

The University of Texas
Rio Grande ValleyTM

CARA Center Audit

Report No. 18-CF-AEN-14

September 22, 2020

Office of Audits & Consulting Services

September 22, 2020

Dr. Guy Bailey, President
The University of Texas Rio Grande Valley
2102 Treasure Hills Blvd., Suite 3.115
Harlingen, TX 78550

Dear Dr. Bailey,

The Office of Audits & Consulting Services has completed the CARA Center Audit. The objective of this audit was to assess CARA Center's compliance with federal and state regulations, as well as award agreements and university requirements.

This audit was conducted in accordance with The University of Texas System's (UTS) Policy 129 Internal Audit Activities, the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (Standards) and Generally Accepted Government Auditing Standards (GAGAS). The Standards and GAGAS set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of audits. We are required to adhere to these Standards and UTS 129.

We concluded that the CARA Center did not adhere to all federal and state regulations or established university requirements.

The recommendations in this report represent, in our judgment, those most likely to provide a greater likelihood that management's objectives are achieved. Implementation of the recommendations will strengthen and improve controls surrounding the account reconciliation process.

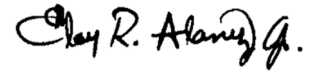
We appreciate the assistance provided by UTRGV's management and other personnel. We hope the information and analyses presented in our report are helpful.

Office of Audits and Consulting Services
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Sincerely,



Eloy R. Alaniz, Jr., CPA, CIA, CISA
Chief Audit Officer

cc: Dr. Parwinder Grewal, Executive Vice President for Research, Graduate Studies & New Program Development
Dr. Teviet Creighton, Interim Director of CARA
Dr. Karen Martirosyan, Associate Vice President for Research Enhancement
UTRGV Internal Audit Committee
UT System Audit Office
Governor's Office of Budget, Planning and Policy
State Auditor's Office
Legislative Budget Board

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Executive Summary

Overall Assessment:

The Center for Advanced Radio Astronomy did not adhere to all federal and state regulations or established university requirements.

Background: In 2012, an Associate Professor of Physics and Astronomy established the Center for Advanced Radio Astronomy (CARA) to create future leaders in space exploration and related technology development. Its headquarters/offices are located on the UTRGV Brownsville Campus. The CARA Center has changed organizational reporting structure several times since the inception of UTRGV. The CARA is currently under the Division of Research, Graduate Studies, and New Program Development reporting to the Associate Vice President for Research Enhancement. On August 1, 2018, an interim director of CARA was appointed replacing the founding director.

Objectives: To assess CARA's compliance with federal and state regulations, as well as award agreements and university requirements.

Scope/Period: The audit covered the period of September 1, 2015 to August 31, 2018.

Key Observations:

- High** 1. No institutional policies or guidelines related to Participant Support costs and Scholarships awarded with Sponsored Programs funding, Cost Transfers and Fixed Price Sponsored Awards (Contracts).
- High** 2. No subrecipient monitoring in place.
- High** 3. Nonadherence to institutional policies and processes over travel expenses, the revenue collection process, and payroll expenses.
 - Insufficient support documentation, business purpose not clearly documented as it related to grant, no travel approval prior to departure, minors traveling, and grant not allowing travel costs.
 - CPAF's and payroll cost transfers submitted late, insufficient supporting documentation justifying payroll expense on project, reconciliation not completed.
 - Invoicing not completed, deposits not made or made to incorrect project, and revenue reconciliation not performed.
- High** 4. Inaccurate and late Time and Effort Certification.

**Risk Levels
 Appendix I**

Priority
High
Medium
Low

Executive Summary Continued

Root Causes:

1. Policies continue to be slowly established for UTRGV and the need for having policies or guidelines has not been identified.
2. Lack of prioritization due to reorganization of the Research Division.
3. Ineffective training and lack of oversight.
4. Effort reporting system not timely integrated with PeopleSoft and ineffective training.

Management Responses/Action Plans:

1. CARA will work with Research Administration, Human Resources, and other administrative units to develop a consistent scheme for supporting and compensating undergraduate student researchers. CARA will work more closely with OSP and other units to ensure that contract budgets and timeframes reflect the true scope of work. Research Administration will develop a non-compliance documentation form and related enforcing mechanisms for grant management compliance. Research Administration will develop the fixed price contracts policy for the management of the projects. The OSP handbook will be modified to include a process to identify participant support costs in accordance with 2CFR 200. A chapter on participant support will be added to the Office of Grants & Contracts Desk Manual to establish appropriate PeopleSoft accounting codes of participant support costs. The Scholarship Office in collaboration with Sponsored Projects and Grants & Contracts is required to collect additional documents for students receiving scholarship funds.
2. The Office of Sponsored Programs has a subrecipient risk assessment form which will assess the risk of the subrecipient and dictates the amount of restrictiveness of terms and conditions. Grants & Contracts has also implemented a Subrecipient Monitoring and Management Procedure that outlines the scope and responsibilities related to subawards. This procedure addresses institutional, Principal Investigators (PIs) and administrators' responsibilities to ensure that, in addition to achieving performance goals, subrecipients comply with applicable federal laws and regulations and with the provisions of each subaward agreement.
3. CARA will make every effort in future to provide more comprehensive information on travel requisitions and the allocability of payroll expenses and subdivide travel and salary among the various benefiting projects (while keeping total amounts charged to each project the same, in line with effort estimations). CARA will provide more detailed information on travel requisitions concerning the allowability, allocability, and reasonableness of the travel expenses. Research Administration is working on options to monitor travel expenses below the current \$3,000 threshold. Grants & Contracts has updated their Desk Manual on Travel to include items that the accountant should review to make determinations of allowability, allocability and reasonableness. Research Administration is working on options for controls to monitor timely submission of cPAFs. Research Administration in conjunction with Grants Accounting have reviewed the deposits made to the Stargate Academy accounts and

all invoices have been collected and recorded including the funds that were received under UTB. All contracts/agreements with school districts have been handled by the Office of Sponsored Programs. The process of invoicing is conducted by Grants & Contracts and the collection of revenues is handled by Grants Accounting.

4. Verification process for Time & Effort certification will be developed and implemented to ensure the accuracy of Time & Effort reporting.

Detailed Observations	Recommendations	Management Action Plans															
<p>Participant Support Costs UTRGV does not have institutional policies or guidelines to identify the types of participant support costs and to account for those costs. Therefore, the accuracy of grant reporting is impacted. Additionally, the process for selecting participants is not formally documented and is the same as the process for awarding scholarships, which is as follows: <i>All participant award decisions are made by the CARA Executive Committee. All awards are dependent on funding availability and are not guaranteed from one semester to the next. Awards are given to Arcibo Remote Control Center (ARCC) students only and generally last one semester after which the committee meets and reevaluates each student. Criteria includes student participation in ARCC activities and grade point average.</i></p> <p>We tested a list of participants by award/program to determine whether participants were classified as employees and the results are as follows:</p> <table border="1" data-bbox="239 1063 869 1347"> <thead> <tr> <th>FY</th> <th>Number of Participants</th> <th>Number of Participants that are Employees</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>4</td> <td>4</td> </tr> <tr> <td>2017</td> <td>6</td> <td>5</td> </tr> <tr> <td>2018</td> <td>5</td> <td>5</td> </tr> <tr> <td>2019</td> <td>13</td> <td>12</td> </tr> </tbody> </table>	FY	Number of Participants	Number of Participants that are Employees	2016	4	4	2017	6	5	2018	5	5	2019	13	12	<p>CARA Management should document the process for selecting participants and the PI/department should, at a minimum, retain records detailing:</p> <ul style="list-style-type: none"> ○ Participant criteria, and ○ Copies of applications, with documentation to support meeting the selection criteria. <p>Research Administration should create policies and procedures regarding participant support costs and include account codes to identify expenses such as assistantships. Training should be provided for those projects (grants) that handle participant support expenses and should include definitions, account codes available for participant support expenses and when each should be used. A review of participant support costs prior to payment should be completed. In addition, separate accounts within the PeopleSoft projects should be established to properly identify, accumulate, and report participant support costs.</p>	<p>CARA Management Action Plan: CARA will work with Research Administration, Human Resources, and other administrative units to develop a consistent scheme for supporting and compensating undergraduate student researchers, in a manner similar to graduate research assistantships. This will avoid issues that arise from student payments being variously identified as scholarships, stipends, or direct wage from one year to the next. We have begun conversations with HR, we hope to implement in the Fall 2020 Semester.</p> <p>Action Plan owner: CARA Management.</p> <p>Implementation Date: September 1, 2020.</p> <p>Research Administration Action Plans:</p> <ol style="list-style-type: none"> 1. The OSP handbook will be modified to include a process to identify participant support costs in accordance with 2CFR 200. This process will include different scenarios and proper qualifications
FY	Number of Participants	Number of Participants that are Employees															
2016	4	4															
2017	6	5															
2018	5	5															
2019	13	12															

Detailed Observations	Recommendations	Management Action Plans
<p>We selected three expenditures totaling \$13,045.31 classified as Participant Support Costs in the GL and observed the following:</p> <ul style="list-style-type: none"> ○ The three expenditures tested were for tuition paid to graduate students in addition to those students being employees of the institution. Without a policy documenting the category UTRGV identifies as graduate assistantships, we were unable to determine if tuition was paid as a fringe benefit for a graduate student holding a Graduate Student Appointment. Tuition remission is allowable under § 200.431(j), so long as the fringe benefits are: <ul style="list-style-type: none"> ▪ For individuals conducting activities necessary to the Federal award ▪ In compliance with the recipient institutions policies; and ▪ Applied equitably to all students regardless of the funding source ○ CARA incorrectly classified these three expenditures as participant support costs rather than “other”. 		<p>(for example, stipends vs. scholarships vs. wages).</p> <p>Action Plan owner: Research Administration and Office of Sponsored Programs.</p> <p>Implementation Date: August 31, 2020.</p> <p>2. Research Administration will meet with Finance Administration and Human Resources to identify a proper payment mechanism for participants in order to meet grant requirements and to add oversight to prevent participant support from being awarded to an UTRGV employee (full and part-time employees). In this discussion, we can propose to HR on creating assistantships for undergraduates and to request proper access to implement appropriate oversight.</p> <p>Action Plan owner: Research Administration.</p> <p>Implementation Date: August 31, 2020.</p>

Detailed Observations	Recommendations	Management Action Plans
		<p>3. Effective September 2019, the Office of Sponsored Programs has been meeting with PIs at the award set-up stage to go over all grant terms and conditions including, but not limited to, correctly classify participant costs and scholarships. After December of 2019, this training was extended to all PIs, including those with previous awards, as a refresher course.</p> <p>Action Plan owner: Research Administration and Office of Sponsored Programs.</p> <p>Implementation Date: September 2019.</p> <p>4. A chapter on participant support will be added to the Office of Grants & Contracts Desk Manual to establish appropriate PeopleSoft accounting codes of participant support costs. In addition, Research Administration will meet with HR to request access to the PeopleSoft HR modules to provide appropriate oversight.</p>

Detailed Observations	Recommendations	Management Action Plans
		<p>Action Plan owner: Research Administration and Office of Grants and Contracts.</p> <p>Implementation Date: Contingent on HR approval to HR modules.</p>
<p>Scholarships UTRGV does not have documented policies or procedures pertaining to scholarships awarded with Sponsored Program funds. In addition, criteria for awarding scholarships is not formally established and is the same as the participant selection process referenced above.</p> <p>We reviewed eight scholarships and observed the following:</p> <ul style="list-style-type: none"> • One student awarded scholarships in excess of total allowable amount by \$2,541.16. • Awards inconsistently classified <ul style="list-style-type: none"> ○ Labeled as grants or stipends from one semester to next ○ Award amounts differ - no set award amount for undergraduate, graduate and PhD. 	<p>Research Administration should create institutional guidelines for awarding scholarships with Sponsored Programs funding and include criteria for awarding such scholarships. These guidelines should align with UTRGV’s general institutional scholarship procedures.</p> <p>CARA Management should work closely with Research Administration to review the questioned costs to determine that appropriate action is taken on these expenditures.</p>	<p>Research Administration Action Plans:</p> <ol style="list-style-type: none"> 1. Effective Fall 2019, the Scholarship Office in collaboration with Sponsored Projects and Grants & Contracts is required to collect additional documents for students receiving scholarship funds. Prior to processing any scholarship awards, the Scholarship Office is required to collect two documents from each student for each Grants scholarship awarded. 1) the scholarship application and 2) a signed agreement from the student confirming they understand the terms and conditions for the award. 2. Scholarships are awarded based on the criteria forms submitted to the Scholarship Office.

Detailed Observations	Recommendations	Management Action Plans
		<p>Action Plan owner: Research Administration and Scholarship Office.</p> <p>Implementation Date: September 30, 2019.</p> <p>CARA Management Action Plan: CARA will review the questioned amount with Research Management and the Scholarship Office, and take any action deemed necessary.</p> <p>Action Plan owner: CARA Management.</p> <p>Implementation Date: July 1, 2020.</p>
<p>Subawards UTRGV does not have a subaward monitoring process and is not maintaining required documentation.</p>	<p>Research Administration should develop a documented methodology for the evaluation of sub-recipient’s risk of non-compliance and conduct sub-awardee monitoring as per 2 CFR § 200.331 - Requirements for pass-through entities. 2 CFR 200.331</p>	<p>Research Administration Action Plan: The Office of Sponsored Programs has a subrecipient risk assessment form which will assess the risk of the subrecipient and dictates the amount of restrictiveness of terms and conditions. Grants & Contracts has also implemented a Subrecipient Monitoring and Management Procedure that outlines the scope and responsibilities related to</p>

Detailed Observations	Recommendations	Management Action Plans
		<p>subawards. This procedure addresses institutional, Principal Investigators (PIs) and administrators' responsibilities to ensure that, in addition to achieving performance goals, subrecipients comply with applicable federal laws and regulations and with the provisions of each subaward agreement.</p> <p>Action Plan owner: Research Administration, Office of Sponsored Programs, and Grants & Contracts.</p> <p>Implementation Date: December 2018.</p>
<p>Travel We tested seven trips totaling \$7,212.85 and identified \$4,953.79 (5 trips) questionable costs due to either non-employee/non-student travel or travel not budgeted in the grant. In addition, we observed the following:</p> <ul style="list-style-type: none"> • Not approved by project manager (1 trip) • Did not maintain documentation to support allowability for trip expenditures as per Uniform Guidance and to ensure expenditures are properly recorded (4 trips) • Requisition submitted after the travel had already taken place (6 trips) 	<p>CARA Management should adhere to institutional policies pertaining to travel. CARA Management should work closely with Research Administration to review the questioned costs to determine the appropriate action is taken on these expenditures.</p> <p>Research Administration should adequately monitor travel expense from grant funds to adhere to institutional policies, grant</p>	<p>CARA Management Action Plan: CARA will make every effort in future to provide more comprehensive information on travel requisitions. CARA will provide more detailed information on travel requisitions concerning the allowability, allocability, and reasonableness of the travel expenses. In particular, CARA Management will put more effort into documenting synergistic activities (that simultaneously benefit two or more funded</p>

Detailed Observations	Recommendations	Management Action Plans
<p>In addition, some of these trips did not adequately document the business purpose, including explanations of collaborations that benefit the grant.</p>	<p>requirements and federal standards, as well as, coordinate with the Travel Office to improve the retention of records.</p> <p>In addition, travel with the purpose of collaborating with others should be clearly documented. At a minimum, it should include:</p> <ul style="list-style-type: none"> • Names and titles of those attending collaboration meeting • Purpose of meeting • Agenda • Documented results of possible collaboration • Benefit of collaboration to grant. 	<p>projects), so that costs and effort can be allocated appropriately.</p> <p>Action Plan owner: CARA Management.</p> <p>Implementation Date: March 1, 2020.</p> <p>Research Administration Action Plans:</p> <ol style="list-style-type: none"> 1. Research Administration is working on options to monitor travel expenses below the current \$3,000 threshold and decide on a process by the implementation date. <p>Action Plan owner: Research Administration and Grants & Contracts.</p> <p>Implementation Date: September 30, 2020.</p> <ol style="list-style-type: none"> 2. Grants & Contracts has updated their Desk Manual on Travel to include items that the accountant should review to make determinations of allowability, allocability and reasonableness as recommended by Internal Audit.

Detailed Observations	Recommendations	Management Action Plans
		<p>Action Plan owner: Research Administration, Grants & Contracts.</p> <p>Implementation Date: September 1, 2020.</p> <p>3. Research Administration has also been meeting with Travel Office and university stakeholders to improve the retention of travel records, including supervisor approval.</p> <p>Action Plan owner: Research Administration, Grants & Contracts, and Travel Office.</p> <p>Implementation Date: Contingent on Travel Office upgrading the Concur system.</p> <p>Research Administration Note: Research Administration is currently working with Grants & Contracts, and CARA Management to determine the allowability and allocability of the travel expenses questioned by Internal Audit and which items can still be moved from the projects in question.</p>

Detailed Observations	Recommendations	Management Action Plans
<p><u>Minors</u> During our review of travel expenses, three minors (high school students) traveled to Los Angeles, CA on May 23-28, 2018. The following was noted:</p> <ul style="list-style-type: none"> • Trip not registered with the Office of Student Educational Outreach - Minors on Campus • Mandatory minors on campus training not completed by University students, staff, and faculty, traveling with minors. • Details regarding the trip discussed during the monthly ARCC meetings; however, no pre-trip orientation occurred as per UTRGV's Student Conduct Code and the Student Travel Policy STU 01-300, which should include: <ul style="list-style-type: none"> ○ Applicable rules of conduct, ○ Itinerary and contact information, ○ Safety issues while traveling and while at the destination point. 	<p><u>Minors</u> CARA Management should adhere to institutional policies pertaining to minors traveling, specifically:</p> <ul style="list-style-type: none"> ○ Trips should be registered with the Office of Student Educational Outreach. ○ Everyone traveling with the minors shall obtain <i>Minors on Campus Training</i> 	<p>CARA Management Action Plan: CARA followed documented procedures from UTRGV's Office of Student Educational Outreach and BISD for minors participating in university-sponsored programs. These procedures are non-specific as to what information must be disseminated to parents (beyond that already provided on the signed Authorization for Student Travel form), or which event participants must take child protection training (beyond the staff running the event). CARA will consult with the Office of Student Educational Outreach to clarify procedures, requirements, and best practices.</p> <p>Action Plan owner: CARA Management.</p> <p>Implementation Date: September 1, 2020.</p>
<p><u>STARGATE – Greater Brownsville Incentives Corporation (GBIC)</u> Additionally, we reviewed all travel expenses out of STARGATE – GBIC, which incurred \$43,960.26 of travel expenditures through 8/31/2018. Travel</p>	<p><u>GBIC</u> CARA Management should work closely with Research Administration to complete a review of the GBIC project and identify all</p>	<p>CARA Management Action Plan: The CARA Management will work with Research Administration on the review of the travel expenditures and will coordinate with the</p>

Detailed Observations	Recommendations	Management Action Plans
<p>expenditures were not written in the agreement and subsequent letter.</p>	<p>travel expenses charged to date and coordinate with the sponsor to determine the appropriate action to take for these expenditures.</p>	<p>executive leadership of the institution the communication with the sponsor on this specific matter.</p> <p>Action Plan owner: CARA Management.</p> <p>Implementation Date: January 31, 2020.</p>
<p>Operating Expenditures – Other CARA administration did not adhere to UTRGV purchasing policies, guidelines and processes and federal regulations.</p> <p>We reviewed 12 transactions totaling \$51,280.86 and observed the following:</p> <ul style="list-style-type: none"> • \$ 6,543.16 questioned costs due to non-budgeted items in the grant (6 instances) • Incorrect expense type (2 instances) • Did not maintain documentation to support allowability for expenditure as per Uniform Guidance (1 instance) • Not properly approved by project manager (2 instances) 	<p>CARA Management should adhere to institutional purchasing policies and federal regulations, which includes maintaining adequate support documentation.</p> <p>CARA Management should work closely with Research Administration to review the questioned costs to determine the appropriate action is taken on these expenditures.</p>	<p>CARA Management Action Plan: CARA Administration will provide more detailed documentation in requisitions to justify the allowability, allocability, and reasonableness of these expenditures.</p> <p>Action Plan owner: CARA Management.</p> <p>Implementation Date: May 15, 2020.</p> <p>Research Administration Action Plan: Research Administration is currently working with Grants & Contracts, and CARA Management to determine the allowability and allocability of these operating</p>

Detailed Observations	Recommendations	Management Action Plans
		<p>expenses and which items can still be moved from the projects in question.</p> <p>Action Plan owner: Research Administration, CARA Management, and Grants & Contracts.</p> <p>Implementation Date: June 30, 2020.</p>
<p>Payroll We reviewed six salaried employees' FY2018 payroll and observed the following:</p> <ul style="list-style-type: none"> • One-month questioned cost summer salary paid from ERA ARCC #410000151 from extension <ul style="list-style-type: none"> ○ former director - \$8,669.00 ○ director - \$8,123.56 • Unable to determine purpose of one-month summer salary payment of \$8,669.00 from IC-VP Research for the former director for research conducted, which impacts effort reporting. • Certified effort discrepancies <ul style="list-style-type: none"> ○ Five out of six certified inaccurately. For example, multiple individuals' travel paid from one project while compensated from another project. ○ 10 out of 10 statements certified late; however, UTRGV did not have its effort certification system available to 	<p>CARA Management should work closely with Research Administration to review the questioned costs to determine the appropriate action is taken on these expenditures.</p> <p>CARA Management should:</p> <ul style="list-style-type: none"> ○ Complete payroll reconciliations, which includes reviewing payroll expenses to verify that individuals are paid from assigned projects, payroll is charged in a timely manner, and effort statements are reasonably and timely certified. <p>CARA Management should submit CPAFs in a reasonable and timely manner and document purpose to aid</p>	<p>CARA Management Action Plan: Moving forward, CARA can provide further documentation of the allocability of these expenses and subdivide travel and salary among the various benefiting projects (while keeping total amounts charged to each project the same, in line with effort estimations).</p> <p>Action Plan owner: CARA Management.</p> <p>Implementation Date: Immediately.</p> <p>Research Administration Action Plans:</p> <ol style="list-style-type: none"> 1. Research Administration are working on options for controls to

Detailed Observations	Recommendations	Management Action Plans
<p>certify to meet the UTRGV Policy ADM 07-103 deadline.</p> <ul style="list-style-type: none"> ○ Staff payroll distribution not reflective of effort based on assignment. <ul style="list-style-type: none"> • Change in personnel action forms (CPAF) not completed within a reasonable timeframe. This affects effort reporting. • Payroll cost transfers completed in May of 2018 to change payroll distribution from the beginning of September of 2017 for the Administrative Assistance II and the Assistant Director of Special Projects. No institutional policy in place. • The CARA Director payment for August 2018 was not recorded in the Project until February 2019. <p>For waged employees, we tested four employees for the months of November 2017, March 2018 and June 2018 and observed the following:</p> <ul style="list-style-type: none"> • Travel paid from one project while compensated out of another project impacting effort reporting. • Work performed prior to CPAF approvals. • Rate of pay for PhD student not in accordance with grant agreement. 	<p>in Time & Effort Certification.</p> <p>Research Administration should establish controls to monitor the timely submission of CPAFs. Consequences for non-compliance should be documented and enforced. Research Administration should establish a documented process to evaluate the reasonableness of certifications.</p> <p>Research Administration should also work with the Office of Human Resources to establish policies for payroll cost transfers and strengthen the EPAF system. At a minimum,</p> <ul style="list-style-type: none"> ○ payroll cost transfers should be closely reviewed, ○ CPAF should be processed timely 	<p>monitor timely submission of cPAFs.</p> <p>Action Plan owner: Research Administration and HR.</p> <p>Implementation Date: Contingent to meeting with HR and receiving access to HR modules. Implementation of controls will follow immediately after the access to modules is granted.</p> <p>2. Research Administration will develop a non-compliance documentation form and related enforcing mechanisms for grant management compliance.</p> <p>Action Plan owner: Research Administration.</p> <p>Implementation Date: September 1, 2020.</p> <p>3. Verification process for Time & Effort certification will be developed and implemented to ensure the accuracy of Time & Effort reporting.</p>

Detailed Observations	Recommendations	Management Action Plans
		<p>Action Plan owner: Research Administration and Grants & Contracts.</p> <p>Implementation Date: January 31, 2021.</p>
<p>Revenue We reviewed revenue for the Stargate Academy program and the Stargate Talks event. We identified significant internal control deficiencies in the revenue collection process as follows:</p> <ul style="list-style-type: none"> • Deposits made to incorrect Stargate Academy projects. • No evidence of revenue deposits for the FY 2016 Stargate Talks event. • Invoicing not completed to collect revenue. • Revenue reconciliation not performed for these projects. <p>The Executive Director of Research Administration provides oversight and accounting functions support to the Stargate Academy projects contrary to segregation of duties.</p>	<p>CARA Management should complete revenue reconciliations to aid in verifying that invoicing has been completed and revenue deposited into correct projects.</p> <p>CARA Management and Research Administration should coordinate and clearly identify roles and responsibilities for support duties, and oversight function, with clear separation of duties and accountability.</p>	<p>CARA Management Action Plan: No revenue was received from the STARGATE Talks event, nor was there any contract, agreement, or expectation to receive any revenue from this event. This was a community event organized outside of CARA.</p> <p>For other actions regarding revenue, see Research Administration Action Plan, below.</p> <p>Action Plan owner: CARA Management.</p> <p>Implementation Date: June 1, 2020.</p> <p>Research Administration Action Plans:</p> <ol style="list-style-type: none"> 1. Research Administration in conjunction with Grants Accounting have reviewed the deposits made to

Detailed Observations	Recommendations	Management Action Plans
		<p>the Stargate Academy accounts and all invoices have been collected and recorded including the funds that were received under UTB on April 2015.</p> <p>Action Plan owner: Research Administration and Grants Accounting.</p> <p>Implementation Date: March 19, 2020.</p> <p>2. Following the recommendation of Internal Audits during Summer 2017, all contracts/agreements with school districts have been handled by the Office of Sponsored Programs. The process of invoicing is conducted by Grants & Contracts and the collection of revenues is handled by Grants Accounting.</p> <p>Action Plan owner: Research Administration.</p> <p>Implementation Date: August 31, 2017.</p>

Detailed Observations	Recommendations	Management Action Plans
<p>Contracts</p> <p>UTRGV has a Negotiated Contracts Policy that describes residual balances for fixed priced sponsored awards (contracts); however, it is not an official UTRGV policy and is not communicated or acted upon by the Research Division.</p> <p>During our analysis of the four projects and one cost center for the Stargate Academy projects, we observed the following:</p> <ul style="list-style-type: none"> • Residual balances for Stargate Academy projects totaled 77%. Significant residual balances on fixed price sponsored awards may call into question the validity of the proposed budget and potentially affect the University’s tax-exempt status. • Expenses not applied to two corresponding projects resulting in original contract balances remaining. • Contracts are not consistently categorized in UTRGV’s general ledger year after year. For instance, Stargate Academy Program projects identified one year as a sponsored program and another year as non-sponsored program or cost center. • A contract was not invoiced timely. • For one project, a contract budget did not match with contract amount. 	<p>Research Administration should establish an official fixed price policy for sponsored awards (contracts). Fixed priced contracts should be used when there is a clear scope of work, a solid cost estimate, well-articulated deliverables and budgeted costs should closely approximate the actual costs of performance. Additionally, Research Administration should invoice timely to collect all revenue, ensure budgets are set up correctly at the beginning of the contract and monitor remaining balances to properly close accounts.</p> <p>CARA Management should work closely with Research Administration to determine when projects should be set up as a contract and adhere to the fixed price policy. Contracts should be consistently categorized.</p> <p>CARA Management should ensure that the accounting process is correctly charging expenses to corresponding projects.</p>	<p>Research Administration Action Plans:</p> <ol style="list-style-type: none"> 1. Research Administration will develop the fixed price contracts policy for the management of the projects. <p>Action Plan owner: Research Administration.</p> <p>Implementation Date: August 31, 2020.</p> <ol style="list-style-type: none"> 2. Grants Accounting had requested UTSIS training on the PeopleSoft project close out process. While waiting for the training, Grants Accounting developed the instructions for the PeopleSoft close out processes and updated the project close out checklist. With the PeopleSoft project close out instructions and updated project close out list, the testing of the close out process was completed by Grants & Contracts and Grants Accounting in February 2020. As a result of the testing, the project close-out checklist was finalized on March 2020. All projects that have ended have been changed to

Detailed Observations	Recommendations	Management Action Plans
<ul style="list-style-type: none"> • Expenses not reduced from corresponding projects. • A cost center account and a project account were created for the same contract within the same fiscal year. 		<p>“Frozen” status effective May 2020. UT Systems has automated the project status processes. Any project that has ended will be updated to “Frozen” 60 days after the project end date. The report reflecting this “Frozen” status is currently being developed. Moving forward when a project ends, the department will work to process pending expenditures. Once the expenditures are posted to the project, the final report will be prepared by Grants & Contracts. After the final report is prepared, close out procedures will be completed. With the completion of the close out procedures, the project closeout checklist will be forwarded to Grants Accounting. Upon receipt of the project close-out checklist, Grants Accounting will start the closing process. If there are any unexpended funds, the residual balance policy will be followed.</p> <p>Action Plan owner: Research Administration, Grants Accounting and Grants & Contracts.</p>

Detailed Observations	Recommendations	Management Action Plans
		<p>Implementation Date: March 30, 2020.</p> <p>CARA Management Action Plan: CARA will work more closely with OSP and other units to ensure that contract budgets and timeframes reflect the true scope of work; in particular that the contract timeframe includes relevant ongoing activities and secondary deliverables that may continue after the main period of performance.</p> <p>Action Plan owner: CARA Management.</p> <p>Implementation Date: May 31, 2020.</p>

Scope

CARA's major source of funding is received from Federal Grants, such as National Science Foundation. We identified 25 PeopleSoft Project/Cost Centers (23 Oracle Project Accounts) that belonged to or are related to CARA and we tested the projects below. Although the Director of CARA was recently changed, the former Director was still the PI on 18 Sponsored Projects.

CARA Projects Listing			
Oracle Project Number	PeopleSoft Project/Cost Center ID	Project/Cost Center Name	Funding Source Name
<i>Ctr for Adv Radio Astronomy (CARA)</i>			
210001046	31001046	ARECIBO-CARA	Various donations
240000014	34000014	IC-Jenet	Indirect
240000015	34000015	IC-Ctr for Adv Radio Astronomy	Indirect
450000482	5400000482	Astro Photography Cata Project	Jacobs Technology
450000863	5400000863	ASTRONAUT PHOTOGRAPHY	Jacobs Technology
450000889	5400000889	JACOBS SPRING INTERNSHIP	Jacobs Technology
450000899	5400000899	ASTRONAUT PHOTO	Jacobs Technology
410000286	5100000286	RADIO FREQUENCY INTERFACE	NSF
410000149	5100000149	NANOGrav PFC	NSF - Univ of Wisconsin - Milwaukee
410000150	5100000150	PIRE	NSF - West Virginia
450001017	5400001017	Lizard Monitoring System	Pioneer Natural Resources
410000152	5100000152	JPL Subcontact: A Prototype Rad	Various Donations
450000754	55000754	CARA GIFTS	Various donations
<i>College Of Sciences</i>			
450000560	5400000560	STARGATE - GBIC	Greater Brownsville Incentives Corporation
460000074	5200000074	RGV ETF Stargate	Office of the Governor
410000148	5100000148	EDA STARGATE TECHNOLOGY	U.S. Department of Commerce, Washinton
<i>Physics and Astronomy</i>			
210000900	31000900	STARGATE Donations	Various donations
450000481	5400000481	STARGATE ACADEMY	Brownsville Foundation
450000803	5400000803	JACOBS	Jacobs Technology
450000987	5400000987	ASTRONAUT PHOTO	Jacobs Technology
410000151	5100000151	ERA ARCC	National Science Foundation

Criteria

Uniform Guidance

The Uniform Guidance describes the costs that are eligible for reimbursement under Federal grants and contracts (allowable costs), and the costs that are not eligible for reimbursement (unallowable costs). Except where otherwise authorized by statute, costs charged to a Federal award must meet the following general criteria in order to be allowable (UG §200.402 to §200.411):

- *Be necessary and reasonable for the performance of the Federal award and be allocable thereto under the UG principles.*
- *Conform to any limitations or exclusions set forth in the UG principles or in the Federal award as to types or amount of cost items.*
- *Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the Colleges.*
- *Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.*
- *Be allocable to the Federal award.*
- *Be determined in accordance with generally accepted accounting principles (GAAP).*
- *Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.*
- *Be adequately documented.*

Participant support costs

2 CFR § 200.456 - Participant support costs as defined in § 200.75 Participant support costs are allowable with the prior approval of the Federal awarding agency.

2 CFR § 200.75 - Participant support costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

Scholarships and Student Aid Costs

2 CFR § 200.466 - Scholarships and student aid costs.

(a) Costs of scholarships, fellowships, and other programs of student aid at IHEs are allowable only when the purpose of the Federal award is to provide training to selected participants and the charge is approved by the Federal awarding agency. However, tuition

remission and other forms of compensation paid as, or in lieu of, wages to students performing necessary work are allowable provided that:

- (1) The individual is conducting activities necessary to the Federal award.*
- (2) Tuition remission and other support are provided in accordance with established policy of the IHE and consistently provided in a like manner to students in return for similar activities conducted under Federal awards as well as other activities; and*
- (3) During the academic period, the student is enrolled in an advanced degree program at a non-Federal entity or affiliated institution and the activities of the student in relation to the Federal award are related to the degree program.*
- (4) The tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work; and*
- (5) It is the IHE's practice to similarly compensate students under Federal awards as well as other activities.*

(b) Charges for tuition remission and other forms of compensation paid to students as, or in lieu of, salaries and wages must be subject to the reporting requirements in § 200.430 Compensation—personal services and must be treated as direct or indirect cost in accordance with the actual work being performed. Tuition remission may be charged on an average rate basis. See also [2 CFR § 200.431 Compensation—fringe benefits](#)

Subawards

[2 CFR § 200.331 - Requirements for pass-through entities.](#)

Travel Costs

2 CFR § 200.474 - Travel costs

(a) General. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. Notwithstanding the provisions of [2 CFR § 200.444 General costs of government](#), travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

APPENDIX I

Risk Classifications and Definitions

Priority	High probability of occurrence that would significantly impact UT System and/or UT Rio Grande Valley. Reported to UT System Audit, Compliance, and Risk Management Committee (ACMRC). Priority findings reported to the ACMRC are defined as <i>“an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.”</i>
High	Risks are considered substantially undesirable and pose a significant level of exposure to UT Rio Grande Valley operations. Without appropriate controls, the risk will happen on a consistent basis. Immediate action is required by management in order to address the noted concern and reduce exposure to the organization.
Medium	Risks are considered undesirable and could moderately expose UT Rio Grande Valley. Without appropriate controls, the risk will occur some of the time. Action is needed by management in order to address the noted concern and reduce the risk exposure to a more desirable level.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to UT Rio Grande Valley will be minimal. Action should be taken by management to address the noted concern and reduce risk exposure to the organization.