



Surviving a Data Analytics Audit

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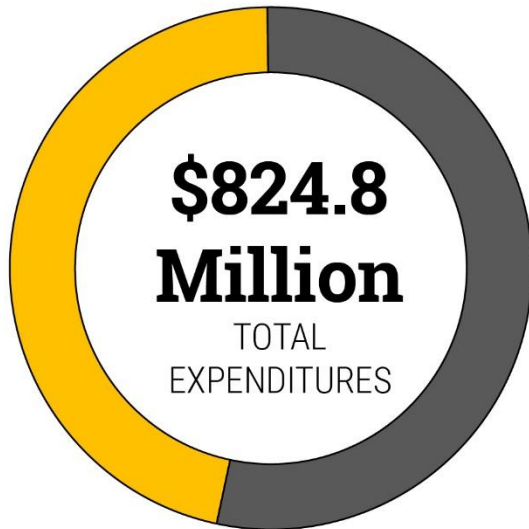
ACC Fiscal Officers' Conference – 2018



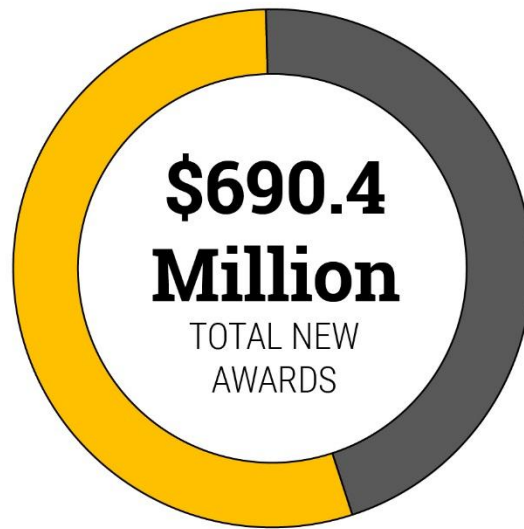
CREATING THE NEXT

Fiscal Year 2017: At A Glance

GTRI, Colleges and Other Units



GTRI
Exp.: \$383.1 M (46%)
Awards: \$377.0 M (55%)



Colleges and Other Units
Exp.: \$441.7 M (54%)
Awards: \$313.4 M (45%)

New Awards: Sources

73%

Federal Awards
\$502.4 M

14%

Industry Awards
\$98 M

FY 2017 ANNUAL REPORT

New Awards by Sponsor

Awards	\$ (Millions)
Dept of Defense	\$ 347.2
NSF	\$ 64.9
DHHS/NIH	\$ 40.9
NASA	\$ 14.4
Dept of Energy	\$ 13.7
Dept of Commerce	\$ 6.2
Industry	\$ 98.0
Colleges and Universities	\$ 39.5
Research Foundations	\$ 31.0
State & Local Gov't	\$ 9.9
Other	\$ 24.7
	\$ 690.4

- Audit Objective – to determine if costs claimed are allowable, allocable, reasonable and in conformity with NSF award terms and conditions and applicable Federal requirements.
- Contracted CPA firm; Audit Period April 1, 2012 – March 31, 2015 (Initial request for one quarter of data as a test)
- General Ledger and Subsidiary Ledger detail (A/P, Payroll, Travel, Purchase Card)
 - Reconciled to the Federal Financial Report (FFR) and/or Award Cash Management System (ACM\$)
 - Georgia Tech transitioned from FFR to ACM\$ during this period

- Data Dictionary
- Crosswalks
- Identifiers to isolate participant support costs, cost transfers and journal entries
- Detailed query parameters and methodology used to extract the data
- System documents – architecture, database schema, flowcharts describing the financial system(s) structure
- Chart of Accounts
- Policies & Procedures; F&A and Fringe Benefits Rate Agreements; Internal Audit Reports



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5 days to respond

- Got the right people involved
- Met the deadline
- Communicated scope of audit to our campus – faculty and staff

- 1,000+ awards
- \$200,000,000 costs claimed
- 725,000 Rows of data provided

- Reviewed prior audit reports
- Reached out to other universities in similar audits
- While the auditors performed data analytics, we did too!



And then we waited...

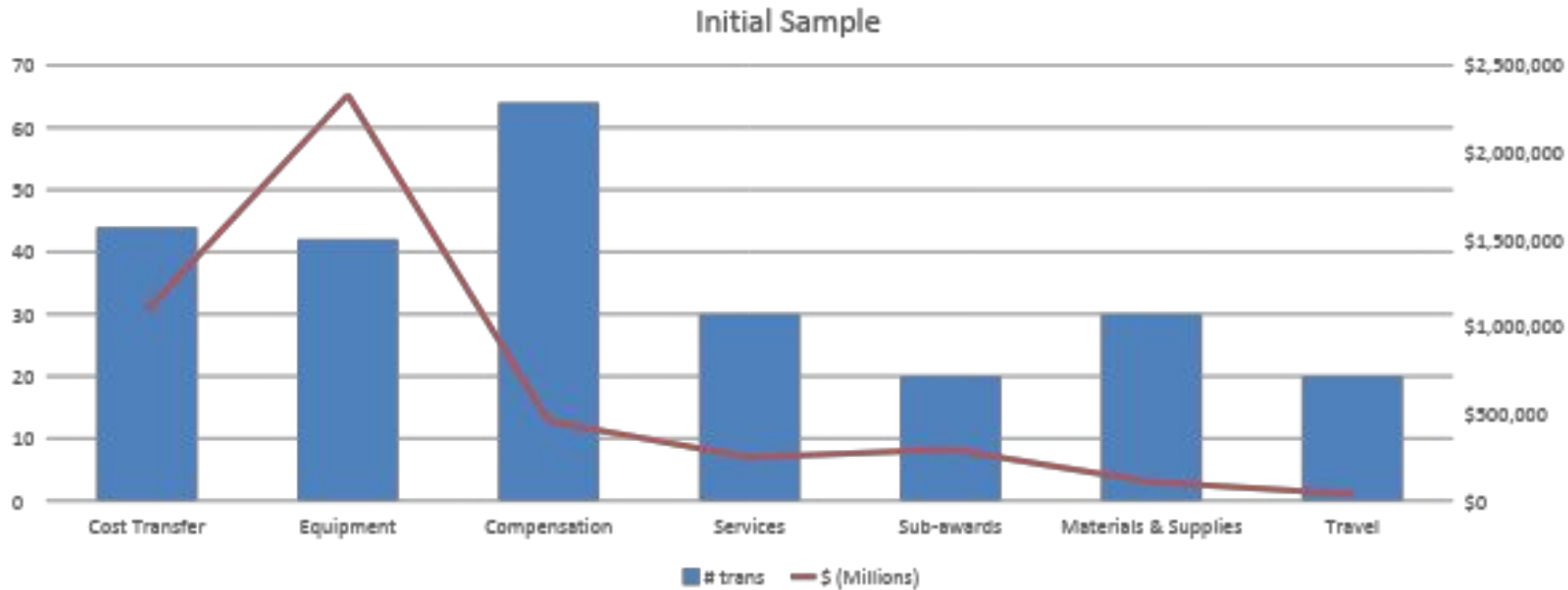


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- 250 Transactions
- \$4,500,000 in Expenditures





- Each sample transaction included 1 – 5 questions in addition to expectation to provide supporting documentation of the cost
 - Types of questions - benefit to the award
 - Transaction testing focused on: **Late term and past term expenses**, Salaries, Subrecipient Monitoring, **Travel**, **Cost Transfers**, and **Allocation Methodology**
- How we managed the responses

- Conducted interviews covering Institute Internal Controls
 - Effort Reporting,
 - Cost Transfers,
 - Budget vs. Actual Expenses,
 - Participant Support Costs,
 - NSF 2-month Salary Process,
 - NSF Award Cash Management System Procedures (billing)
- Conducted interview with Department of Internal Auditing
- Process questions as documentation was reviewed

- Initial Questioned Costs
 - 35 transactions
 - \$332,000

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- Identified in audit report
 - 10 transactions
 - \$68,837

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- Final resolution
 - 8 transactions
 - \$20,117

COMPLIANCE PROGRAM

- Historical compliance focus
 - Allowability/Allocability
 - Quarterly unallowable review – random sample 500 transactions annually
 - Annual Administrative Salary review
 - Policy compliance/internal controls
 - Annual Electronic Cost Transfer (ECT) compliance review – random transaction for each ECT user

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- Current compliance focus
 - Allowability/Allocability
 - Hybrid approach:
 - Daily reviews of targeted transactions
 - Periodic analytical reviews for patterns and outliers
 - Policy compliance/internal controls
 - Annual ECT Compliance review – no change, but capture metrics
 - Sufficient evidence/documentation of compliance **PRIOR** to payment
 - » “Add a sentence”

