University of Illinois FY10 Federal Audit
Correction Action Plans

10-04 — Inadequate Documentation for Payroll and Fringe Benefit Expenditures

**Plan:** The University will implement an appropriate documentation process to substantiate the effort expended by bi-weekly employees who are charged to federal awards.

**Expected Implementation Date:** 05/31/2011

**Contact:**
Vanessa Peoples, Executive Director, Grants and Contracts
University of Illinois at Chicago
513MB, MC 551
Chicago, Illinois 60612
312-996-3373

10-05 — Inadequate Documentation for Payroll and Fringe Benefit Expenditures

**Plan:**
The University does not accept this finding. The University has provided supporting documentation in the form of Banner HR appointment records, time cards, and monthly labor distribution reports for the direct charges of University payroll and fringe benefits claimed for federal reimbursement or used to meet cost sharing (matching) requirements under the University’s federal programs. Additional detail is provided in the response to the finding.

**Expected Implementation Date:** Not applicable to this finding

**Contact:**
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750

10-06 — Incompatible Allocation Methodologies for Payroll Costs

**Plan:** No action plan required. Procedures have been developed and implemented in FY11.

**Expected Implementation Date:** Completed

**Contact:**
Vanessa Peoples, Executive Director, Grants and Contracts
University of Illinois at Chicago
10-07 — Inadequate Procedures to Determine the Allowability of Cost Share Expenditures

Plan:
This is a repeat finding that is not accepted. This finding is pending resolution. The University disagrees with the facts as stated in the finding. Additional details are provided in the response to the finding.

Expected Implementation Date:
Not applicable to this finding

Contact:
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750

10-08 — Unsupported Volunteer Rate Used for Cost Share Requirement

Plan:
The University does not accept this finding. The University disagrees that the rate used for volunteer services is undocumented and disagrees that the federal minimum hourly wage rate is a more appropriate estimate of the value of these services. Additional detail is provided in the response to the finding.

Expected Implementation Date:
Not applicable to this finding

Contact:
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750

10-09 — Inadequate Process for Meeting SNAP Cost Share

Plan:
The University will work with the SNAP Program staff to develop procedures required to monitor and obtain the appropriate supporting documentation for SNAP cost share.

Expected Implementation Date: 09/30/2011

Contact:
Vanessa Peoples, Executive Director, Grants and Contracts
University of Illinois at Chicago
10-10 —Inadequate Documentation for Institutional Letter of Credit Cash Draws

Plan:
The University does not accept this finding. This is a repeat finding from FY09. The Department of Health and Human Services (HHS) in coordination with the Department of Education (ED) and the National Science Foundation (NSF), issued on February 14, 2011, a Management Decision Letter (MDL). The University subsequently received a letter of clarification on March 10, 2011, from HHS. The University will seek further guidance from HHS, NSF, Office of Naval Research and ED.

Expected Implementation Date:
Not applicable to this finding

Contact:
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750

10-11—Inadequate Procedures for Closing Federal Projects

Plan: The University will devote additional attention to close-out review and processing.

Expected Implementation Date:
Completed

Contact:
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750

10-12—Inadequate Supporting Documentation for Cost Transfers

Plan: The University does not accept this finding. Cost transfers are adequately documented and supported in accordance with University policy and requirements of OMB Circular A-21 and OMB Circular A-110.

Expected Implementation Date:
March 15, 2011

Not applicable for this finding

**Contact:**
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750

<table>
<thead>
<tr>
<th>10-13—Incomplete and Inaccurate Annual Effort Certifications</th>
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**Plan:** The University does not accept this finding. The University has an adequate process to ensure annual effort certifications are accurate and completed in a timely manner. The adequacy of this process is supported by the fact that only one effort report out of 4,450 is unsigned for the AY10 effort reporting cycle. This equates to a 99.98% completion rate and is indicative of the campus’ commitment to effort reporting compliance.

**Expected Implementation Date:**
Not applicable to this finding

**Contact:**
Vanessa Peoples, Executive Director, Grants and Contracts
University of Illinois at Chicago
513MB, MC 551
Chicago, Illinois 60612

<table>
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<tr>
<th>10-14—Unsigned Expenditure Confirmations</th>
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**Plan:** The University does not accept this finding. The confirmations provide a consolidated semi-annual after-the-fact review of direct costs charged to sponsored projects and the audit firm’s assertion that “incomplete semi-annual expenditure confirmations result in unallowable costs being charged to the federal programs or used to meet matching requirements” is not substantiated. For the latest three reporting periods, 13,336 confirmation reports (99.96%) have been signed (confirmed) and returned.

**Expected Implementation Date:**
Not applicable to this finding

**Contact:**
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750
10-15—Improper Reporting Amounts in Financial Status Reports

**Plan:** University will update operational procedures to addresses the specific requirements of the report including the appropriate reporting of expenditures.

**Expected Implementation Date:**
6/30/11

**Contact:**
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750

10-16 —Inaccurate ARRA 1512 Reports

**Plan:** This finding is not accepted. The University relied on guidance from COGR and OMB for the implementation of the “Best Available Data” reporting model (Guidance from COGR is available on the COGR website). Federal agencies and OMB are currently in discussion on this subject, and further clarification from OMB is expected.

**Expected Implementation Date:**
Not applicable to this finding

**Contact:**
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750

10-17—Inaccurate Amounts Reported in Quarterly Federal Financial Reports

**Plan:** The University will improve procedures to ensure financial status reports are accurate.

**Expected Implementation Date:** 6/30/11

**Contact:**
Brent Rasmus, Associate Director, University Accounting Services
University of Illinois
111 E. Green St, Champaign, IL 61820

10-18 —Expenditures Reported in the Incorrect Accounting Period
March 15, 2011

**Plan:** The University will reinforce the existing procedures to ensure expenditures are reported in the proper accounting period.

**Expected Implementation Date:**
Completed

**Contact:**
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750

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**10-19—Inadequate Documentation to Support Key Personnel**

**Plan:** The University does not accept this finding for the Urbana award cited. The Chicago campus acknowledges one instance where the federal agency was not notified when key personnel were removed or replaced on the award. The University will reinforce the procedures for appropriate notification of awarding agencies when key personnel are removed or replaced on awards. Additionally, the Chicago campus will obtain documentation for employee effort supported by IPA agreements.

**Expected Implementation Date:** 06/30/11

**Contact:**
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750

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**10-20 --Failure to Obtain Suspension and Debarment Certifications from Vendors**

**Plan:**
The University has implemented procedures to ensure verification with EPLS is being completed for all required purchases.

**Expected Implementation Date:**
Completed.

**Contact:**
Gene Suwanski, Interim Director of Purchasing
University of Illinois at Chicago
302 MAB, 809 S. Marshfield Avenue
Chicago, IL 60612
March 15, 2011

(312) 996-7084

Mike Bloechle, Director of Purchasing
University of Illinois at Springfield
One University Plaza, BSB 106
Springfield, IL  62703-5407
(217) 206-6653

Mike Devocelle, Director of Purchasing
University of Illinois at Urbana-Champaign
212 Tech Plaza
616 E. Green Street
Champaign, IL  61820
(217) 333-3582

10-21 —Failure to Perform Interest Calculations on Federal Advances

Plan:
The University does not accept this repeat finding and it is pending resolution. The methodology is being addressed by the University’s cognizant for clarification and guidance on this issue. The University has provided documentation as requested to the cognizant for review, but has not yet received a response.

Expected Implementation Date:
Not applicable to this finding

Contact:
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL  61820
(217) 244-4750

10-22—Failure to Communicate ARRA Information and Requirements to Subrecipients

Plan:
A procedure has been in place since June 2010 at the Urbana campus where repeat notifications of the required ARRA-related elements are sent for each reimbursement under an ARRA-related subaward. The repeat notifications are sent at the time of disbursement and contain the Federal Award number, CFDA number, and the amount of ARRA funds being disbursed.

The Chicago campus will implement a procedure to notify subrecipients of the required information in the funding notifications and with each disbursement of ARRA funding.

Expected Implementation Date for UIC:  6/30/11
March 15, 2011

**Contact:**
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL  61820
(217) 244-4750

10-23—Inadequate Monitoring of Subrecipient OMB Circular A-133 Audit Reports

**Plan:** Subrecipient Monitoring processes and procedures have been formally documented and implemented.

**Expected Implementation Date:** Completed

**Contact:**
Vanessa Peoples, Executive Director, Grants and Contracts
University of Illinois at Chicago
513MB, MC 551
Chicago, Illinois 60612
312-996-3373

10-24—Unallowable Costs Charged to Federal Program

**Plan:**
The University believes that certified statements from our research partners are sufficient documentation for the amount of the third party cost share. The University will consider asking for additional information from our research partners at a level of detail that does not exceed that required for billings of direct expenditures.

**Expected Implementation Date:** 6/30/11

**Contact:**
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820

10-25—Inaccurate Quarterly Expenditure Reports Prepared for the SNAP Program

**Plan:**
The University does not accept this finding. IDHS approved the University's billing and reporting methodology for the federal expenditures on this program.

**Expected Implementation Date:**
March 15, 2011

Not applicable to this finding

Contact:
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL  61820
(217) 244-4750

**10-26—Inadequate Process for Updating Property Management Records**

**Plan:**
The University will continue to promote unit compliance with the policy and procedures for updating inventory records, affixing inventory tags and processing equipment disposals. Additionally, an annual communication to unit heads and property control contacts will be sent to stress the importance of maintaining property records on an ongoing basis.

**Expected Implementation Date:**
June 30, 2011

Contact:
Denise Donaldson, Assistant Controller
University Accounting & Financial Reporting - University of Illinois
111 E. Green St.
Champaign, IL  61820
(217) 333-0487

**10-27—Failure to Properly Determine SFA Awards in Accordance with Program Regulations**

**Plan:** The Office of Student Financial Aid will review and update procedures to ensure College of Medicine students are packaged with the appropriate Direct Loan amounts.

**Expected Implementation Date:**
Implemented

Contact:
Timothy A. Opgenorth, Director
Office of Student Financial Aid - University of Illinois at Chicago
Suite 1800, Student Services Building (MC 334)
1200 West Harrison Street
Chicago, Illinois 60607-7163
(312) 996-5563

**10-28—Failure to Properly Complete Required Verification Procedures**
Plan:
The Office of Student Financial Aid will review and update procedures to ensure adequate supporting documentation is obtained and evaluated by financial aid staff prior to disbursing federal funds to students selected for verification.

Expected Implementation Date:
May 1, 2010

Contact:
Timothy A. Opgenorth, Director
Office of Student Financial Aid - University of Illinois at Chicago
Suite 1800, Student Services Building (MC 334)
1200 West Harrison Street
Chicago, Illinois 60607-7163
(312) 996-5563

10-29—Inaccurate and Untimely Reporting of Student Status Changes

Plan:
The Office of the Registrar on each of the three campuses will review procedures to ensure submissions to NSLDS are accurately reported within the required timeframe for all FFEL and Direct Loan borrowers.

Expected Implementation Date:
December 31, 2010

Contact:
Rob Dixon, Registrar
University of Illinois at Chicago
Suite 1200 Student Services Building
1200 W. Harrison Street, Chicago, IL  60607-7161
(312) 413-1878 ext. 21

Brian Clevenger, Registrar
University of Illinois at Springfield
One University Plaza, UHB 1094
Springfield, IL  62703-5407
(217) 206-6178

Carol Malmgrem, Registrar
University of Illinois at Urbana-Champaign
901 W. Illinois Street
Urbana, IL  61801
(217) 333-2034
10-30—Failure to Obtain Written Agreements with Third Party Institutions

Plan:
The University has implemented procedures to ensure written agreements are in place for all third party institutions as required by federal regulations.

Expected Implementation Date:
Completed

Contact:
Contact: Stephen P. Nussbaum
Director, Student International Academic Affairs and Study Abroad Office
University of Illinois at Urbana-Champaign
115 International Studies Building, MC-480
910 South Fifth Street
Champaign, Illinois 61820
(217) 244-0249

10-31—Inadequate Controls over Federal Expenditures Paid with Procurement Cards

Plan:
The auto reconciliation feature of the procurement card system was inactivated in July 2010.

Expected Implementation Date:
Completed

Contact:
Steve Wiggs, Director of Corporate Card Office
Office of University Payables
University of Illinois
210 Tech Plaza, 616 E. Green Street
Champaign, IL  61820
(217) 244-4684.

10-32—Untimely Submission of Financial Reports

Plan:
The University will continue its efforts to ensure reports are submitted on a timely basis.

Expected Implementation Date:
Completed

Contact:
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
10-33—Inadequate Support for Cash Draws

Plan: The University will refine and document procedures to ensure expenditures are appropriately recorded in the accounting system before they are billed to the sponsor.

Expected Implementation Date:
6/30/11

Contact:
Rebecca Jones
Assistant Director of Grants and Contracts
University of Illinois at Springfield
UIS Grants and Contracts Post-Award Administration
One University Plaza
Springfield IL 62703-5407
(217) 206-7849

10-34—Inadequate Cash Draw Controls

Plan:
The University does not accept this finding. This is a repeat finding from FY09. The Department of Health and Human Services (HHS) in coordination with the Department of Education (ED) and the National Science Foundation (NSF), issued on February 14, 2011, a Management Decision Letter (MDL). The University subsequently received a letter of clarification on March 10, 2011, from HHS. The University will seek further guidance from HHS, NSF, Office of Naval Research and ED.

Expected Implementation Date:
Not applicable to this finding

Contact:
Sandra Moulton, Director, Grants & Contract Post-Award
University of Illinois at Urbana-Champaign,
1901 S. First Street, Suite A, Champaign, IL 61820
(217) 244-4750