Contracts and Grants Accounting

2012 Assessment Report

Expected Outcome: There will be no findings related to effort certifications during our annual federal audit.

Contracts and Grants Accounting (CGA) ensures that Auburn University (AU) complies with the regulatory requirement of providing after-the-fact confirmation (Effort Certification) of salary and wage costs allocated to federally sponsored awards. An electronic certification system was developed to provide better oversight of the process with greater ease.

Assessment Method:

Each year, PricewaterhouseCoopers (PwC), an international accounting firm, audits the yearly expenditures charged to and reimbursed from federal agencies. The audit tests the rate of return and compliance associated with effort certifications for each employee who charged his or her salary to a federal grant, contract, or cooperative agreement.

Findings:

PwC reviewed 230 payroll transactions for 41 employees to confirm AU’s conformance with the applicable standards. PwC found no reportable findings related to the effort certification requirements during 2012.

How did you use findings for improvement?

N/A

Expected Outcome: CGA will collect receivables due from sponsors for work performed under sponsored agreements.

CGA is charged with reporting expenditure data and collection of funds from sponsoring agencies.

Assessment Method:

As most sponsors enter into cost reimbursable grants or contracts, per the terms of the awards AU must specifically request reimbursements. As part of the requests, CGA records receivable onto the financial system, requests payment from the sponsors, and then clears the receivables when payments are received. Fund balances are monitored monthly so that funds due to AU are appropriately requested, and timely payments are received from sponsors. At year-end, receivable balances are compared to previous year-end balances to note significant growth (>20%) in the dollars outstanding. Any significant growth is investigated to ensure that the growth in receivables does not indicate resulting decline in collections from the sponsors.
Findings:

During the year, CGA managed 2,239 active awards and requested payments from sponsors of $99M. As of 9/30/12, the accounts receivable total managed by CGA grew to $14 million from the prior year’s balance of $10 million, indicating a 40% increase.

How did you use findings for improvement?

Analysis of the difference indicated that three projects incurred over $4 million of billable expenditures during the last month of the year and CGA recorded the receivables in September of 2012. CGA received payment from these sponsors and cleared the receivable in subsequent months.