

## Report on Research Compliance Volume 16, Number 9. September 01, 2019

### Mind Those Reports! Purdue Shares Strategies On Heels of Successful Audit

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In April, three-and-a-half years after Purdue University first received a letter notifying it that the National Science Foundation Office of Inspector General (OIG) would be conducting an audit, the process, which included resolution of findings by NSF, came to an end.

While Purdue “didn’t have a party,” according to Ken Sandel, who oversaw Purdue’s audit and resolution process, one perhaps seems justified. Out of a universe of \$238 million in costs claimed among approximately 494,000 transactions involving 892 individual NSF awards, OIG auditors picked a sample of 252 transactions to examine in detail.

Ultimately, OIG questioned just 13, totaling \$91,281, but NSF allowed all but \$39,728. These stemmed from four awards during the audit period, which spanned April 1, 2012, through March 31, 2015.

Sandel, Purdue’s senior director of sponsored program services and its authorized organization representative, shared with RRC Purdue’s experiences, including several strategies he said helped produce a successful outcome—particularly important because NSF is the largest sponsor of research at Purdue.

It is worth noting that Purdue had disputed all the costs questioned by the auditors and decided, through the resolution process, to repay the \$39,728.

“Our final conclusion and communication to NSF was that we understood their rationale, but given the large amount of time already invested in the audit...and given the relatively small amount of funding in question, we decided not to pursue additional justification [or] provide additional rationale” but would instead reimburse NSF, Sandel explained to RRC. Purdue released the funds to NSF on June 21.

Although Sandel said he doesn’t think an audit resolution is “something you really celebrate,” he did acknowledge “a sense of satisfaction that you are being a good steward of the government’s money.”

### **Coordinated Response Was Mobilized**

Purdue first learned an audit was in the offing via a letter from the accounting firm of WithumSmith+Brown (WSB) PC to President Mitch Daniels. Arrangements were made for a team of three to be on campus for several weeks; afterward, the process proceeded remotely, via emails and phone calls, including the resolution with NSF.

Tom Wright, Purdue’s principal compliance officer, led the audit and resolution process and was the single point of contact for the auditors, a move Sandel called “key.” Sandel oversaw the effort.

“We are fortunate at Purdue to have a Research Quality Assurance Team,” which Wright leads, “that focuses exclusively on external audits and internal reviews,” Sandel said. Wright, he added, has “40 years of sponsored program/research administration experience.”

Auditors asked Purdue four-to-five questions about each of the 252 sampled transactions. Sandel said Purdue's "best strategy" during the process was to implement the use of a "response sheet" to engage with the business offices that could provide the requested information, as well as with the principal investigators (PIs).

"We knew the audit was focused on allocability or benefit to the project, so we developed a standard form where the faculty and business offices could address the questions in a consistent and standardized way," he explained. "We organized things by the WSB transaction reference number to assist with communications and tracking."

Sandel's office manages awards and projects, but expenditures are decentralized and handled by individuals in these offices who "support the faculty's labs and projects," he explained. "We set somebody up as a coordinator within each college" who could vet their area's answers before they were submitted to Wright, which freed him from having to "coordinate with hundreds of people."

At the conclusion of the audit, the categories of costs that auditors questioned were travel, expenditures, and purchases near the end of an award expiration date. As described earlier, NSF did not agree with all the auditors' findings.

Specifically, the amounts auditors questioned and disallowed by NSF are as follows:

- \$36,437 in "unreasonable" travel; amount disallowed, \$25,866
- \$28,984 in expenditures; \$10,504 disallowed
- \$25,011 in purchases; \$2,509 disallowed
- \$849 in "insufficiently documented travel charges"; \$849 disallowed

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