ACUA
Webinar

Sponsored Programs Risk Assessments

March 27, 2025

ACUA Webinar

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Sponsored Programs Risk Assessments

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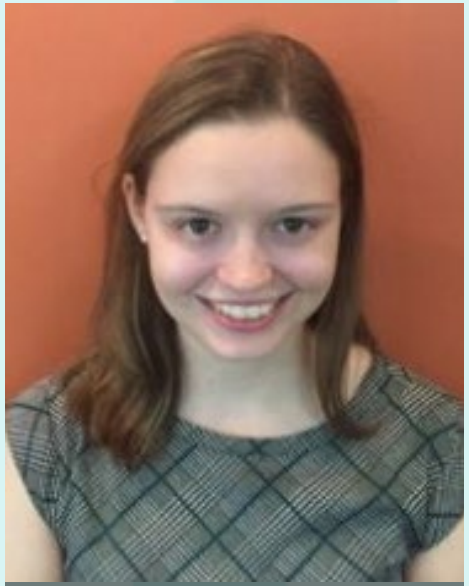
Today’s presenters

Charles Ciano
Senior Manager



Karissa Tirinzoni
Manager

Kelsey Foreman
Senior Consultant

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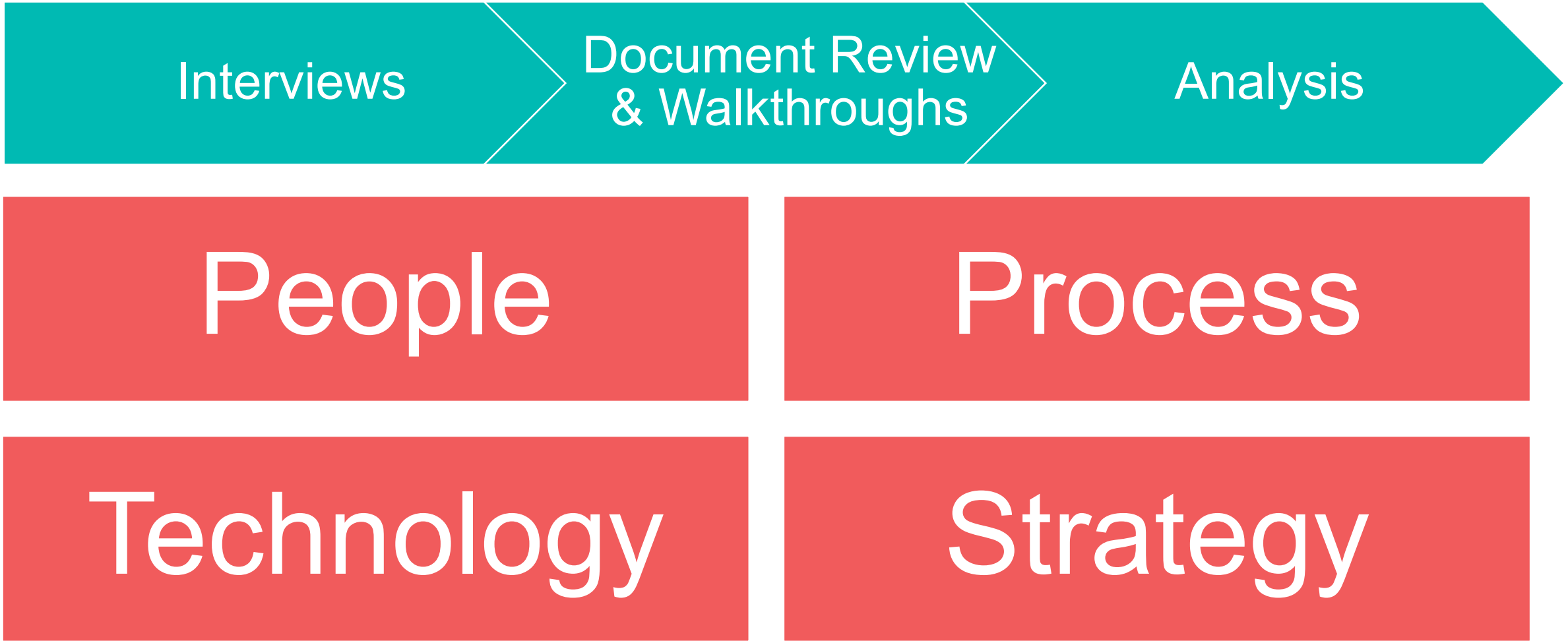
Agenda

- Overview of performing a Sponsored Programs Risk Assessment
- Identifying high-risk areas
- Identify potential future audits and reviews

Completing a Sponsored Programs Risk Assessment

Process Overview



Interviews

Include department and central level offices involved in processes

- Understand the strengths and challenges occurring from various perspectives
- Assess the effectiveness of communication between offices

Ensure all sponsored programs roles and responsibilities are covered

- Determine if responsibilities are well defined and understood
- Identify areas where process gaps are occurring
- Assess if various roles have duplicate responsibilities

Include high level stakeholders to gain organizational perspective

- Determine if sponsored programs efforts align with the institution's strategy and goals

Document Review & Walkthroughs

Review documented policies and procedures

- Understand how the processes are designed
- Identify if there are any risks due to gaps in design

Walkthrough a sample of transactions

- Determine if the process operates as designed
- Identify if there are any risks due to gaps or challenges within the operation
- Assess if technology is affecting risks within the process

Polling Question #1

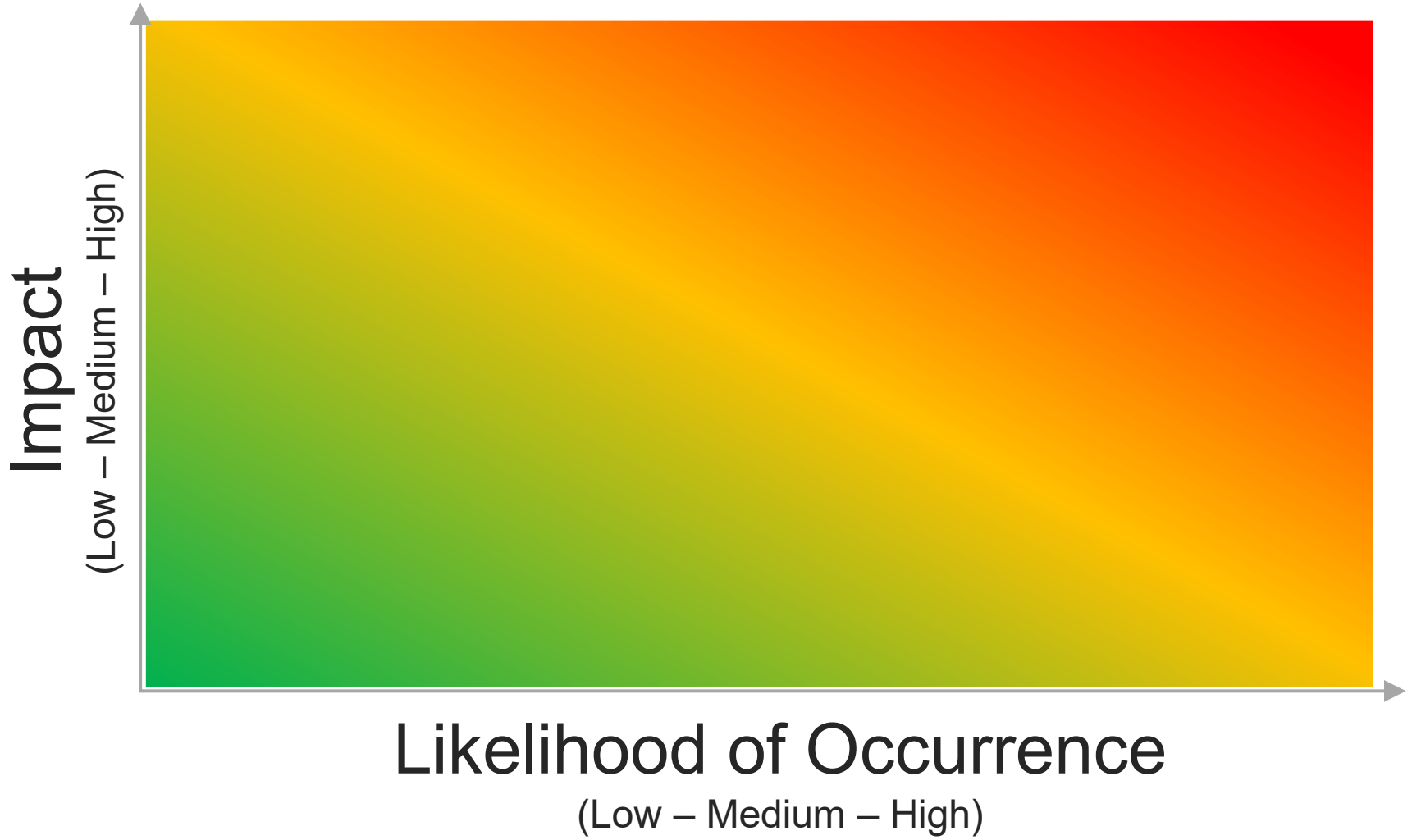
Who should be interviewed as part of a sponsored programs risk assessment?

A. Central departments
B. Principal Investigators
C. Research Administrators
D. All of the above

Analysis

- Document current state
- Identify gaps, strengths, challenges
- Assess impact and likelihood for each process
- Prioritize each risk based on assessment
- Establish a plan for future audits and reviews

Heat Map


Impact
(Low – Medium – High)
Likelihood of Occurrence
(Low – Medium – High)

Risk Map

Risk = Likelihood x Impact

	Less Defined	More Defined
High Risk	**Strengthen Process/Controls** There is a need to improve the design of processes and controls. Once further designed, the risk areas could move to the “audit process/controls” section. IA may provide consulting, fact finding, and monitoring relative to risk mitigation and process development efforts, as requested.	**Audit Process/Controls** There appears to be indicators that the controls and processes are well-defined and may be working effectively for the risks in this quadrant. IA might consider performing periodic audits/reviews to confirm controls and processes are well-defined and working effectively.
Moderate Risk	**Monitor** The likelihood and impact of risks in this quadrant are moderate and the controls and processes may not be well-defined. IA’s role is to support management in monitoring trends to determine if the risk profile changes and action is required to enhance the controls.	**Self-Assess** The likelihood and impact of risks in this quadrant are moderate and the controls and processes are well-defined. IA may audit these areas periodically and/or provide tools to management to self-assess the strength of controls, as requested.

Design of Internal Controls/Processes

CASE STUDIES

Example #1

Client Overview

- A large R1 institution requested assistance to assess the risks within their sponsored research program
- The institution planned to double their research portfolio
- The institution wanted to complete an assessment to proactively monitor and mitigate risks as its sponsored research program continues to grow

Assessment Performed

- Assessed six risk areas:
  - Environmental
  - Strategy
  - Organization
  - Process & Operations
  - Information
  - Infrastructure
- Conducted over 30 interviews
- Reviewed documentation for central offices as well as departments with high volumes of research
- Conducted walkthroughs to understand the processes performed by each stakeholder

Outcome

- Identified four major themes across the sponsored research program:
  - Decentralization
  - Scalability
  - Regulatory environment
  - Competitive environment
- Identified 49 risks over the six areas:
- Suggested 14 potential audits for the identified high-risks and other beneficial areas
- Provided example scopes for potential audit areas

CASE STUDIES

Example #2

Client Overview

- Conducted an internal audit risk assessment to support the development of a proposed internal audit plan
- The University has a formal goal to achieve formal "R2" research status
- Strategic goals focus on expanding research portfolio

Assessment Performed

- University-wide risk assessment
- Conducted over 30 interviews
- Distributed survey to over 50 individuals to obtain insight on risk areas

Outcome

- Identified eight risk areas related to sponsored programs
- Proposed give internal audits related to sponsored programs within the three-year internal audit plan

Polling Question #2

Which of the following risks categorizations should prioritized in the future audit plan?

A. High Impact/Low Likelihood
B. Low Impact/High Likelihood
C. High Impact/High Likelihood
D. Low Impact/Low Likelihood

Common Risks

COMMON RISKS

Risks to Consider

Operational Risks:

- Errors in managing awards due to uneven workload distribution
- Delays in project timelines due to slow award acceptance and negotiation
- Insufficient training for staff on compliance requirements
- Ineffective communication between departments

Financial Risks:

- Unauthorized commitments or expenditures
- Financial penalties from inaccurate reporting or improper handling of eqiupment
- Unallowable costs and potential repayment if procurement processes do not meet federal standards
- Misallocation of funds leading to audit findings

Compliance Risks:

- Non-compliance with federal regulations such as FAR, Uniform Guidance, CAS, and Research Security
- Failure to adhere to award terms and conditions
- Inadequate documentation of project activities and expenditures
- Failure to adhere to Institutional Review Board and Institutional Animal Care and Use Committee requirements

Strategic Risks:

- Loss of funding opportunities due to missed proposal submission deadlines
- Non-compliance with award terms impacting future funding opportunities
- Misalignment of project goals with organizational strategy

COMMON RISKS

Cost Charging

Regulations

- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200, or "Uniform Guidance") Subpart E - Cost Principles
- NIH Grants Policy Statement – Part II 7 – Cost Considerations
- NSF Proposal & Award Policies & Procedures Guide – Chapter X: Allowability of Costs
- Award Terms and Conditions
- Institution's Policies

Risks

- Non-compliance with Federal Regulations
- Inadequate Cost Allocation Methodologies
- Double Counting of Funds
- Lack of Proper Documentation
- Inadequate Oversight and Monitoring

Property and Equipment

Regulations

- 2 CFR Part 200.313
- 2 CFR Part 200.439
- NIH Grants Policy Statement – Part II 8.3.3 - Property Management System Standards
- Award Terms and Conditions
- Institution's Policies

Risks

- Inadequate Documentation
- Improper Cost Allocation
- Depreciation and Capitalization Issues
- Lack of physical inventory of property
- Improper disposition of equipment
- Inaccurate reporting or improper handling of eqiupment

Cost Sharing and Matching

Regulations

- 2 CFR Part 200.306
- NSF Cost-Sharing Policy
- Award Terms and Conditions
- Institution's Policies

Risks

- Inaccurate Identification and Documentation of Cost Sharing Commitments
- Inadequate Documentation
- Non-compliance with Federal Regulations

Cost Transfers

Regulations

- 2 CFR Part 200.302
- NIH Grants Policy Statement – Part II 7.5 - Cost Transfers, Overruns, and Accelerated and Delayed Expenditures
- Award Terms and Conditions
- Institution's Policies

Risks

- Untimely Recording of Costs
- Inadequate Documentation
- Improper Justification
- Misallocation of Funds
- Unauthorized commitments or expenditures

Effort Reporting and Personnel Charges

Regulations

- 2 CFR Part 200.430
- NSF Proposal & Award Policies & Procedures Guide – Chapter X: Allowability of Costs
- Award Terms and Conditions
- Institution's Policies

Risks

- Non-compliance with Federal Regulations
- Inadequate Documentation
- Lack of Policies and Procedures
- Untimely Certification

International Collaborations

Regulations

- International Traffic in Arms Regulations (ITAR)
- Export Administration Regulations (EAR)
- National Security Presidential Memorandum 33 (NSPM-33)
- NSF Proposal & Award Policies & Procedures Guide – Chapter XI: Other Post Award Requirements and Considerations
- Award Terms and Conditions
- Institution's Policies

Risks

- Non-compliance with Export Control Regulations
- Foreign Influence and Conflict of Interest
- Monitoring and Oversight
- Foreign Travel
- Visiting Scholars

Polling Question #3

For which of the following risk mapping should you monitor the internal controls?

A. High Risk/Less Defined
B. Moderate Risk/More Defined
C. High Risk/More Defined
D. Moderate Risk/Less Defined

Potential Future Audits and Reviews

Cost Allowability

Risk

- Costs charged to an award are not allowable, allocable, or reasonable

Considerations

- Allowability of costs may vary by sponsor, institution, and award

Potential Review

- Review and compare the institution's policies and procedures to applicable regulations (e.g., Uniform Guidance, NIH, etc.)
- Assess the design of existing controls to process, review, and report costs to an award
- Analyze the population of award expenditures to identify high-risks costs and potential outliers
- Select a sample of award expenditures to assess if the cost is allowable, allocable, and reasonable

Subrecipient Monitoring and Management

Risk

- Subrecipients are awarded funds and compliance with prime contracts/agency is not maintained

Considerations

- All elements required in the prime contract flow down to subcontractors
- The awardee is responsible to ensure subcontractors are compliant with all regulations and contract requirements
- When utilizing federal award certain vendors and suppliers are barred from receiving federal funding

Potential Review

- Review the subrecipient processes and guidance to understand the current practices related to subs (e.g., vetting, invoicing, monitoring)
- Review a sample of subrecipient processes to assess compliance with contract requirements

Polling Question #4

Which of the following risks would a cost allowability review help mitigate?

A. Non-compliance with funding agency
B. Potential loss of funding
C. Financial penalties
D. All of the above

Export Controls

Risk

- Exporting controlled items, technology, or software without the necessary licenses or authorizations

Considerations

- Regulatory requirements continue to evolve
- Training and communication regarding export requirements may be limited
- Users may not be aware of requirements that are applicable to them

Potential Review

- Evaluate current processes and procedures related to regulations around the shipment or transfer of controlled items outside the US
- Interview a sample of researchers/departments to assess the level of understanding of export control requirements
- Conduct data analytics of various populations (e.g., shipping, travel, purchases) and assess if appropriate export control processes were needed and utilized

Disclosures

Risk

- Researcher's personal interests or commitments may influence or interfere with the design, conduct, or reporting of their research

Considerations

- Regulatory requirements continue to evolve related to required disclosures
- Individuals may need to disclose similar information multiple times (e.g., COI, COC, Current and Pending)
- Reporting process is highly dependent on the individual

Potential Review

- Review and compare the institution's policies and procedures to applicable regulations (e.g., Uniform Guidance, NIH, etc.)
- Analyze the population of disclosures to assess if they are completed timely
- Interview researchers to determine their understanding of the disclosure requirements
- Select a sample of researchers and review the most recent disclosures to ensure they are complete and consistent

Closing & Final Q&A

Stay in Touch

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Thank You

Announcements

Upcoming ACUA Webinars – Save the Date!

Month	Date & Time	Presenter	Topic
April 2025	4/24/25 – 1:00pm EST	Sarah MacCarthy	Navigating Policy Changes in Academia
May 2025	5/22/25 – 1:00pm EST	Nik Henegar	Audit Bots: Revolutionizing with RPA and Macros

Do you have an idea for a webinar? Contact the VLC director at wshinsato@calstate.edu

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New Kick Starters Available!

- **Getting Started with Data Analytics: Data Transformation**
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Next Kick Starter Release is May 15th!

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Will be available in the members-only Audit Tools section of www.ACUA.org

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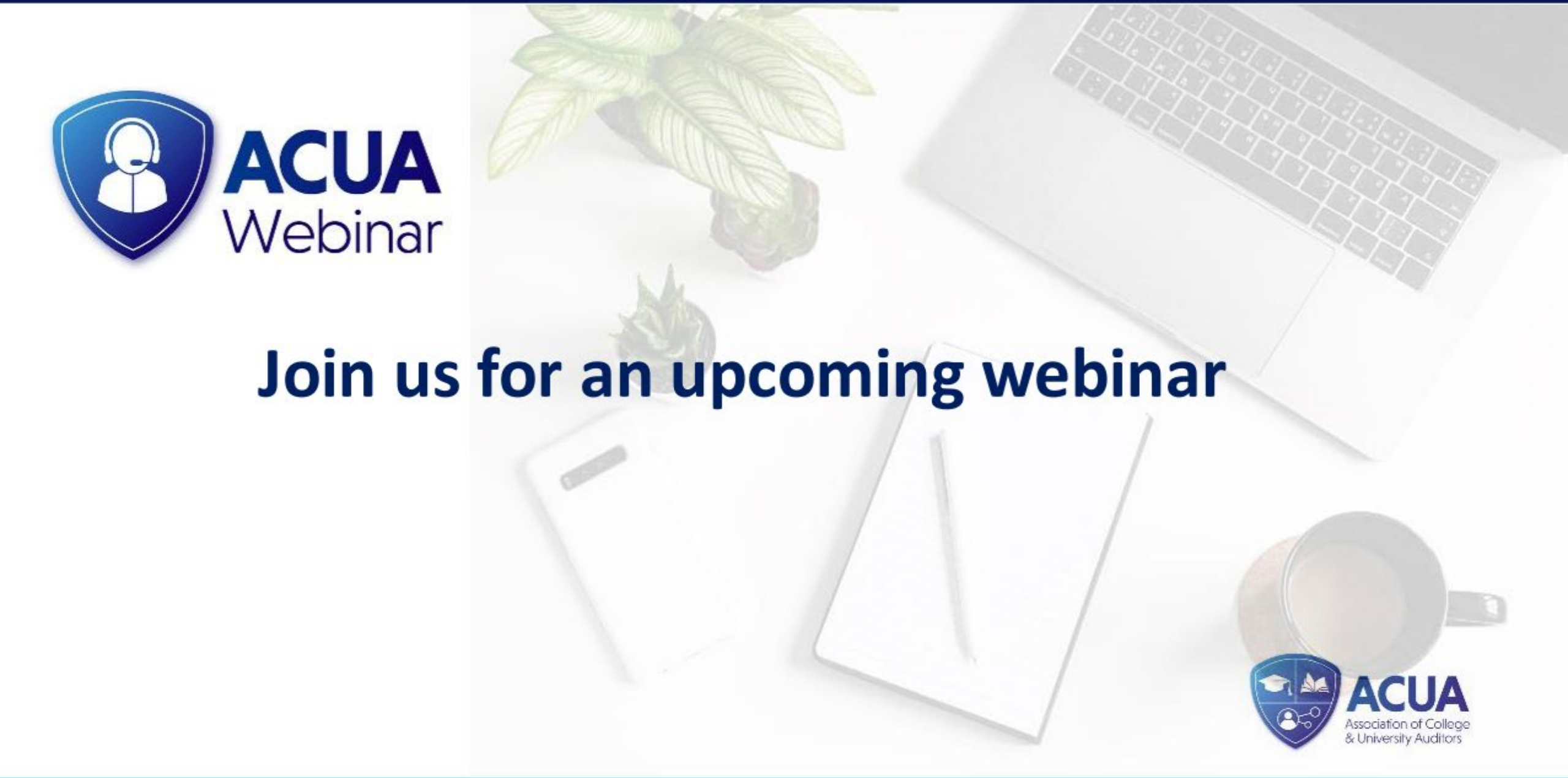
ACUA Webinar

Join us for an upcoming webinar



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