

## **POST PAYMENT AUDIT – Direct Federal Funds**

Contracts and Grants Accounting (CGA) has identified a list of account codes for expenses that are not normally charged to Federal funds. This list is not intended to be all-inclusive; rather, it includes the account codes most likely to be indirect in nature or unallowable. There may be other account codes that are reviewed at project close-out for allowability.

Each month CGA will review expenditures recorded in the account codes listed below and take appropriate action to ensure compliance with Federal regulations.

1) Save ARGOS report “POST PAYMENT REVIEW” in your folder on Argos/Grant; open & make changes to account code & dates and run. Save the query results in Excel format in the current month’s account folder (found on G\CONG\POST PAYMENT AUDIT\MONTH-YEAR\ACCOUNT) as the account number. Be sure to put your initials somewhere on the spreadsheet. For each account, monitor as follows:

### **Account 61200 – Federal Work Study Wages**

Review all expenditures. Check for Payroll coding and allowability on fund. Use procedures documented 1/30/2004 for further information on transfers.

### **Account 70015, 70020 – Utilities; Gas, Water**

Review all to be sure all expenditures are recorded appropriately. Bottled gas (AirGas as a vendor, for example) should not be charged as a utility. Bottled water also should not be charged as a utility.

### **Account 70360 – Guest Meals**

Review all expenditures. This account rolls up to Entertainment in our Chart of Accounts, so many may be unallowable. Review expense coding to make sure that AU Hosted Conference meals are treated appropriately. Any AU Hosted Conferences must be outlined in the budget and scope-of-work. Meals for research participants may be allowable, but again must be outlined in the budget and project narrative. Meals to discuss future funding or proposal submission are unallowable. If an expenditure is unallowable it must be transferred to an unrestricted funding source and should not be cost-shared.

See additional information in AU’s Spending Policies.

### **Account 70550– TES Admin/Clerical**

Sample 15 expenditures each month. Pick two with the highest dollar amounts and randomly select 13. See instructions on random sample generation in Excel. Pull one voucher for each contract/grant fund involved. The C/G fund should have an “Admin/Clerical Exceptions” form on file in the contract folder. If the form is missing, review the award document for inclusion of this type expense on the project. If the agreement indicates Admin/Clerical expenses will be incurred, obtain the form from the department. If there is no indication that Admin/Clerical charges will be required, the expense must be transferred to another funding source.

**Account 70845, 70935, 70945 – Other General Admin Expense, Office Supplies, Other Expendable Supplies**

Sample 15 expenditures each month. Pick two with the highest dollar amounts and randomly select 13. See instructions on random sample generation in Excel. Review for allowability. If the charge does not appear to be allowable, contact the department to transfer the expense to another funding source.

**If one fund has 13 transactions, review that fund plus 2 more transactions for a total of 15. Likewise, if 3 funds have 4 transactions each, pull those 3 funds plus 3 more to equal 15. You are looking at a total of 15 transactions, regardless of the number of funds pulled. Exception - If one fund has 20 transactions review all 20.**

2) Send the following email as the first notice of a disallowed expenditure:

**From:** Accountant  
**To:** PI, Financial Contact  
**Date:** 1/6/2004 9:36:20 AM  
**Subject:** Fund 2xxxxxx 1xxxxxx

During the monthly review of contract/grant funds, the following expenditure(s) was(were) determined to be unallowable per the terms of the agreement or OMB Circular A-21 Cost Principles. Please prepare the necessary paperwork to transfer this expenditure and any others in the expenditure category(s) to the appropriate funding source. This should be done within the next 30 days.

ACCOUNT:  
DESCRIPTION:  
DATE:  
REFERENCE NO. :  
AMOUNT:

Please contact me if you have any questions. Your assistance is appreciated.

3) After the email is sent, save the email in Word format in the current month's account folder (found on G:\CONG\POST PAYMENT AUDIT\MONTH-YEAR\ACCOUNT) as "2xxxxx-1<sup>st</sup> notice". Also save a copy in the fund folder on G:\CONG\REPORTS...

4) When sending the second notice (30 days after the first notice), attach the 1<sup>st</sup> notice email. Again, after it is sent, save a copy in the Post Payment Audit folder and the fund folder. In addition to the PI and Financial Contact, copy the Dept Head, Dean, & Sheila and state the following:

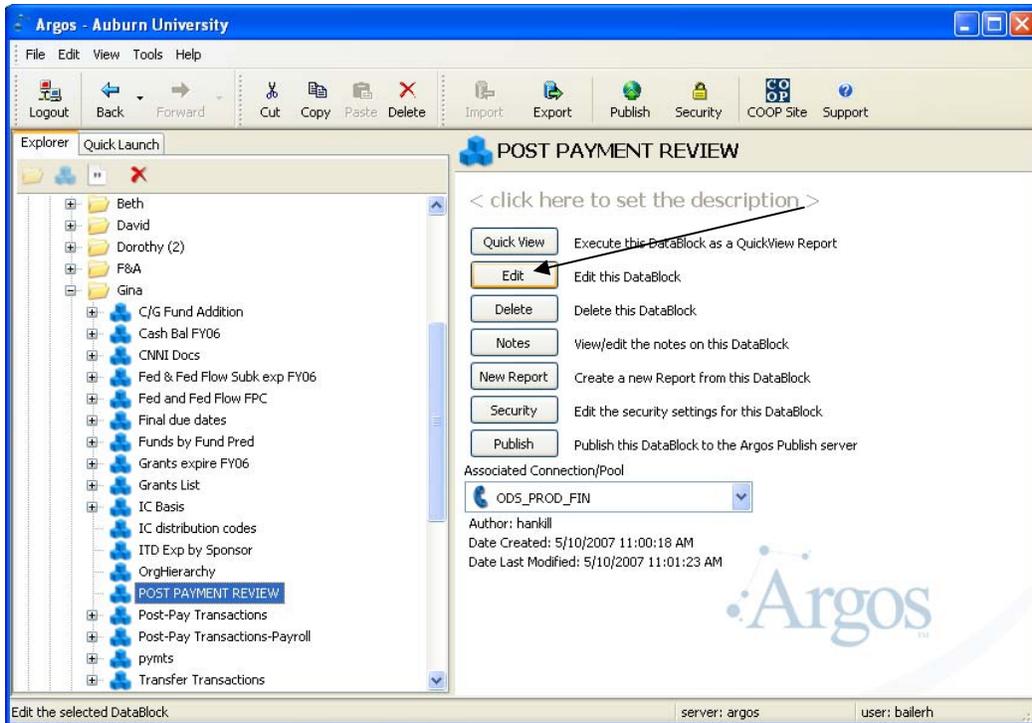
"The attached email was sent to notify you of disallowed expenditure(s) that must be transferred. To date, our office has not received the necessary paperwork to process the transfer. Please verify it has been prepared and that it reached the proper destination. Departmental funds will be used to cover the expenditure(s) if not resolved in the next 30 days."

5) 30 days after the second notice is sent, transfer the expenditures. You may have to contact the department to get FOP number. Expenditures cannot be transferred to the Dean's Cost Share FOP because these types of expenditures are generally indirect in nature and should not be in the direct cost pools.

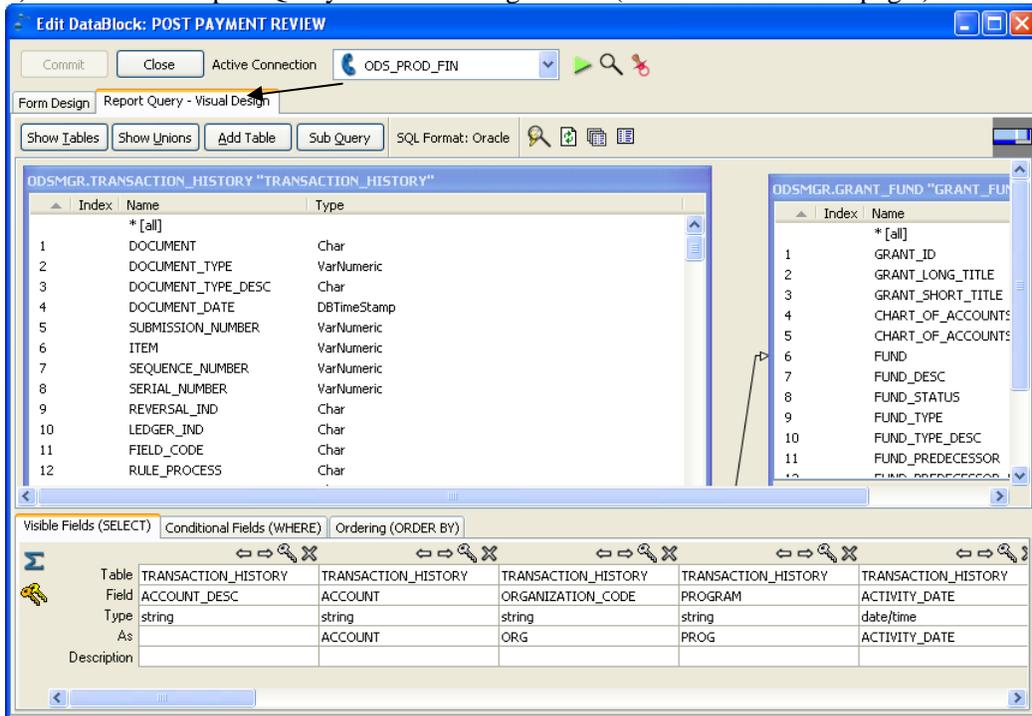
6) Once a fund has been identified, it should be monitored each month to make sure subsequent expenditures aren't recorded in the same account and that expenditures transfers are processed. After the expenditure(s) is(are) transferred either by CGA or the department, the fund will not need to be monitored further unless it is randomly chosen again.

### **Instructions for running Argos Report:**

- 1) The first time you run the report, copy the DataBlock under Finance/Grant/POST PAYMENT REVIEW and save a copy in your folder. Each month after, run your own copy.
- 2) From your copy, click the "Edit" Button:

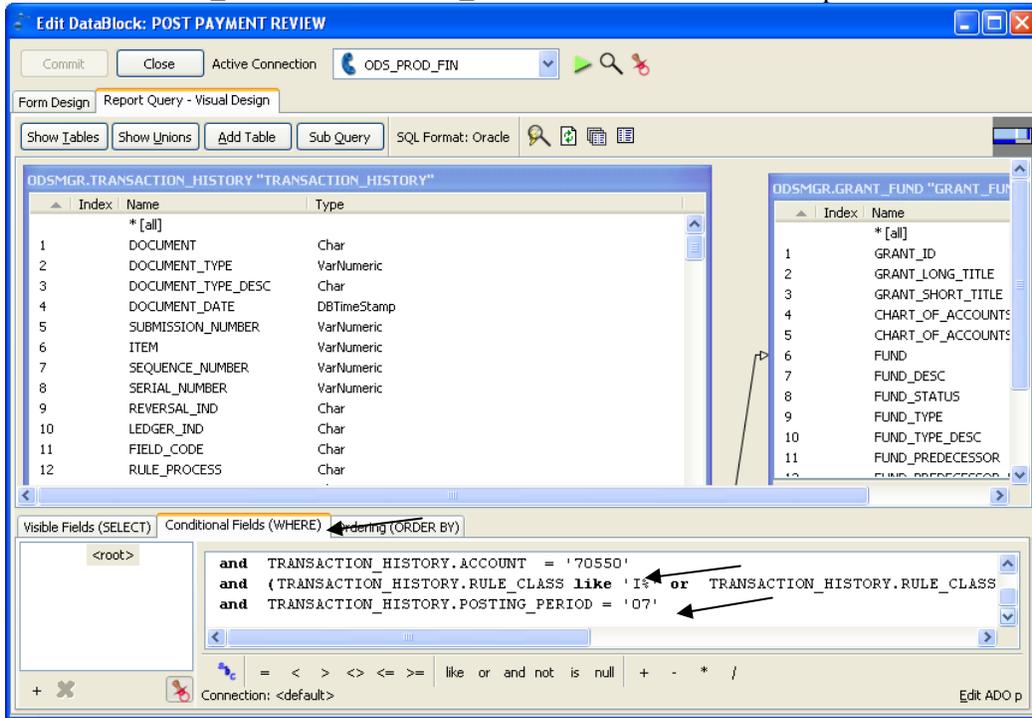


3) Chose the “Report Query – Visual Design” tab. (Screen shot on next page.)



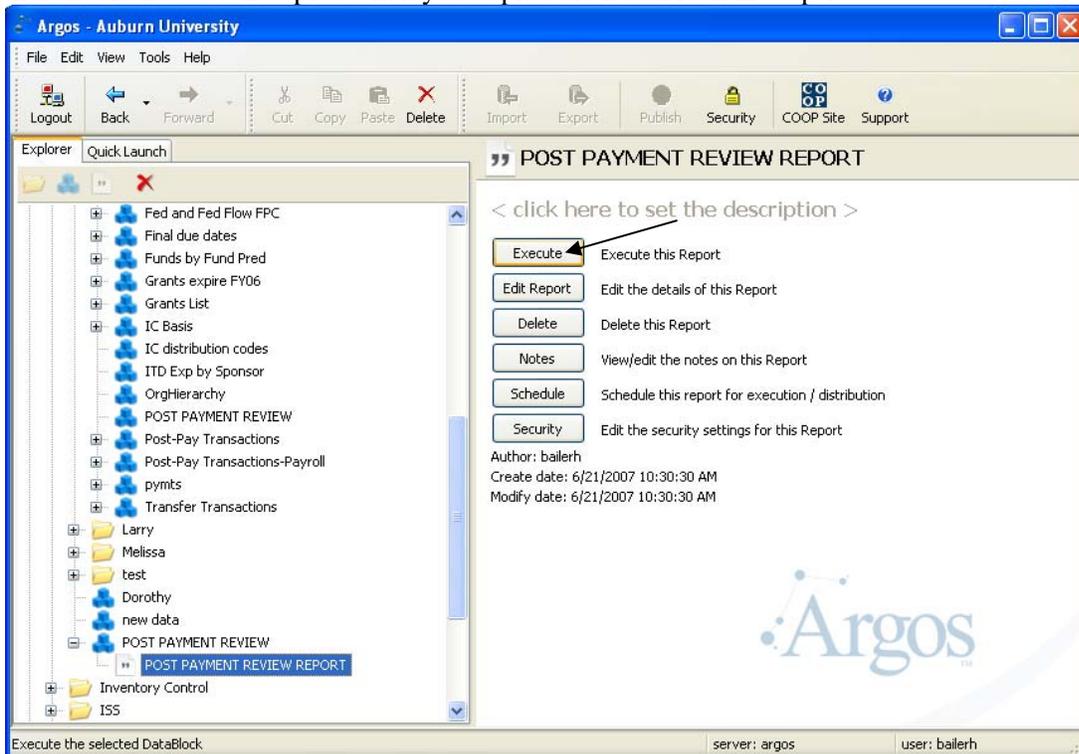
4) Click “Conditional Fields (WHERE)” tab at the bottom of the screen. Change the TRANSACTION\_HISTORY.ACCOUNT and the TRANSACTION\_HISTORY.POSTING\_PERIOD to the account code and period of the fiscal year you are reviewing. The example below is for Acct 70550 (TES Admin/Clerical) and April. When the new fiscal year begins, your report

TRANSACTION\_HISTORY.FISCAL\_YEAR Field will need to be updated.



5) Once changes are made, click "Commit", then Close DataBlock.

6) Click on the report underneath the DataBlock. Execute the "POST PAYMENT REVIEW REPORT" that should have been copied when you copied the DataBlock in Step 1.



7) Click “Save in File”, then save the report as listed in step #1 of procedures (page 1). The report in our example would be saved as “70550”. Note that it is saved in .csv format and will need to be opened and saved in Excel.

