



United States
Department of
Agriculture

National Institute
of Food
and Agriculture

NIFA Compliance Reviews: Common Findings



Purpose and Scope

- Compliance reviews guided by Federal Managers Financial Integrity Act (FMFIA), and Improper Payments Information Act (IPIA).
- FMFIA and IPIA require NIFA to ensure:
 - Programs achieve their intended results;
 - Resources are used consistent with program's legislated purpose;
 - Resources are safeguarded from waste, fraud, and abuse;
 - Federal laws and regulations are followed;
 - Services were received and eligible; and
 - Sufficient documentation is available to validate the allowability of expenditures.



Common Findings

Typically three classifications of findings:

- **Compliance**
 - A condition not in compliance with Federal Regulations/Guidance, or Terms and Conditions of the award.
- **Internal Control**
 - A lack of sufficient controls over Federal funds, or a deviation from the Institution's internal policies.
- **Questioned Costs**
 - Expenditures that are not allowable under the UG's Cost Principles, or Terms and Conditions of the award.



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Compliance Findings





Time and Effort Reporting

2 CFR 200.430 requirements:

- Records accurately reflect the work performed;
- Internal controls provide reasonable assurance that charges are
 - Accurate;
 - Allowable/reasonable;
 - Allocable to the grant.
- Budget allocations periodically reconciled to actual effort, and prior to closeout.

Common Findings:

- System of controls does not include standard process for allocating effort for split appointments; NIFA is unable to validate allocability.
- Certifications extending over a period of months are not supported by sufficient documentation to supplement payee/certifier memory.

**** Future reviews may classify these as questioned costs.**



Segregation of Funds

2 CFR 200.302(b) Requirement:

Financial Systems must identify all Federal receipts and expenditures by;

- Program,
- Federal Award Identification Number (FAIN),
- CFDA Number,
- Federal Agency, and
- Pass-through Entity (if applicable).

Common Findings:

- Capacity funds (federal and state match) are pooled; not segregated by period of performance/FAIN.
- Erroneous SF-425 reporting due to lack of segregation by FAIN.



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Internal Control Findings





Inconsistent Treatment

Internal control findings generally due to a deviation from Institution's Policy and Procedures; inconsistent treatment of transactions.

Common Findings:

- Approval chain does not follow Institution's Policy and Procedures for all expenditures
- Journal voucher transactions are posted directly into general ledger without following P&Ps/approval from College approvers.

Nearly all disallowed costs refunded to NIFA were not reviewed/approved by College Leadership prior to obligation.



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Questioned Costs





Allowability of Expenditures

- Validating the allowability of expenditures is a significant component of compliance reviews.
- 2 CFR 200.403-405 requires costs to be
 - **Necessary**,
 - **Reasonable**; and
 - **Allocable** to the Federal award.
- Allocability principles require that charges to grants be in direct proportion to the benefit received.
- Questioned costs precede disallowed costs. Grantees are provided 60 days to substantiate/support questioned costs.

Common Questioned Costs

- **Support Staff** (*i.e., University Fiscal personnel, HR, etc.*)
 - Support staff cannot be direct charged to a grant if position/payee is part of the Indirect Cost Pool.
 - Burden of proof is on Institution to demonstrate how supporting effort is directly allocable to the grant, and how effort was calculated/determined.
 - Same rules apply to federal and state matching funds for capacity awards.
- **Indirect Costs/Overhead**
 - Indirect costs unallowable for Capacity awards; federal and state match.
 - Allocated charges must be based on reasonable/verifiable methodology.
 - Burden of proof is on University to demonstrate how expenditures directly benefit the Plan of Work.