

Internal Audit Findings

Internal Audit initiated review of five federally sponsored projects in FY03. Internal Audit's objectives were assessments of the following:

- Adequacy of institutional review and approval
- Compliance with institutional and federal requirements for expenditures and reporting
- Compliance with requirements of specific agreement's terms and conditions
- Procedures and controls that assure proper administration of sponsored funds

A report will be issued by Internal Audit in the near term that will report Internal Audit's observations on these five projects. Internal Audit will continue to review selected sponsored projects in FY04.

Based on Internal Audit's observations, the Office of the Vice Provost for Research and Advanced Studies, OSPA and SPA will be evaluating our policies and procedures, and will specify the roles and responsibilities of those involved in the administration of sponsored programs.

Interviews throughout the review indicated that more reliance is placed on oversight and monitoring by SPA than is the case. The belief exists that if an error occurs, SPA will detect it. As the average number of accounts monitored per SPA accountant FTE was 1,198 in FY03, this is impossible. ISU policy states that award administration and monitoring are almost entirely the responsibility of departments, colleges, centers and institutes.

The following items from the draft report are areas in which departments must provide monitoring and oversight to prevent:

- Unallowable expenditures, including P-card charges
- Duplicate reimbursements
- Charging of costs to wrong project
- Improper allocation of costs among projects
- Incorrect use of class codes – affecting SP Fin. Report budget categories
- Inadequate source documentation detail for expenditures, e.g. hospitality
- Incorrect locations in Equipment Inventory System for equipment items

OSPA and SPA will continue to advise the campus community and offer training classes. We will assess the adequacy of our training offerings and encourage attendance at these classes and grant coordinator meetings.

SPA will also be working with PIs and departments at least annually to obtain cost share documentation. Departments need to ensure cost share contributions are allowable and not included as contributions for other federal projects.

We appreciate the department's efforts in providing information to SPA and encouraging PIs so that progress reports and financial and other reports are submitted to the sponsor on time.