

AUDITING THE RESEARCH AND DEVELOPMENT CLUSTER

HHS Single Audit Training Workshop
Overland Park, KS – August 6, 2015

Session Objectives

2

- Understand the auditing process for the research and development cluster
- Identify current areas of Federal concern

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3

- Planning considerations
 - Increased threshold for audits
 - New major program determination
 - Applicable Compliance Requirements
 - R&D Cluster -- A, B, C, F, G, H, I, J, L, M, N
 - Understand the nature of clients' Federal awards
 - Determine whether testing will be against “old” or “new” requirements
 - Changes to 2015 Compliance Supplement
 - Part 6, Internal Control
 - “Must” versus “Should”

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4

- Changes to Selected Cost Principles
 - Personnel Services .430
 - Fringe Benefits .431
 - Indirect (F&A) Costs .414
 - Direct Charging of Administrative Costs .413(c)
 - Depreciation .436
 - Computing Devices .453
- “Prior Written Approval” .407

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5

- Changes to Administrative Requirements
 - ▣ Financial Management System .302
 - ▣ Interest Earned .302(b)(9)
 - ▣ Internal Controls .303
 - ▣ Program Income .307
 - ▣ Procurement .317 through .326
 - ▣ Subrecipient Monitoring .330 through .332

Common Single Audit findings

6

- Time & Effort
- Quarterly financial reporting
- Biennial inventory of equipment purchased with Federal funds
- Subrecipient monitoring
- EPLS/SAM verification before procurements
- Proper competition for procurements
- Participant support costs
- Segregation of duties
- Lack of support for cost sharing / matching obligations

Common Audit Quality Deficiencies

7

- Low risk auditee determination
- Major program determination
- Direct and Material compliance requirements
- “Nuclear” sampling across compliance requirements
- Unclear attributes for internal control versus compliance testing
- Disposition of exceptions
- Audit documentation, including documentation of planning and supervision

Areas of Federal Concern

8

- Compensation for personal services §200.430
 - ▣ Institutions of Higher Education – §200.430(h)
 - ▣ Standards for documentation - §200.430(i)
- Information necessary for appropriate audit resolution
 - ▣ Is it applicable to all R&D grants or only grants over a certain threshold?
- R&D Cluster – sample size at State Universities with multiple campuses

Questions?

Contact Information

10

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