PART IV
FINDINGS
Harvard University
Schedule of Findings and Questioned Costs
For the Years Ended June 30, 2000

Section I - Summary of Auditor's Results

Financial Statements
Type of auditor's report issued: Unqualified

Internal control over financial reporting:
- Material weakness(es) identified No
- Reportable condition(s) identified not considered to be material weaknesses None reported

Noncompliance material to financial statements noted No

Federal Awards
Internal control over major programs:
- Material weakness(es) identified No
- Reportable condition(s) identified not considered to be material weakness(es) Yes

Type of auditor's report issued on compliance for major programs: Qualified

Audit findings required to be reported in accordance with OMB Circular A-133, Section .510(a) Yes, see Section III of this schedule

Identification of Major programs:
- Research, Development and Training
- Student Financial Assistance See Schedule of Expenditures of Federal Awards

Dollar threshold for Type A and B programs $3,000,000

Auditee qualifies as a low-risk auditee Yes

Section II - Financial Statement Findings
None
Section III - Federal Awards Findings and Questioned Costs

Finding 00-1 Cost Transfers

Circular A-21, Section C.4 states that any costs allocable to a particular sponsored agreement may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns, avoid restrictions, or for other reasons of convenience. In addition, the NIH Grants Policy Statement pg. II-35 states that transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge.

The University has developed policies and procedures to comply with this general requirement. Effective July 1, 1999 and in conjunction with the University's implementation of a new general ledger system, the University allowed a grace period whereby documentation requirements for certain cost transfers were waived. From July 1, 1999 to December 31, 1999, all schools and departments were exempt from the University's cost transfer policy requirements.

During the grace period, the cost transfer policy requirements were met at the School of Public Health. The Medical School did not comply with the cost transfer policy requirements for the period after the grace period from January 1 to June 30, 2000. We tested 21 transfers subsequent to the waiver period ending December 31, 1999. We also tested five transfers performed to correct mapping/coding errors. No exceptions were noted.

Recommendation: We recommend the University apply the cost transfer policy consistently throughout the year to ensure compliance with A-21 regulations.

Finding 00-2 Effort Reporting

OMB Circular A-21, J.8 requires at least an annual certification under the plan confirmation method, and at least monthly activity reports under the after-the-fact activity method.

The University primarily uses the plan confirmation method for faculty and the after-the-fact activity method for other staff. Due to the University's conversion to a new general ledger system on July 1, 1999, after-the-fact effort reporting was temporarily suspended for the period July 1, 1999 through March 31, 2000. During that time, no after-the-fact certification took place. In April 2000, "catch-up" reports covering the nine-month suspension period were generated and certified for employees subject to after-the-fact reporting. We tested five of these catch-up reports, and found no exceptions.

Recommendation:
The University should ensure that effort certifications are completed in a timely manner.

Finding 00-3 Internal Controls Regarding Payables

Circular A-21, Section C.4d(2) states that the University's financial management system shall ensure that no one person has complete control over all aspects of a financial transaction.

As part of the University's conversion to a new purchasing and payables system at the beginning of the fiscal year, the designed controls over the purchase-to-pay activities and the lack of segregation of duties for purchases less than $50,000 did not effectively mitigate the risks of the creation of fictitious suppliers, unauthorized purchases, unrecorded liabilities, and duplicate payments. While University-wide controls for large dollar transactions are in place ($50,000 and greater), the processing environment has not been designed to proactively detect or mitigate the risks of smaller dollar transaction and processing errors.
Recommendation: A formal approval structure should be developed over the creation of modification to supplier information, and management should attempt to segregate the functions of voucher approver and preparer. If segregation of functions is not possible, then subsequent review of those transactions should be performed. Procedures should be implemented to ensure that all disbursements greater than a specified dollar amount, $10,000 for example, are reviewed by management prior to cash disbursement. Additionally, the accounts payable department should proactively monitor and detect duplicate invoices and payments.

Finding 00-4 Allowable Costs/Cost Principles

OMB A-21, section F.6.b requires that costs incurred for the same purpose in like circumstances should be treated consistently as either direct or as a facilities and administrative cost. Items such as administrative salaries, office supplies, local telephone costs and postage are normally charged as facilities and administrative costs. OMB A-21, section J.2 states that costs incurred for the purchase of alcoholic beverages are unallowable. Section J.46 states that taxes from which exemptions are available to the institution are unallowable. Section J.48 states that travel costs may be charged either on an actual basis or on a per diem or mileage basis in lieu of actual costs incurred.

Of the 120 transactions selected at the University for direct cost testing totaling $659,678, we noted transactions totaling approximately $4,394 where there was no supporting documentation to directly attribute the costs to the award or where specific awards had been charged in error. Of the eleven questioned costs listed below, one related to taxes, one related to the purchase of alcoholic beverages, one related to mileage based travel costs, four related to items normally charged as facilities and administrative costs, and three related to lack of documentation.
<table>
<thead>
<tr>
<th>Federal grant number</th>
<th>Agency</th>
<th>Number of transactions</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>R37-MH396830-16</td>
<td>NIH/NIMH - Public Health Service</td>
<td>2</td>
<td>$2,516.94</td>
<td>Consulting/purchased services not directly allocable to the award due to lack of attribution.</td>
</tr>
<tr>
<td>R37-MH396830-16</td>
<td>NIH/NIMH - Public Health Service</td>
<td>1</td>
<td>427.55</td>
<td>Office supplies not directly allocable to the award due to lack of attribution.</td>
</tr>
<tr>
<td>R37-MH396830-16</td>
<td>NIH/NIMH - Public Health Service</td>
<td>1</td>
<td>40.72</td>
<td>Postage charges not directly allocable to the award due to lack of attribution.</td>
</tr>
<tr>
<td>R37-MH396830-16</td>
<td>NIH/NIMH - Public Health Service</td>
<td>1</td>
<td>115.00</td>
<td>Charge for professional dues not directly allocable to the award due to lack of attribution.</td>
</tr>
<tr>
<td>R37-MH396830-16</td>
<td>NIH/NIMH - Public Health Service</td>
<td>1</td>
<td>57.01</td>
<td>Charge for sales tax on the purchase of materials.</td>
</tr>
<tr>
<td>R37-MH396830-16</td>
<td>NIH/NIMH - Public Health Service</td>
<td>1</td>
<td>482.00</td>
<td>Travel charges not directly allocable to the award due to lack of attribution.</td>
</tr>
<tr>
<td>R37-MH396830-16</td>
<td>NIH/NIMH - Public Health Service</td>
<td>1</td>
<td>4.75</td>
<td>Liquor purchase erroneously charged to the award.</td>
</tr>
<tr>
<td>R01-GM39023-14</td>
<td>NIH/NIMH - Public Health Service</td>
<td>1</td>
<td>29.37</td>
<td>Gasoline charges erroneously charged to the award in addition to mileage reimbursement.</td>
</tr>
<tr>
<td>CR-826902-01</td>
<td>Environmental Protection Agency</td>
<td>1</td>
<td>620.20</td>
<td>Charge for travel not directly allocable to the award due to lack of attribution.</td>
</tr>
<tr>
<td>NAG1-2007</td>
<td>NASA - Langley Research Center</td>
<td>1</td>
<td>100.19</td>
<td>Telephone charges not directly allocable to the award due to lack of attribution.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>11</strong> $4,393.73</td>
</tr>
</tbody>
</table>

**Recommendation:** The University should strengthen controls over the direct charging of costs to awards. We recommend that the University continue to educate departments about documentation and direct attribution requirements for costs which are normally treated as facilities and administrative costs. Also, we recommend that monthly expense reports be monitored timely, both departmentally and centrally, to avoid unallowable charges on awards.

**Finding 00-5 Reporting**

Circular A-110 Section 51 requires that annual reports shall be due 90 calendar days after the grant year; quarterly or semiannual reports shall be due 30 days after the reporting period. In testing the completion of 15 performance reports, we noted 1 that was not submitted timely as specified in the terms and conditions of the award.

Section 52 requires that the Financial Status Report for each project or program be submitted no less frequently than annually, and the awarding agency will determine the frequency of the report. In
examining 25 awards for which an annual or final financial report was required, we noted 2 that were not
submitted within the terms specified by the grantor agency.

Federal Acquisition Regulation (52.219-9) requires a subcontracting plan for small and small
disadvantaged businesses for each contract $500,000 and over. In testing six semiannual reports that
chart progress in meeting the subcontracting plan goals, we noted five reports were submitted between 5
and 32 days late.

Recommendation: We recommend that the University strengthen controls for monitoring due dates of
both technical and financial reports and ensure that they are filed in a timely manner.

Finding 00-6 Subrecipient Monitoring

OMB Circular A-133 Compliance Supplement Part 3M requires a pass-through entity to monitor a
subrecipient's activities to provide reasonable assurance that the subrecipient administers Federal awards
in compliance with Federal requirements.

The University monitors subrecipients from whom an A-133 report is required. The monitoring
procedures for subrecipients that are foreign entities are not well established, and only audited financial
statements are received for those domestic subrecipients for whom an A-133 audit is not required.

Recommendation: The University should institute subrecipient monitoring procedures which
encompass monitoring compliance with Federal regulations by subrecipients, particularly those from
whom an A-133 audit is not required.

Finding 00-7 Equipment and Real Property Management

Circular A-110, Subpart C, paragraph 34 outlines equipment standards for equipment acquired by a
recipient with Federal funds. 34(f)(1) requires that equipment records be maintained accurately,
including information concerning the ultimate disposition of the equipment. 34(f)(3) requires that
differences between the physical inventory and the accounting records be investigated to determine the
causes of the difference, and that, in connection with the inventory, the recipient verify the existence and
current utilization of the equipment. 34(f)(4) requires that a control system be in effect to insure adequate
safeguards to prevent loss, damage, or theft of the equipment.

During our testing of the physical inventory and equipment management system, we noted four
exceptions of 57 items selected. Three items were incorrectly categorized as "disposed" but were still in
use. One item was listed on the inventory listing, but the identifying tag was missing from the equipment.

We also noted that the University did not investigate differences between the physical inventory and the
equipment management system in a timely manner. Items not located during the physical inventory were
not removed from the equipment management system until the next physical inventory was taken. We
also noted that University's equipment management office did not perform periodic random checks of
inventories at the departments.

Recommendation: We recommend the University improve the accuracy of its equipment records, and
that specific procedures be instituted to improve the physical inventory process.
Harvard University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2000

Finding 00-8 Service Centers/Recharge Centers

OMB Circular A-21, Section 44.C states that the cost of institutional services should be charged directly to users based on actual use of the services and a schedule of rates to support the charges to federal and nonfederal users. Charges for the use of specialized service facilities should be designed not to recover more than the aggregate cost of the services over a long-term period. For the service center tested, we noted that there was not an adequate basis for the determination of rates based on costs charged to users.

Recommendation: The University should ensure that the techniques used to determine user rates and to allocate costs are consistent for all service centers. Also, the University should develop a monitoring system to identify a service center which is accumulating a surplus and establish a procedure for adjusting future cost recoveries in order to deplete the surplus.

Finding 00-9 Over-awards of Financial Aid

Regulations regarding the Coordination of Student Aid Programs require that an institution establish controls to ensure financial assistance is not awarded in excess of a student's financial need. It was noted during testing of thirty-six students that one individual in the undergraduate program was awarded aid in an amount greater than cost of attendance. The student exceeded the $300 allowable threshold with an over-award of $2,703 which included an over-award of Federal work-study monies of $2,163.

Recommendation: The University should closely monitor the awarding of Federal funds to ensure that aid is not disbursed in excess of financial need and that the amounts over-awarded are refunded to the government by the University.

Finding 00-10 Work-Study Timecards

Payments to students for work-study employment must be supported by timesheets or other records that are signed and certified by a responsible individual. During testing of thirteen timecards, we noted one instance where the timecard was not signed by a responsible individual.

Recommendation: We recommend that the University remind all individuals responsible for supervising students that appropriate reviews and signatures on timecards are required. Periodic evaluations of compliance with the regulation should be performed.
Harvard University
Summary Schedule of Prior Audit Findings

The following is a summary of prior year findings and the status of each.

99-1 Direct Costs

10 out of 120 direct costs were identified as questioned costs.

Status

All of the 10 questioned costs noted above were removed from the federal awards.

99-2 Reporting

25 awards were examined for timely completion of financial status (FSR) reports. There were 5 instances where reports were not submitted with the terms specified by the grantor agency. 15 performance reports were tested for timely completion and submission. There were 5 instances where reports were not submitted timely as specified in the terms and conditions of the award.

Status

Addressed within Corrective Action Plan to current year's finding 00-5.

99-3 Service Centers/Recharge Centers

Certain facility costs included in the service center rates are not consistently determined across different units on a rational basis in accordance with Harvard's policy.

Status

Addressed within Corrective Action Plan to current year's finding 00-8.

99-4 Cost Transfers

30 cost transfers were examined for timely completion and proper documentation. There were four instances where the reason for the transfer was not adequately documented.

Status

Addressed within Corrective Action Plan to current year's finding 00-1.

99-5 Effort Reporting

Of the 20 payroll transactions examined, there were two instances where salary certification was not complete. In two other instances the certification was signed by a financial administrator and not a principal investigator.

Status

Addressed within Corrective Action Plan to current year's finding 00-2.
Harvard University
Summary Schedule of Prior Audit Findings

**99-6 Overawards of Financial Aid**

Of 40 undergraduate students tested, two were awarded aid in amounts greater than their cost of attendance. Additionally, three graduate students received overawards of Federal Work-Study.

**Status**

Addressed within Corrective Action Plan to current year's finding 00-9.

**Other Audit Findings**

Department of Health and Human Services (DHHS) Office of Inspector General (OIG) conducted an audit of National Research Service Awards (NRSA) at the University. As a result of this audit, OIG recommended the University reimburse the federal government $9,578 and develop written grants that support the same research that is part of a student's NRSA planned training experience.

**Status**

The University has reimbursed the federal government the amount in question. Written guidelines have been developed and directed both to research assistants and departmental administrators that provide guidance and solutions to ensure that this practice does not occur in the future.
Corrective Action Plans

Background

In July 1999, Harvard University (HU) converted to an array of new financial systems. The scope of this phase of our systems conversion included a new chart of accounts structure, general ledger, web voucher system (modified purchasing system), travel and employee reimbursement system, purchasing card, budget tool (for sponsored and fiscal budgets), grants management application, and data warehouse. Because these new systems and chart of accounts were so dramatically different from those existing, it was not feasible to convert piecemeal; instead, we took a "big-bang" implementation approach, meaning that everyone in the University moved over to the new systems simultaneously. The old systems were brought down in July 1999 for transacting but continue to be accessible for historical reporting purposes.

As one might imagine, a conversion of this magnitude resulted in tremendous transition and stabilization from all angles. One of the primary drivers for the systems conversion and particularly for the radical overhaul of our chart of account structure was federal compliance over sponsored funds. Our new chart has much greater functionality to meet compliance requirements; for example, we can account for cost-sharing in our general ledger, provide a better matching of expense transactions to object code descriptions, and assign an A-21 function code to every expense transaction.

At this point in time, we are well on our way to full stabilization; however, during this transition, we have had some compliance shortfalls, specifically in the areas of cost transfers and effort reporting. Prior years' A-133 audits have shown that the University takes stewardship over federal funds very seriously -- we have had few findings in prior
years and no reportable conditions. As will be described below in more detail, we shared our situation on two occasions with our Health and Human Services (HHS) cognizant agent to both alert the agency to our noncompliance in these areas and to inform HHS of our action plans to achieve compliance in all areas. Please see our specific responses below.

**Finding 00-1 Cost Transfers**

Unexpectedly, we realized post-conversion that many accounts had not mapped to the correct new account strings. Immediately following the conversion, HU had $18M in payroll that posted to a "University general funds account" -- approximately $12M of the $18M in payroll should have been posted to sponsored accounts. This, of course, was the priority in our clean up efforts.

Due to the volume of transactions requiring remapping and related journaling to the new corrected sponsored accounts, we waived the normally required Cost Transfer narrative accompanying these journals. We felt that waiving this written narrative would serve as an incentive for department personnel to attack the cleanup more aggressively, without the burden of filling out extra forms.

During this transition, we were acutely aware of our responsibility to file accurate, complete and timely reports. As our report schedulers triggered Federal Status Reports for filing, our accountants answered the following questions for each award in preparing the report filing:

- How do the actual charges compare to the budget?
- Were there certain types of charges (salary) posted to the account before cut over to new systems that are not appearing now?
- Were there any transactions posted to the account that should not have been, for example, unallocable or unallowable costs?
- Is the department aware of any charges that should be posted to this account that have not posted?
- Is the spending rate approximately what it should be for this time frame in the award?

When these questions were sufficiently answered and issues resolved the report was filed. If at any time, questions lingered about the accuracy of the data posted to the account, we held the report until the issues were fully resolved. This occurred on rare occasion.

At no time in this systems conversion and stabilization were our federal sponsors overcharged. As mentioned previously, the $12M in sponsored payroll was posted to a University general funds account. Other transactions that were mismapped posted to various department-level unrestricted or suspense accounts. We can say with certainty that our federal sponsors were not overcharged -- we performed an analysis on our Letter of Credit draw downs, comparing FY99 drawdown amounts with those of FY00 (post-conversion year). On average, we were 30% underdrawn for the first six months of FY00 relative to FY99, even though our sponsored funding, in aggregate, had increased from FY99 to FY00 by about 7%. We began to see a catch-up on the Letters of Credit that coincided with stabilization and clean up efforts in Q3 of FY00.

As mentioned previously, we met with our cognizant Inspector General (IG) in the Boston office of the Department of Health and Human Services twice in FY99. First, in October 1999, we identified our situation and all of the inherent compliance risks: late cost transfers, late effort reporting, FSR completeness and accuracy, and we presented our mitigation plan for each of these risk areas. At this October meeting, we presented the IG with our stabilization and clean-up plan with target dates. We had a follow-up meeting in May 2000 to bring the IG up to date on progress made and steps remaining. The IG expressed a willingness to work with us through this transition and expressed an appreciation for our proactiveness with respect to our concern over regulatory compliance with sponsored funding.
As Harvard Medical School (HMS) was specifically cited in the reportable condition on Cost Transfers, they have responded as to their particular action plan below.

HMS has a plan in place to come into full compliance with the University Cost Transfer Policy retroactive to April 1, 2000. HMS officers have clarified the local elements of the Cost Transfer Procedures and the responsibilities of all offices involved in these transactions. The HMS Payroll Office has stopped processing any payroll cost transfer unless the University Office for Sponsored Research has approved it. Further, HMS held a training session for its grant administrators on February 6, 2001 where the Cost Transfer Policy and Procedures was reviewed with all HMS research administrators. Eighty-seven administrators attended this session. The University Office for Sponsored Research collaborated with HMS on the delivery of this training session.

**Finding 00-2 Effort Reporting**

Closely related to the situation with cost transfers is monthly effort reporting. With salaries posting to a University general funds account, it did not seem prudent to try to certify salary charges and effort until the clean up was well underway. We felt asking the departments to run inaccurate salary certification reports would cause more undue confusion at the local unit level. However, to mitigate our noncompliance during this period, we created a "catch up" report showing by individual, his/her sponsor funded salary charges posted to each applicable sponsored account for the period July 1, 1999 - March 31, 2000. Principal Investigators and others possessing first hand knowledge about who was working on which award during what time period certified each individual's salary charges for this nine month period (July-March). If changes were necessary, the journals were completed prior to certifying. Few changes were needed as by the time the catch up report was run salary charges were posting to the correct account as a result of the clean up effort. We discussed our approach of using this catch-up approach with the HHS IG. PricewaterhouseCoopers found no exception with the catch up report, as noted in their report.
Below are specific large research school responses to the reportable condition on Monthly Effort Reporting:

**Faculty of Arts and Sciences (FAS)**

In the months subsequent to the circulation of the "catch-up" report, the FAS has returned to a fully compliant methodology for obtaining monthly effort reports from faculty to document effort on sponsored awards. Reports are run monthly by departments, verified for accuracy, circulated to faculty, signed, and returned to the departmental financial offices for local filing. There is evidence to suggest that the return rate for these reports, while high, is not 100% as of yet, but this issue has been brought to the attention of senior management in FAS and a directive reasserting the importance of compliance with effort reporting was sent to faculty and staff on February 13, 2001.

The FAS Financial Office is also working actively with the University Office for Sponsored Research to develop a more automated process under which effort reports will be circulated, signed, and filed electronically. With such a process in place, the level of convenience for faculty will result in a higher rate of return of the reports and an increase in the ease of monitoring for compliance.

**Harvard Medical School (HMS)**

Harvard Medical School reinforced the need for compliance with monthly effort reporting with its key research departmental administrators in a meeting on December 21, 2000. HMS has written and will distribute an expanded policy and procedure document that will require that monthly effort forms be submitted to the HMS Finance Office. HMS also addressed these requirements at a training session with all research administrators on February 6, 2001. The Office of Sponsored Research collaborated with HMS on the delivery of this training session.
Harvard School of Public Health (SPH)

In March 2000, SPH trained all departmental administrators and staff to run both the “catch-up” report and subsequent monthly reports; and explained the procedures for reviewing the reports for accuracy, obtaining signatures from principal investigators, and finally sending the signed reports to the SPH Office of Financial Services for filing. That office maintains a log, by department, to track the submission of signed reports. Since April 2000, departments have largely been successful in complying with the policy and procedures. In December 2000 to further improve the return rate, the Office of Financial Services instituted three methods of encouraging administrators to run the forms monthly and to have faculty certify the correctness of salaries charged:

- The SPH Manager of Cost Accounting has scheduled individual visits with administrators who have forms outstanding. On-site training is provided at the administrator’s desktop, including step-by-step instruction on running the computerized forms. This remedial training will be completed by mid-February, 2001.
- Each departmental contact responsible for the forms receives an e-mail notification from the SPH Office of Financial Services as soon as the month closes, reminding them to run the Monthly Effort Certification reports for the prior month.
- Tallies of any outstanding forms are being sent to departments on a quarterly basis, as appropriate.

Many SPH administrators have voiced their appreciation for the availability of electronic effort reports to review. SPH is confident that our methods for tracking and follow-up will ensure that effort certifications are completed in a timely manner. Additionally, on February 27, 2001, the Dean of the School of Public Health issued a directive to all SPH Faculty members and administrators underscoring the importance of achieving timely compliance with federal requirements.
Finding 00-03 Accounts Payable

With Harvard University’s conversion to Oracle, many new financial systems were initiated, including “Web Voucher,” a modified purchasing system used to process invoices. Concurrent with the new systems implementation, the University compiled an inventory of existing policies and procedures to ensure their accuracy and completeness with the new systems as well as a list of new policies needed. However, initially we experienced long processing delays with Web Voucher. As such, approval levels were set to balance risk versus processing time. With improvements in system performance we were able to revisit purchasing policies and system controls. Our revised purchasing policy states that individuals should not create and approve the same transaction regardless of transaction amount. The Web Voucher system has been programmed to enforce this policy for transactions in excess of $5,000. School financial deans receive reports that enable them to monitor transactions under this threshold.

Since cut over in July 1999, our mitigating approach for sponsored transactions has been to run a post-audit report on each federal account showing all transactions in excess of $5,000 posted to the account. The accountant reviews the transactions, their appropriateness to the award, their relation to the budget category, and the vendor for familiarity. In cases where we felt additional documentation/justification is needed, we request so in writing from the department. In the infrequent cases in which the department cannot provide any additional documentation, we transfer the charge from the sponsored account to a departmental unrestricted account, eliminating risk to federal sponsors.

Finding 00-4 Allowable Costs/Cost Principles

The University has removed the costs in question and will continue to monitor charges on federal awards. This was our first year in the University’s new Oracle accounting system which required intensive training efforts and a stabilization period. A review of existing
accounting policies will occur in conjunction with an update of Harvard University’s DS2 which is expected to yield improved clarity for indirect costs charged directly to federal awards.

Finding 00-5 Reporting

The University will continue to emphasize the importance of timely report submission both at departmental and central levels. In January 2000, the Office for Sponsored Research implemented an enhanced sponsored research database of record which will present improved data regarding when reports are due to sponsors.

Finding 00-6 Subrecipient Monitoring

The University Risk Management and Audit Services Department (RMAS) has incorporated within its workplan a review of the University's subrecipient monitoring process and a specific review of operational controls of a selected subrecipient. In addition, RMAS has incorporated periodic reviews of foreign activities that would include those subject to A-133 disclosure to the University. The University will continue to assess a process for more formal subrecipient monitoring procedures at the local level and centrally.

Finding 00-7 Equipment and Real Property Management

The University is aggressively pursuing the discrepancies noted and has issued a new tag for the untagged item. The current equipment management policy includes specific directions on disposals and inventory procedures that should safeguard to prevent loss, damage, or theft of equipment.

Finding 00-8 Service Centers/Recharge Centers

As part of the recent implementation of a new accounting system, the University has significantly expanded the availability of detailed expense codes. The expanded object
code list provides a more precise level of detail for service center costing. The Office for Sponsored Research, in conjunction with the service center personnel, developed a service center policy. The University is currently reviewing service center costs to ensure compliance with the internal policy.

Finding 00-9 Student Financial Assistance- Overawards of Financial Aid

The undergraduate student's budget was increased to accommodate allowable expenses which are documented in the file, but had not been added to the budget at the time of the audit. Additionally, excess earnings were backed out of FWS to bring the over-award to within a $300 tolerance. Necessary reconciling measures have been put in place to identify and resolve situations like this from occurring in the future. This finding was not identified during the academic year due to issues which have since been resolved associated with the implementation of a new accounting system during the 1999-00 academic year.

Finding 00-10 Work-Study Timecards

HSPH supervisors are regularly and systematically made aware of their responsibility to sign time sheets. The exception noted does not represent a wider problem as evidenced by the fact that time-sheets for this one student for periods before and after the sheets in question were submitted with appropriate signatures. The time sheet for the student has been signed by her supervisor.

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3/21/01
Date

3/22/01
Date