

Good Afternoon

My name is Kyle Everard and I am the Audit Coordinator at Research and Sponsored Programs. One of my job duties is to coordinate and act as a liaison for the audits that occur of our programs. Please feel free to forward this email to colleague's at your college/school.

We have had several external audits as well as internal audits recently, and I wanted to spread the word on possible issues that may be of interest to you. We have also just created a new page on our external website related to audits (<https://www.rsp.wisc.edu/awardmgt/audits/index.cfm>).

Below are the issues that may be of interest to you:

### **Federal Audits**

#### **Equipment Purchases:**

- When purchasing equipment on awards (especially for contracts), make sure that all the **necessary clauses allowing the purchase of equipment are included**. We had an instance where a federal lab said the University didn't have all the necessary clauses in place to purchase a piece of equipment.
- Also related to equipment, **make sure to follow UW-Madison capitalization rules** (see the Property Control page on accounting services website: <http://www.bussvc.wisc.edu/acct/propcont/prophome.html>). If we don't capitalize items that need to be capitalized, there will be F&A charged when it shouldn't be. An auditor found that we charged an item as a supply instead of as a piece of equipment and had to repay the F&A that it triggered.

#### **Travel:**

- When planning on traveling using award funds, please **make sure that any sponsor prior approval requirements are followed**. This is especially important for foreign travel. Make sure to follow the prior approval requirements **as they are written** in the contract, and then keep records of that approval. The University was written up for an instance where we didn't follow the prior approval requirements exactly as written in the contract.

### **Legislative Audit Bureau (LAB) Single Audit 2017-18**

- If a department has any equipment that has been capitalized, **make sure that the correct tag is attached and that the equipment is in the room that is listed on the equipment system**. LAB found a couple of pieces of equipment that were in a different room than what was listed on the equipment system.
  - Tracking moveable equipment is a challenge, but this matter can create significant administrative hardships for the University. Discrepancies in location and missing tags have been a common finding in previous years' Single Audits. Repeat findings have occurred and as a result, a federal

agency did impose additional restrictions on its awards to the University until they felt the problems had been addressed sufficiently.

- Make sure to **adequately monitor all subrecipients** to ensure that work is progressing in a satisfactory manner and that the expenses claimed reflect the work being performed. **Adequate monitoring can be done through such methods as obtaining reports (such as scientific progress reports from subrecipients), regular contact (such as emails, phone calls, and teleconferences), or, if applicable, site visits of subs.** Please keep evidence of monitoring in case of future audits.

### **Nonfederal Audits**

#### Supplies

- Remember to **not charge general office supplies** to awards if the award agreements do not allow for it. These charges are generally considered to be recovered through the F&A charges to the project. A nonfederal sponsor reviewed one of our invoices and found that we had charged office supplies to a grant in which office supplies were not a part of the approved budget.
  - Here is a link to our page on Allowable Direct Costs on Sponsored Projects: <https://www.rsp.wisc.edu/awardmgt/directcosts.cfm>

#### Travel Reimbursement

- For travel expense reimbursements, make sure that employees are **providing original receipts for expenditures that need proof of purchase**. During a nonfederal audit, the auditor found that there were some gas purchases where an employee was only able to provide a credit card statement and not original point of sale receipts.

If you have any questions or are contacted by an auditor, please feel free to contact me at [Kyle.Everard@rsp.wisc.edu](mailto:Kyle.Everard@rsp.wisc.edu) or 608-890-2409.

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