

# Core Facilities – Preparation for Financial Audits

## Office of Cost Studies

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# Audits

- Audits Northwestern Must Respond to Audits due to Federal and Sponsor Requirements (Uniform Guidance and agency regulations)
  - Annual Single Audit (Current Auditor: KPMG)
  - Agency Audit
  - IRS Audit (Not Included in Today's Discussion)



## What Can be Audited for Core Facilities?

- Any Transactions Related to Sponsored Charges and Recorded in NUFinancials
  - Invoices and Journals
- Sponsored Projects: Fund Code 610 to 650, and 191-193. Federal: Fund Code 610 and 620
- Approved Recharge Rates Tied to the Actual Charges (e.g., NUcore)
  - Cost Studies
- Internal Charges: Must be Allowable Direct Costs



## Example of Audit

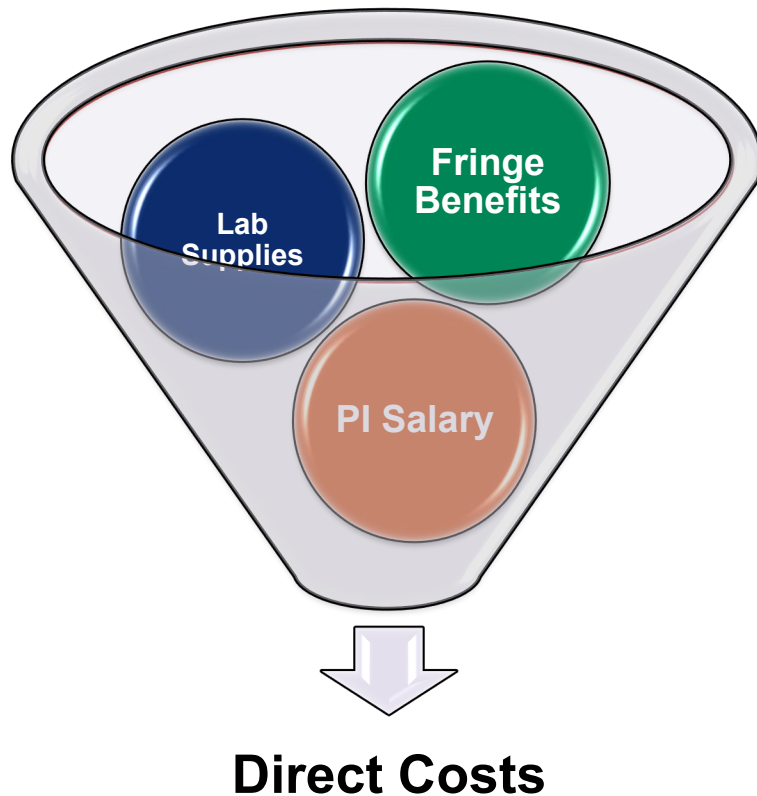
- Provide supporting documents for the following charge
  - For labor, provide calculation to substantiate the charge

Contract	Fund	Dept	Project	Account	Amount	Analysis Type	Acctg Date
SP0045999	610	47xxxxx	6005xxxx	75340	2500	GLE	4/16/2020

Trans Date	Line Description	Description	Journal ID
3/16/2020	C19:bpc2301:1681003:Labor	C19: Journal #25999	RSC0633xxx



# Charging Allowable Direct Costs to Internal Customers



## Example of Internal Customers

- Sponsored Projects (Fund Code 610 to 650, and 191-193)
- Department Funds
- Excluding External Customers

## Direct costs examples:

- PI Salary
- Lab Supplies
- Fringe Benefits
- Animals
- Post-Doc Salaries
- Travel

# Unallowable Costs: Examples

- Uniform Guidance:
  - 200.423 Alcoholic beverages
  - 200.424 Alumni/ae activities
  - 200.429 Commencement costs
  - 200.438 Entertainment costs
  - 200.441 Fines, penalties and settlements
  - 200.442 Fund raising
  - 200.445 Goods or services for personal use
  - 200.469 Student Activity Costs (including athletics)
- Marketing using internal revenue
- Capital equipment (over \$5k) purchase using the 160 fund (depreciation should be charged instead)
- Visa renewal
- Agency-specific policy (e.g., NIH salary limitation)
- University policy (e.g., Employee morale costs)

Questions?