

FEDERAL AUDITING NEWS

for Colleges and Universities

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Audits From NSF OIG Cite Common Issues With Monitoring Subawards, Cost Sharing

After a rather quiet period toward the end of fiscal 2010, the National Science Foundation's Office of Inspector General has made up for lost time in terms of posting the results of auditing activity involving college and universities. Last month, *Federal Auditing News* reported on Recovery Act reviews that OIG has been conducting. This article highlights the findings of four audits that recommend improvements in how the institutions are monitoring subrecipients (see p. 5).

The audits also found problems with the institutions' cost sharing commitments, including tracking and reporting both their own and that of subawardees. OIG is likely to encounter fewer such findings in the future, as NSF eliminated voluntary committed cost sharing effective for proposals submitted or due on or after Jan. 18, 2011; but a few programs still have mandatory cost sharing (www.nsf.gov/bfa/dias/policy).

OIG selected the institutions for audit because they have awards that are "collaborative in nature" and previous A-133 audits, NSF desk reviews and/or site visits had identified problems.

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In Department of Justice OIG Audit, Univ. Disagrees With Questioned Costs

In a rare audit from the Department of Justice Office of Inspector General, auditors found no significant weaknesses in The University of North Texas Health Science Center's internal controls. Additionally, expenditures tested "were properly authorized, included in the approved grant budget, and accurately recorded in the accounting records." Indirect cost calculations tested were generally accurate, as were financial reports.

The audit did find a total of \$130,733 in three questioned costs. In its response, the university disputed all three costs. The auditors stood by their findings, and the Office of Justice Programs concurred.

As of Sept. 15, 2010, UNTHSC had been reimbursed \$2,739,484 of the \$5,057,900 awarded under two "Using DNA Technology to Identify the Missing" grants from OJP,

NOTE: As *Federal Auditing News* was going to press, the Office of Management and Budget released the 2011 *Circular A-133 Compliance Supplement*, dated March 2011. Most of the changes in this year's supplement that will affect colleges and universities relate to the new subrecipient reporting required by the Federal Funding Accountability and Transparency Act; there are also a few Recovery Act-related changes. The July-August issue of *Federal Auditing News* will provide full coverage of the changes. The 2011 compliance supplement is effective for audits of fiscal years ending after June 30, 2010. **Link:** www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2011.

part of the National Institute of Justice. NIJ is the research and development agency of the Department of Justice.

In conducting its review, auditors tested compliance with what they considered to be “the most important conditions of the grants” using criteria found in the *OJP Financial Guide* and the award documents. They performed sample testing of grant expenditures, reviewed the timeliness and accuracy of financial and progress reports, evaluated performance related to grant objectives, and looked at the internal controls of UNTHSC’s financial management system.

The first questioned cost was \$28,030 in salary expenses for a position that, according to the audit, was not included in the approved grant budget. UNTHSC disagreed with this finding, maintaining that the position was not required to be identified in advance.

Other salary expenses totaling \$94,844 also were questioned because they were for an employee whose salary did not comply with a special condition of the agreement. UNTHSC maintained that it was not “non-compliant with the intention of the condition” and disputed the questioned costs.

UNTHSC also did not agree with the finding of \$7,859 in labor charges for unauthorized time charged to a grant. The university said the costs in question were authorized and necessary to pay for services provided on the grant.

Report Data Not Documented

The auditors maintained that although the required progress reports contained all the necessary program performance statistical data and were submitted on time, the accuracy of the data could not be verified because there was no supporting documentation.

To remedy this, they recommended that UNTHSC maintain relevant source documentation for the information included in the reports. UNTHSC agreed and said that its lab is already doing so, according to the audit report.

Link: www.justice.gov/oig/grants/g6011010.pdf. ✦

NASA OIG Semiannual Report Recounts Wrongdoers’ Activities

In its recent semiannual report to Congress describing “significant accomplishments and activities” from Oct. 1, 2010, through March 31, NASA’s OIG highlights the cases of Samim and Sousan Anghaie and two former NASA employees. It also discusses ongoing projects.

The Anghaies, owners of a Small Business Innovation Research firm, were found guilty in February on various charges involving “representations to the government that their company...was a research firm with multiple employees when, in fact, the company was a sham,” according to OIG.

The couple submitted fraudulent proposals to obtain more than \$3 million in contracts with NASA and the Air Force “to provide the research services of scientists, engineers, and laboratory assistants working in a state-of-the-art analysis and data communication laboratory,” according to the report. Instead, the research and analysis “were the products of graduate and doctoral students at the University of Florida, which the defendants took without the students’ knowledge or consent.” Samim Anghaie was a former UF professor. The couple is scheduled to be sentenced in July.

In November 2010, former NASA Chief of Staff Courtney Stadd was sentenced to 41 months’ imprisonment and 3 years’ probation, ordered to pay \$287,000 in restitution and fined \$7,500. Stadd pleaded guilty to conspiring with former NASA Deputy Chief Engineer of Programs Liam Sarsfield “to steer approximately \$600,000 in NASA funds to one of Stadd’s clients, Mississippi State University, which then used those funds to pay for a \$450,000 subcontract with Stadd’s consulting business,” according to OIG. Among other things, Stadd admitted to inflating hours billed and falsifying invoices to MSU and sending it two false quarterly reports.

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Sarsfield previously pleaded guilty and was sentenced to 3 years' probation, ordered to pay \$87,753 in restitution and fined \$5,000.

OIG will continue its review of NASA's use of research announcements within the aeronautics research mission directorate and management of its grant program. In fiscal 2010, NASA awarded \$890.7 million in grant funds for R&D projects; scholarships, fellowships or stipends for students, teachers or other faculty; and research performed by educational institutions and other nonprofits.

Link: <http://oig.nasa.gov/SAR/sar0311.pdf>. ↵

IRS Compliance Check Targets Higher Education's 403(b) Plans

Approximately three hundred institutions of higher education will be selected for the latest IRS compliance project focused on IRC § 403(b) employee retirement plans. The purpose of the compliance check is to ascertain whether the institutions are complying with the 403(b) universal availability (UA) nondiscrimination rules and the new written plan document requirements.

Higher education institutions include not only colleges and universities, but seminaries, academies, technology institutes, and other collegiate level organizations that award academic degrees or professional certifications, such as trade and vocational schools.

The UA rule, which has been a recurring issue in 403(b) plan audits, applies only to salary reduction contributions to a 403(b) program. The rule states that if an employer permits any of its employees to make salary reduction contributions, including after-tax Roth deferrals, the opportunity to make such contributions must be made equally available to all employees of the organization maintaining the plan other than

- ◆ nonresident aliens;
- ◆ students who are employees of the employer;
- ◆ employees who normally work less than 20 hours per week;
- ◆ employees who are eligible to participate in another IRC § 457(b) plan, 401(k) plan or 403(b) program; and
- ◆ employees who could defer less than \$200 annually.

In its announcement, the IRS explains that the compliance project is concentrating on two aspects of the UA rule — eligibility and effective opportunity. "Eligibility" involves determining which employees are allowed to defer salary. "Effective opportunity" addresses an eligible employee's practical ability to participate.

The new written plan requirement requires employers to have a formal plan that includes all its terms and

explains how the statutory and regulatory requirements will be met.

An institution selected for the project will receive a compliance contact letter, Form 886-A, which contains 21 questions regarding the plan and instructions for completing the form, a "403(b) Plan Informational Attachment #1," which describes the new plan document requirements and coordinating employee catch-up deferrals, and a glossary of commonly used terms.

Only Certain Data Are Needed

The data requested are for the plan year ending with or within 2010, and responses only address employee elective 403(b) salary deferral, not employer contributions or mandatory employee contributions.

If the institution's plan covers employees in other 501(c)(3) organizations, such as a foundation or satellite campus, the data should only be relevant to the entity identified in the cover letter. However, if the plan includes employees of more than one state entity, such as a state university system that share a common payroll, then all related entities are included in the response.

An organization that maintains multiple plans for separate groups of employees, such as faculty and administration, must provide data as though the multiple plans are a single plan.

The form may be completed and submitted online. It also may be printed out and mailed, faxed or emailed. Additional documentation may be provided.

After the IRS reviews the completed form, the institution will receive one of three responses: (1) a closing letter if the plan appears compliant; (2) a request for additional clarifying information; or (3) a notice that the IRS will work with the institution to determine whether there actually is a problem.

The IRS will provide correction methods in its follow-up letter. According to the announcement, correction for UA includes providing each eligible employee the opportunity for current and future year participation and employer-funded, fully vested contributions to restore the lost opportunity of tax-deferred savings for each prior year or portion of a year when eligible employees were excluded.

Once the project is complete, IRS will issue a report identifying where it needs to issue additional guidance and provide further education and outreach.

The IRS Web announcement, posted at www.irs.gov/retirement/article/0,,id=238459,00.html, includes links to the cover letter, form, instructions and glossary, as well as the final 403(b) regulations and two IRS publications. ↵

NSF OIG Semiannual Rept. Cites Mixed Review of Audit Quality

In her office's latest semiannual report to Congress, NSF Inspector General Allison Lerner highlighted a recent addition to OIG's website intended to further transparency. "[W]e are now making our investigative closeout memoranda publicly available on our website. These memos describe the nature of the investigation and whether it resulted in an administrative, civil, or criminal action. As of March 31, we have uploaded 2,000 closeout memos onto our website covering over 20 years' worth of investigative activity," Lerner wrote. The cases are searchable by categories, such as "grant fraud" (www.nsf.gov/oig/closeouts.jsp).

The report covers the six-month period ending March 31. As semiannual reports usually do, this one highlights the results of OIG's reviews of single audits under OMB Circular A-133 that were submitted during the period covered by the report, as well as civil and criminal investigations undertaken or concluded into fraud, mismanagement and research misconduct.

OIG found that 14% of awardees with findings in their A-133 audits had repeat issues. The failure of these awardees "to implement corrective actions undermines the integrity of the single audit process and could call into question their ability to manage NSF funds," OIG said.

Audit findings in A-133 reports also are useful to NSF in planning site visits and other post-award moni-

toring. OIG reviews all reports for which NSF is the cognizant or oversight agency for audit. During the period covered by this report, 72 such audit reports were reviewed, and 65% fully met federal requirements.

As shown in the chart at left, the percentage of reports without quality deficiencies over the past four years "continues to reflect a positive trend in audit quality and timeliness," OIG said.

SEFA Quality Problems Continue

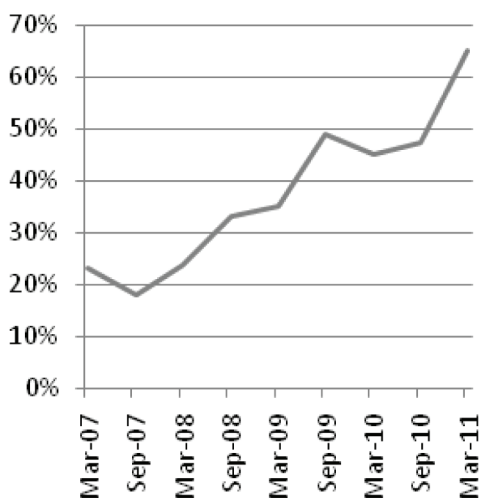
Twenty-five reports reviewed, however, contained quality and timeliness issues; eight of those had Recovery Act expenditures. The quality issue identified in almost half — 12 — of the reports was that the Schedule of Expenditures of Federal Awards provided insufficient information to allow for identification of awards received from nonfederal pass-through entities or inadequately described the significant accounting policies used to prepare the schedule.

Of the 17 reports that included audit findings, 10 failed to adequately present the required elements of the finding to assist auditee management in correcting the reported deficiency, and seven did not adequately present the required elements of management's plan to correct the deficiencies reported. In addition, seven reports contained errors on the Data Collection Form (Form SF-SAC), and four were submitted after the due date required by A-133.

The audit also highlights the results of other OIG audit activity, such as the four recent subrecipient/cost sharing audits (see p. 1).

Link: www.nsf.gov/pubs/2011/oig11002/index.jsp?org=NSF. ✧

Percent of Reports Without Quality Deficiencies



SOURCE: March 2011 NSF OIG Semiannual Report

Audits Looked at Subawards

continued from p. 1

Three of the auditees also were selected because of the number and high-dollar value of the NSF awards. Independent public accounting firms performed the audits on behalf of OIG.

Assess Risk Before, During Award

Routine, fiscal subaward oversight that includes risk-based evaluation and monitoring could prevent or identify unallowable claimed subaward costs, according to findings in several of the audit reports. (For background on what the circulars say about subrecipient monitoring, see p. 7.)

Auditors cited Ohio State University (OSU) for a failure to conduct risk assessments prior to selecting subawardee institutions. They noted that a reliance on a subawardee's Circular A-133 audit to provide "assurance

that subawardees will comply with significant award terms and conditions" is insufficient.

Several audit reports discussed the importance of having a formal process for ongoing risk assessments as part of effective subrecipient monitoring practices. For example, in the audit report of the NSF award to the Trustees of Boston University (BU), auditors suggested that a plan could include "performing effective annual reviews of a subawardee's A-133 audit report; obtaining supporting documentation; and performing desk reviews and site visits." Relying on the controls and self-assessments made by the subawardees was insufficient, according to the report.

Of Rice University, auditors said the results of risk assessments of potential subawardees should be better documented. It was also important, according to the auditors, to document the "rationale" to support the level of monitoring activities.

Monitor Different Subs Differently

In an audit of the Louisiana Board of Regents (LBR), auditors recommended that a risk-based approach to subawardee monitoring be used to determine which monitoring procedures are most appropriate for a particular awardee.

At LBR, the four awards under audit had 60 first-tier subawards to 36 different institutions, accounting for \$15 million of the \$18 million in total costs charged to the awards. Because LBR's subaward monitoring concentrated on the largest dollars awarded, a number of first-tier subawardees never received a visit from its audit division, according to the audit report. "As a result, problems could exist in the internal controls at other subawardees and could go unnoticed by LBR," the report said.

Auditors also noted that costs claimed by a second-tier subawardee exceeded the budget without approval, which LBR's monitoring review of the first-tier sub failed

NSF OIG Looked at Four Institutions With 'Collaborative' Awards

NSF's OIG recently posted the results of four audits that have, among others, common findings involving subawardee monitoring and oversight of cost sharing commitments (see p. 1).

◆ **Trustees of Boston University.** The audit of an award from August 2002 to December 2009, totaling \$27.8 million in costs claimed and \$8.7 million in claimed cost share, questioned \$412,400 in subaward costs and \$174,397 in cost sharing. BU was selected for audit because of the high-dollar value and number of its NSF awards, collaborative nature of many of those awards, and deficiencies reported in a 2005 NSF program office site visit report. **Link:** www.nsf.gov/oig/11-1-012-BU.pdf.

◆ **Louisiana Board of Regents.** The audit covered costs claimed for four awards from May 15, 2004, to Sept. 30, 2009. Costs claimed totaled approximately \$18.6 million in NSF-funded costs and \$8.2 million in claimed cost share. Auditors questioned \$1,884,950 (10% of total claimed costs) and \$152,182 in cost sharing. LBR was selected for audit because of the high-dollar value and number of its NSF awards, collaborative nature of many of these, issues identified in the results of OIG's audit of LBR in 1998 and NSF's monitoring site visit in 2004, and internal control deficiencies reported in past A-133 audits. **Link:** www.nsf.gov/oig/11-1-013-LBR.pdf.

◆ **Ohio State University.** In 2009, Ohio State University had 382 active NSF awards totaling over \$160

million and NSF award expenditures of \$41,230,373. The audit concerned approximately \$17.5 million in costs claimed and \$5 million in cost sharing during the period Nov. 1, 2003, to Sept. 30, 2009; \$1,736,068 (10% of the \$17.5 million) and \$263,937 in cost sharing were questioned. The three awards audited were selected because they mandated extensive collaboration between OSU and several subawardees, involved large salary and indirect cost expenditures, and required substantial cost sharing by both OSU and its subawardees. Also, prior OSU audits identified noncompliance and internal control weaknesses in its financial grant administration. **Link:** www.nsf.gov/oig/11-1-009-OSU.pdf.

◆ **William Marsh Rice University.** OIG reviewed costs claimed from Oct. 1, 2004, to Sept. 30, 2009, at Rice University, amounting to \$13.8 million and \$4 million in cost sharing for four NSF awards. There were no questioned costs. Rice was selected for audit because it passed through large amounts of NSF funds and had a high number and high-dollar value of awards, many of which were collaborative. Also, deficiencies had been reported in NSF's 2006 desk review of Rice and its past A-133 single audits. NSF is the cognizant federal agency for the university. **Link:** www.nsf.gov/oig/11-1-002-Rice.pdf.

For a further discussion of OIG audit findings involving subrecipients, see Chapter 14 in A Guide to Federal Auditing for Colleges and Universities.

to detect. Auditors suggested that additional monitoring site visits “would result in greater assurance that subaward costs claimed are allowable, reasonable and allocable to LBR’s current and future NSF awards.”

The award under audit at BU funded the Center for Integrated Space Weather Modeling (CISW). According to the auditors, the award was selected for audit “because of the complexities associated with the coordination and monitoring of 13 participants,” which were the responsibility of BU as the lead institution. The award also was selected because, in a 2005 NSF program office site visit, deficiencies were reported in subaward monitoring and time and effort reporting.

The auditors found that all three subawardees tested during the BU audit submitted claims for unallowable and unsupported costs. The lack of improvement in the area of subawardee monitoring from 2005 to the report period was considered “significant” by the auditors because under the award being audited, subaward costs were \$19.9 million or 72% of the total \$27.8 million in costs claimed.

Cost Sharing: Segregate, Track, Report

As institutions must ensure adequate monitoring of subaward costs, so too they must ensure proper oversight of subawardee cost sharing. Institutions must properly identify, record, track and report subawardee cost sharing, as well as their own cost sharing commitments.

In the LBR audit, auditors found that a subawardee, Southern University, could not support “a material amount of” costs claimed under a “first-tier subcontract.” SU could not provide adequate documentation to support personnel costs, related fringe benefits, participant costs and cost sharing it had claimed.

Auditors said OSU did not effectively monitor “progress towards fulfilling cost sharing when such commitments are made during the award process,” including those from subawardees, and participant support commitments were not segregated and accounted for separately.

Similarly, deficiencies were found at BU in the procedures for identifying and recording cost sharing in BU’s accounting system; monitoring and reporting sub-

awardee cost sharing; and reporting accurate cost sharing amounts to NSF.

Effort, Leave, Other Reporting Problems

Two additional findings were included in the audit report of OSU: (1) the effort reporting system prior to 2006 was inadequate to support payroll costs, but it improved after changes were made in 2006; and (2) the policies, procedures and training of personnel responsible for compliance with award requirements needed to be strengthened. Auditors also discussed some “at risk” cost sharing

BU’s system of internal controls needed attention, according to auditors, to prevent the continuation of payroll checks to terminated employees. Also, internal controls at the CISW were “not adequate” to ensure that sick leave was accurately recorded for CISW employees under the award.

At Rice University, auditors reviewed the invention disclosures and patent applications of six inventions developed under an NSF award and found that Rice did not fully comply with the Bayh-Dole Act and NSF reporting requirements. One invention was disclosed to NSF 104 days late and one provisional patent application did not indicate the award number or NSF as the federal funding agency.

Labor and related fringe benefits charged to NSF awards were not equitably allocated or adequately supported at LBR, according to the auditors. These costs charged “were based on the award budgets rather than actual effort expended.” Auditors also noted two issues at LBR that they said were not findings “but need[ed] to be addressed”: funds under one award were slow to be used, and LBR received an advance that was more than the net award costs for an award.

Auditees’ Responses Varied

According to the auditors, BU “generally concurred with some of the recommendations but did not agree with the questioned costs.” It indicated it was taking actions to implement improved subaward monitoring and strengthened policies and procedures with respect to cost sharing and employee sick leave. However, it did not concur that its policies and procedures for employee termination were inadequate.

OSU “generally concurred with the recommendations and agreed to some of the questioned costs,” the auditors said.

LBR generally agreed with the auditors’ recommendations and indicated it was taking steps to develop a compliant time-keeping system, expand subawardee monitoring to include all NSF subawardees, and refund or credit NSF for funds inappropriately charged, accord-

Links to Documents

Links to documents referred to in this issue are posted at www.FederalAuditing.com under “Current Issue Document Links.” Back issues of newsletters are also posted on the site, as is *A Guide to Federal Auditing for Colleges and Universities*.

ing to the audit report. LBR did not agree with the questioned costs from its subawardee Southern University; it did agree with some of the questioned labor charges.

Rice University agreed that there “are areas for improvement” in its subaward monitoring activities, and it plans to take steps to increase the level of subawardee

oversight and inform personnel of when additional monitoring is warranted, according to the audit report. However, Rice disagreed that this was a significant deficiency because there were no questioned costs. Rice agreed with the Bayh-Dole finding and is revising its training in this area for research personnel. ✧

Subrecipient Monitoring: Assess Risk and Plan an Approach

Under federal grants, the monitoring requirements of OMB Circulars A-110 (§ 215.51) and A-133 (§ __.400(d)(3)) apply. Grantee institutions should monitor subrecipients, as necessary, to determine that they have complied with the award requirements and achieved the performance goals.

Many prime recipients stratify subrecipient awards according to the relative risk or lack of program performance to establish a risk-based model for the conduct of monitoring. While a formal monitoring plan is advisable to satisfy the monitoring requirements, the institution may prioritize its monitoring activities and use different techniques for different subrecipients. The institution’s first consideration is the relative risk of noncompliance and nonperformance posed by the subrecipient.

The *OMB Circular A-133 Compliance Supplement* reinforces this methodology, stating, “Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring.” The compliance supplement also states that tools for during-the-award monitoring include “reporting, site visits, regular contact, or other means” (Part 3, “M. Subrecipient Monitoring,” www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2011).

To assess the risk level, institutions could group subrecipients according to the following factors:

- ◆ Complexity of program requirements
- ◆ Percentage of award passed through
- ◆ Size of award
- ◆ Size of total expenditures made by the subrecipient
- ◆ Experience level of the subrecipient with federal program funds
- ◆ Record of past performance
- ◆ Personnel or system changes

Techniques for monitoring — which should be viewed as a continuous collection of information about subrecipients — include the following:

◆ **Review of A-133 audit reports.** Reports are filed with the Federal Audit Clearinghouse (<http://harvester.census.gov/sac>). In lieu of requiring a copy of

the subrecipient’s A-133 reporting package, institutions also are allowed to use the information in the FAC database to verify a subrecipient’s statements that it had no audit findings relating to awards made by the institution to the subrecipient.

◆ **Other types of audits.** For those subrecipients that are not subject to the A-133 audit, other types of audits (as covered in the subaward agreement) may be effective monitoring tools. This could include limited scope audits, perhaps conducted by the prime institution’s internal audit staff, relating to certain requirements of federal awards (see § __.230(b) of A-133).

◆ **Pre-award reviews.** These can be an effective technique, particularly when augmented by selective post-award follow-up.

◆ **Review of routine reports and coordination of information received.** The content and timeliness of ongoing financial reports or invoices is a good indicator of the subrecipient’s grant management system. Performance reporting also provides an ongoing tool for monitoring, as these reports should provide information on any deviation or delay in the agreed-upon scope of work.

◆ **Use of third-party information.** Such information might be obtained from other awarding agencies that have monitored a particular subrecipient. The prime recipient may also wish to follow up on information obtained through press coverage, employee complaints and other unique sources.

◆ **Documentation of routine contact.** Maintaining documentation of routine contacts — such as telephone conversations, meetings, ongoing correspondence/emails between the prime recipient’s and subrecipient’s investigators, sponsored programs offices and financial offices — is another tool used in monitoring.

◆ **Site visits.** Site visits also may be used as a tool for monitoring, primarily as a means of verifying information obtained by the other techniques and predominantly by principal investigators when conducting collaborative visits with subrecipients.

IN BRIEF

◆ **In its follow-up review of California State University – Fresno Foundation, NSF OIG cited two areas for improvement: labor effort reporting and cost sharing.** OIG originally looked at Fresno as part of its series of “Limited Scope Reviews of Recovery Act Quarterly Reporting Processes,” released in June 2010 (*Federal Auditing News*, 5/11). Of the 10 NSF grants totaling \$5.3 million awarded to Fresno as of Dec. 31, 2009, four awards totaling \$3.5 million (65%) were funded by the Recovery Act.

At the time of the review, Fresno was using a manual, paper-based effort reporting and time keeping system, which lacked “sufficient controls to ensure the integrity of the certification process for confirming the reasonableness of salary charges to NSF projects,” the report said.

Contrary to A-21, Fresno’s effort reporting process was not “incorporated into the official records of the institution,” according to the auditors; each salaried employee was required to manually prepare and submit his or her own effort reports. Also, the manual time keeping system did not have the necessary system checks “to preclude duplicate salary payments,” and its payroll system lacked “adequate support for all employee salary rates used for charging federal grants.”

Fresno concurred with the audit finding and said it was developing a labor effort reporting system that is fully compliant with federal requirements. Fresno also agreed with the finding that it was not adequately tracking and reporting its cost sharing commitments and said it was developing a review process to ensure compliance, according to the report.

Link: www.nsf.gov/oig/11-6-004-Fresno.pdf.

◆ **The Education Department’s OIG has released its review of the state of Utah’s use of Recovery Act funds.** The review covered four education-related Recovery Act grants. Among the findings in the review, OIG cited two involving the University of Utah as a subrecipient of State Fiscal Stabilization Funds.

The university “improperly charged \$55,000 to the SFSF Government Services grant for an annual maintenance service agreement,” the audit said. Sec. 14004(c)(1) of the Recovery Act and the state’s contract with the university “specifically prohibit the use of SFSF funds for maintenance expenditures, as well as equipment or facilities.”

Neither Utah U nor Utah Science Technology and Research officials, the prime recipient, contested the finding. The university said it “would offset a future reimbursement claim by the amount of the improper charge.” USTAR added procedures “requiring in-depth reviews of subrecipients’ reimbursement claims,” according to the audit.

Utah U also underreported jobs data to USTAR because of confusing guidance from the prime. Salt Lake Community College, another subrecipient, also underreported jobs and concurred with the OIG finding that it did so because it was using incorrect data.

Link: www2.ed.gov/about/offices/list/oig/auditreports/fy2011/a09k0001.pdf.

◆ **The salary limitation for NIH grant, cooperative agreement and contract awards remains at \$199,700 for the rest of fiscal 2011.** This is the same amount as was applicable in fiscal 2010 and corresponds to Executive Level I of the Federal Executive Pay Scale.

Link: <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-11-073.html>.

◆ **HHS’s OIG released its semiannual report to Congress covering the period October 2010 through March 2011.** The report highlights “\$3.4 billion in new expected recoveries,” according to OIG. They are the results of investigations, audits and other reviews and are mainly related to the Medicare and Medicaid programs.

Link: <http://oig.hhs.gov/reports-and-publications/semiannual/index.asp>.

◆ **New HHS OIG Website Debuts.** HHS OIG launched a new website featuring “a more user-centered design” and an “improved search engine.” OIG can also now be followed on Twitter at www.twitter.com/OIGatHHS.

Link: <http://oig.hhs.gov>.

◆ **NSF Issues Annual Funding Report.** In late May, NSF posted its fiscal 2010 annual report to the National Science Board, which revealed that NSF received 55,542 proposals in fiscal 2010 (an increase of 23% from fiscal 2009 and 74% from fiscal 2001). The agency made 12,996 awards, which represents a 23% funding rate.

Link: <http://nsf.gov/nsb/publications/2011/nsb1141.pdf>.