
SFS Dialog
February 16, 2022
Welcome

- Recording permission
- SFS update
- Four rules for financial questions from sponsors or auditors
  - Always tell the truth
  - Never create or alter documentation in such a fashion to suggest that it was preexisting
  - Answer only the question that was asked
  - If you don’t know the answer, don’t guess
Report details

- Capstone report for 18 audits performed since 9/2018
- Identifies common findings
- Prepared by Cotton & Company, who did the underlying audits
- Issued January 21, 2022
- Available at: OIG 22-6-002
### Frequency of Findings

<table>
<thead>
<tr>
<th>Common Findings</th>
<th>% of Reports with Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unallowable Expenses</td>
<td>94%</td>
</tr>
<tr>
<td>Inappropriately Applied Indirect Costs</td>
<td>83%</td>
</tr>
<tr>
<td>Inadequately Supported Expenses</td>
<td>67%</td>
</tr>
<tr>
<td>Inappropriately Allocated Expenses</td>
<td>55%</td>
</tr>
<tr>
<td>Non-Compliance with Policies and Procedures</td>
<td>50%</td>
</tr>
</tbody>
</table>

What kinds of findings might exist at Cornell?
SUGGESTIONS FOR IMPLEMENTING A STRONG AWARD MANAGEMENT ENVIRONMENT
Monitor the allowability of high-risk expenses

- Travel
- Participant support
- Salary
- Material/supply
- Fringe benefits
- Publications
- Consultants
- Subawards
High-risk expenses: travel

• Unjustified upgraded airfare class and combined business and personal travel
  – Contemporaneous comparative quotes, proper allocation of costs

• Lodging
  – Demonstrate reasonableness, avoid no-show charges, ensure allocability

• Fly America Act

• Period of performance

• Meals
  – Double check per diem usage
High-risk expenses: participant support costs

• Ensure eligibility of benefiting participants
• Obtain prior approval for rebudgeting
High-risk expenses: salaries

- Proper certification of salaries
- Salary consistent with work on award
  - All documents (charges, progress report, current and pending support) should agree
High-risk expenses: materials and supplies

• Near term and post term purchases
  – Restocking or future projects are not acceptable justifications

• Promotional items
  – In the rare cases that they are allowable they must have specific approval
High-risk expenses: consultant services

- Inappropriately procured services
- Services outside award’s period of performance
High-risk expenses: subawards

- All subs must have sponsor approval either by having been in the original proposal, or through a subsequent award amendment
  - Request in progress report is not sufficient
  - Approval by program officer is not sufficient
Controls over applying indirect cost rate

- Waivers, reductions, errors
- Use of correct base
- Must have controls to prevent overcharging
- Rate(s) in effect at the time of the award must be used
- Provisional rates require subsequent adjustment if rates are not finalized
Sufficient, appropriate documentation

- Must match cash draws (ACM$)
- Costs billed by service facilities
- Travel
  - Make sure that documents reflect class of travel
  - Business and personal travel combination
- Salary
- Consultant
  - Need agreements
Document allocation methodology

- Required by UG
- Methodology must be reasonable
- Travel benefitting multiple projects
- Trip/traveler/collaborator identified in technical reports
- Correlation between publication costs and citations
- Proper allocation of stipend and tuition
Review and update policies and procedures

• Document compliance with policies
• Review and update procedures, both Cornell’s and the sponsor’s
• Follow the institution’s policies, as well as those of the sponsor
Questions?

• Please enter questions in the Q&A window

• Remember, help is available for SFS
  – Contact your sponsored financial specialist by phone or email
  – Write sfs-help@cornell.edu