency has granted the award but the paperwork has been held up, work with SPO to set up a Letter of Guarantee. The account expenses can be charged directly (Con. STITCH p.2)

(AUDIT from p.1) Time and Effort Certification because their salary was incorrectly posted as wages. The Time and Effort Certifications are based on the salary account codes. Timecards are used for hourly wage certifications. See OMB Circular A-21 Section J8c(1)(e), changed to J10c(1)(e) May 2004. <http://www.whitehouse.gov/omb/circulars/a021/a021.html>

#### 4) Using Payroll System for all Labor Charges to Contract/Grant Accounts

There were three payroll expenses for which no time card was submitted and the time charged was not certified by the principle investigator or the employee. These occurred because the payroll expenses were paid as stipends through the university disbursement system instead of through the payroll system. Time certifications are generated from the payroll system. See OMB Circular A-21 Section J10b(2)(a). <http://www.whitehouse.gov/OMB/circulars/a021/a021.html>

The recommendations for all the instances are to establish and/or strengthen internal controls in appropriate areas. There were other findings not listed here that related to areas outside of Sponsored Program Accounting. ◇

(STITCH from p.1)

to this new account, thus avoiding later moving expenses from any account to a grant account. An account should only be charged expenses for which there is a benefit.

#### Collect Documentation Timely

Some departments only have one P-card so every expense is charged to one account and then moved off each month. There is a period from Thursday through Tuesday each week during which one can go into Banner and change the default index attached to that P-card to the index where the charge should be. If receipts are turned in promptly, or a note is left for the assigned person notifying them of the correct index to use, the charges can be posted directly to the proper account to start with, avoiding many unnecessary cost transfers. If you are not already a P-card Manager, schedule a Banner Finance P-card Processing Training with Joyce Howell. Register online <http://www.usu.edu/purchasing/training/index.cfm>. If you have been through this training and still have questions, contact Joyce Howell in the Purchasing Office at 797-1788.

#### Reconcile Regularly

Having enough resources available (financial and personnel-wise) is very important to maintain a regular schedule of reviewing accounts. It is recommended that departments reconcile all of their accounts monthly. It is much easier to research discrepancies while someone can still remember the situation or transaction.

#### Keeping an Eye on Payroll

Avoid salary reallocations by keeping the person in charge of payroll abreast of changes in personnel, hire and termination dates, salary adjustments, and which account the expense should be charged to.

#### Close Accounts Timely

Monitor upcoming contract/grant end dates. Using a 'Top Ten List' may help to prioritize the accounts. For example, the business manager can work closely with their accountant and come up with accounts that are ready to close out. Ten accounts at a time seem easier to handle than all your accounts.

USU is required to have contract/grant accounts closed within 90 days. The policy allows departments 60 days after the end date of a project to review and make changes to the account, leaving 30 days for the Sponsored Program Accountants to submit a final billing and financial report.

#### Reminders and Examples

While the above tips will help to minimize the number of cost transfers, invariably there will be some. When preparing cost transfers and/or reallocations, refer to USU's cost transfer policy for further clarification. <http://www.usu.edu/hr/policies/section500/581.pdf>

A clear and detailed description/reason for the transfer or reallocation is needed to help speed up the processing time into Banner. An example of an inadequate description would be 'The PI told me to' or 'To correct an error'. An example of a clear and detailed description would be 'A box of test tubes was purchased for use on two projects. The cost should be split 80/20 between them.' Or 'There was a data entry error. The expense was posted to A12345 and should have been posted to A23456.' Clear descriptions reduce the number of questions at the time of audit.◇

**Accountant Contact Information: See <http://www.usu.edu/controller/spa/index.cfm>**