



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services, Region III, Philadelphia

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Control Number
ED-OIG/A03I0009

Dr. Robert R. Davila
President
Gallaudet University
800 Florida Avenue, NE
Washington, DC 20002

Dear Dr. Davila:

This **Final Audit Report**, Control Number ED-OIG/A03I0009, entitled *Gallaudet University's Internal Controls Over Federal Funds*, presents the results of our audit. The purpose of the audit was to determine if Gallaudet University (GU) had adequate internal controls in place to account for Federal grant funds, and to review expenditures charged to Federal education funds, excluding Title IV Federal student aid, for the period of October 1, 2005, to September 30, 2007, to determine if expenses charged were reasonable, allocable, and allowable.

BACKGROUND

GU, located in Washington, D.C., is a federally chartered, private, nonprofit educational institution providing elementary, secondary, undergraduate, graduate, and continuing education programs for persons who are deaf. GU receives approximately 67% of its operating revenues by direct appropriation from the Federal government under the authority of the Education of the Deaf Act (EDA), as amended, 20 United States Code (USC), Chapter 55, Education of the Deaf §§ 4301-4363. GU enrolls approximately 1,800 undergraduate and graduate students.

The EDA also authorizes GU to maintain and operate the Laurent Clerc National Deaf Education Center (Clerc Center) to carry out elementary and secondary education programs, projects, and activities for the primary purpose of developing, evaluating, and disseminating innovative curricula, instructional techniques and strategies, and materials that can be used in various education environments serving individuals who are deaf or hard of hearing throughout the Nation. The Clerc Center consists of the Kendall Demonstration Elementary School and the Model Secondary School for the Deaf. The Clerc Center enrolls approximately 350 elementary and secondary school students. Pursuant to the EDA, the Secretary of the U.S. Department of Education (the Secretary) and GU must establish, and periodically update, an agreement

governing the operation and national mission activities of the elementary and secondary education programs at the University.

The EDA requires GU to submit an annual report to the Secretary which details performance data and use of appropriated funds. GU had recently been under pressure from the U.S. Department of Education (the Department) and its accrediting agency to improve performance related to student outcomes, due to a failure to meet goals for key Government Performance Results Act performance indicators. The Office of Management and Budget's (OMB) ExpectMore website¹ noted that they were working with GU on the following:

- To add or refine performance measures related to student outcomes and develop strategies to improve outcomes related to staying in school, graduation, and employment.
- Implementing the agreed upon monitoring plan for the federally funded programs at GU to document the use of funds, assess program quality, and determine compliance with governing documents.
- Developing a study to identify barriers to and strategies for improving GU's performance in the key areas of persistence, graduation, and post-school outcomes.

The funds appropriated to GU under the EDA must be expended in accordance with the purposes of the EDA. In general, 20 USC § 4353 (c)(1), Limitations, regarding expenditure of funds, provides that appropriated funds may not be expended for the following: alcoholic beverages; goods or services for personal use; housing and personal living expenses (but only to the extent such expenses are not required by written employment agreements); lobbying (except that GU and the National Technical Institute for the Deaf are not prohibited from educating the Congress, the Secretary, and others, regarding programs, projects and activities conducted at those institutions); and membership in country clubs and social or dining clubs and organizations. Furthermore, 20 USC § 4353 (c)(2)(A), Policies, states that "[n]ot later than 180 days after October 16, 1992, the University and NTID shall develop policies, to be applied uniformly, for the allowability of expenditures for each institution. These policies should reflect the unique nature of these institutions. The principles established by OMB for costs of educational institutions may be used as guidance in developing these policies."

GU received \$107 million in appropriated funds in fiscal years (FYs) 2006 and 2007.² GU's total expenditures for our audit period were \$312,791,187, including \$237,791,619 expended for general operations. Additionally, for the six grants included in our review, GU expended \$5,182,618 in non-Title IV Federal education grant funds, as shown in the following table:

¹ More detailed information on GU's performance is available at <http://www.whitehouse.gov/omb/expectmore/detail/10003306.2006.html>

² GU's fiscal year ends on September 30th.

GRANT	CFDA³ Number	PURPOSE	AMOUNT EXPENDED FY 06	AMOUNT EXPENDED FY 07
Rehabilitation Long Term Training Grant	84.129(Q)	To provide academic training and to increase the number of personnel trained in providing vocational rehabilitation services to individuals with disabilities.	\$135,438	\$93,833
Business and International Education Projects Grant	84.153(A)	To promote innovation and improvement in international business education curricula at institutions of higher education (IHEs) and promote linkages between IHEs and the business community.	\$6,971	\$69,139
Training Interpreters for Individuals	84.160(A)	To support projects that improve the skills of manual, oral, and cued speech interpreters providing services to individuals who are deaf and individuals who are deaf-blind.	\$204,674	\$367,421
Research in Special Education Grant	84.324(C)	To support scientifically rigorous research contributing to the solution of specific early intervention and education problems associated with children with disabilities.	\$0	\$16,083
Personnel Development to Improve Services and Results for Children with Disabilities Grant	84.325 (A,D,K)	To ensure that those who work with children with disabilities have the necessary skills and knowledge.	\$984,341	\$1,146,126
National Institute on Disability and Rehabilitation Research Grant	84.133 (E,G)	To support and coordinate research to improve the lives of people of all ages with physical and mental disabilities.	\$963,519	\$1,195,073
Sub-total			\$2,294,943	\$2,887,675
Total				\$5,182,618

The Department's Office of Special Institutions, under the Office of Special Education and Rehabilitative Services (OSERS), has oversight responsibility for GU. This office has responsibility to monitor GU to ensure compliance with respective authorizing legislation, for five of the six grants in the table above, and the EDA. Oversight responsibility for the Business and International Education Projects grant is with the Department's Office of Postsecondary Education.

³ Catalog of Federal Domestic Assistance.

AUDIT RESULTS

GU generally had adequate internal controls in place to account for Federal education funds; and the expenditures charged to Federal education funds (excluding Title IV Federal student aid) were reasonable, allocable, and allowable for the period October 1, 2005, through September 30, 2007. However, we found that GU had inadequately supported payroll costs during the audit period for salaries paid by Federal grant funds. We also noted that GU needs to revise its policies relating to record retention. In addition, we found that GU did not separately account for expenditures made from appropriated funds (see Other Matters).

We provided GU with a draft of this report for review and comment on February 26, 2009. In its response to the draft report, GU disagreed with Finding No. 1, however, it did take some recommended corrective action. GU stated that the payroll costs were adequately supported for the audit period and that the payroll system in place at the time met Federal requirements for an after-the-fact payroll system. GU generally concurred with Finding No. 2 and plans to take corrective action.

GU disagreed with our suggestion that appropriated funds should be accounted for separately pointing out that it is not required by the EDA. However, GU stated that it is open to the Department providing clarification on reporting requirements. GU also stated that it will consider our suggestion to update its property management policy to provide protection for non-capital items. GU generally agreed with our travel reimbursement suggestion, stating that it has strengthened travel reimbursement controls. GU's comments are summarized throughout the audit report. Except for personally identifiable information, the entire narrative of GU's comments is included as Attachments A through I to this report, with the exception of a document related to grant performance, which was too voluminous to include. A copy of this attachment is available upon request.

Finding No. 1 – Grant Personnel Costs were not Adequately Supported

GU did not have adequate policies and procedures for verifying personnel costs charged to Federal grant funds during the audit period. Specifically, GU did not have adequate activity reports or a process in place to verify that the distribution of activity charges for services performed by its employees on grant related activities were accurate during the audit period. Therefore, there was no comparison made of: (a) the percentage of effort an employee actually worked to (b) the percentage of grant funds actually paid. We determined that GU charged \$1,050,479 in inadequately supported salary and fringe benefits costs to grant funds during FYs 2006 and 2007.

GU informed us that during FYs 2006 and 2007, it used the "After-the-fact Activity Records" payroll distribution system method. GU used Personnel Action Forms (PAF) to show the split funding percentages to be paid from each funding source for those employees whose salaries were funded by multiple sources. The PAF was not adequate as a time and effort certification tool because it only showed the funding percentages to be charged to each funding source, and

not the percentage of effort worked. The PAF did not meet the requirements of Title 2 Code of Federal Regulations (CFR), Part 220⁴, Appendix A (OMB Circular A-21). According to OMB Circular A-21, Section J.10.c.(2)(b), “These reports will reflect an after-the-fact reporting of the percentage distribution of activity of employees.” Additionally, OMB Circular A-21, Section J.10.c.(2)(c) states that, “Reports will reasonably reflect the activities for which employees are compensated by the institution. To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the reports will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed.” The PAF includes a before-the-fact estimate of funding, based on the budget, not an after-the-fact reporting of the percentage of distribution of activity. Use of the PAFs was not an adequate means of time and effort certification, and did not provide adequate controls to ensure that grant funds were being used appropriately. It appeared that GU believed that it was in compliance with the activity report requirement by use of the PAFs.

GU also used bi-weekly time records (worksheets and e-timecards) during the audit period, as allowed by Federal regulations. While the time records are after-the-fact, neither document showed the percentage of effort. The time records only showed the total hours worked per day, not per funding source. According to OMB Circular A-21, Section J.10.c.(2)(c), “The payroll distribution system will allow confirmation of activity allocable to each sponsored agreement...” which the time records did not. Further, the time records did not meet all of the requirements of OMB Circular A-21, Sections J.10.c.(2)(a) through (f).

According to the Executive Director of Finance, the employee’s supervisor approved the employee’s timesheet in GU’s timekeeping system, and when the supervisor (who approved the employee’s PAF, which defined the expected split in effort for the employee’s salary costs) signed the timesheet, it essentially re-approved the split funding that was in effect. This was not an adequate form of time and effort verification. Although the grant principal investigators reviewed salary charges to their sponsored agreements, reviewed the bi-weekly worksheets and compared the worksheets to the PAF, this also was not an adequate effort verification process.

As stated, the time records did not show a distribution of the percentage of effort and therefore only the hours worked were compared to the percentage of grant funds paid, not the distribution of hours worked to what was charged to the grants. The percentage of funds to be paid may be different than the percentage of effort budgeted or actually worked. The percentage shown on the PAF is the percent of funding, which may not equate to the percent of effort. For example, one employee was budgeted to work on a grant 20 percent of the time (effort) and 35 percent of his salary was to be paid from grant funds. This information was reflected on his PAF; seven percent of his salary was to be paid from the grant funds (20 percent multiplied by 35 percent). Consequently, the PAF cannot be used as supporting documentation of employee effort. According to OMB Circular A-21, Section J.10.c.(2)(c), a “...suitable means of verification that the work was performed...” must be used to confirm that the distribution of activity allocated to grant funds was reasonable. GU did not have a suitable means of verification.

⁴ Cost Principles for Educational Institutions. The principles are applicable for grants, contracts and other agreements with educational institutions.

As an example, we found that grant⁵ funds were overcharged for one employee (that was part-time, 60 percent full time equivalent), whose salary was split funded between three funding sources. For the pay period reviewed (pay date of July 17, 2007), ten percent of the employee's salary was to be paid from the grant funds.⁶ The employee worked 60 percent of a full time work week of 40 hours or 24 hours per week (60 percent of 40). Since the employee was to give 10 percent of her effort to the grant, she would have worked 2.4 hours (10 percent of 24) per week on grant activities.⁷ Therefore, ten percent (2.4 divided by 24) of her salary should have been paid from grant funds. However, we found that 25 percent of the employee's salary was paid from grant funds. The employee was paid \$441 (25 percent of the \$1,765 total salary paid for the pay period), instead of the \$177 (10 percent of the \$1,765) she should have been paid, resulting in an overcharge to the grant of \$265⁸ for the pay period. The PAF that covered this pay period, which was effective October 1, 2006, indicated that 16.5 percent of the employees' salary was to be charged to the grant funds, and showed 60 percent employee effort, which would result in 10 percent (60 percent multiplied by 16.5 percent) of her salary being paid from the grant funds.⁹

We reviewed the employee's grant salary charges for the entire FY 2007, and found that the employee's salary was paid from grant funds at a rate of 25 percent for the entire year.¹⁰ The employee's PAF from an earlier period indicated that 25 percent of her salary (at 60 percent effort) was to be paid from the grant funds. The Executive Director of Finance informed us that due to a clerical error, the change in split was not updated in the bi-weekly payroll distribution system. She further stated that the certifying supervisor did not initiate redistribution actions since they thought the erroneously input data was correct and the difference in the amount was not significant per pay period. However, this error would have been found if GU had an adequate process in place to certify and verify personnel costs charged to the Federal grants (at least every six months). Furthermore, since confirmations were not completed at least every six months, this error was not caught during the fiscal year. Although PAFs may have been prepared more frequently, they were mainly for salary adjustments and changes in work status, and as stated above, the form did not indicate percentage of effort worked.

⁵ The grant was the Rehabilitation Engineering Research Center on Hearing Enhancement grant.

⁶ The grant budget indicated that the employee was to give 10 percent effort on grant activities (based on a full time equivalent) and 10 percent of her salary was to be paid from grant funds. The employee was 60 percent of a full-time equivalent employee.

⁷ GU stated that the employee worked four hours per week on grant activities, and that the four hours worked would have reflected the 10 percent effort (4/40) for a full-time FTE that was included in the grant budget. Therefore, GU believes that 16.5 percent (4 hours/24 hours worked) of the employee's salary should have been charged to the grant (resulting in an 8.5 percent overcharge to the grant instead of the 15 percent noted in the finding). However, GU's payroll register for the two week pay period (and the entire year) showed that the employee worked 12 hours (25 percent of her time) on grant activities. We could not verify the number of hours worked by the employee because GU did not have an adequate certification and verification process, as noted.

⁸ The \$265 figure was obtained by rounding up the difference of \$441.36 - \$176.54.

⁹ This is calculated as follows: 16.5 percent of \$1,765, which equates to \$291.23; 60 percent of \$291.23, which equates to \$175.

¹⁰ This resulted in a total overcharge to the grant of \$7,059 for the fiscal year.

Lack of sufficient time and effort certifications may result in inadequately supported or incorrect payroll, fringe benefits, and related indirect costs being charged to the grant funds. The verification and review of employees' time and effort with the amounts paid from Federal grant funding would ensure that Federal grant funds were being spent appropriately.

GU documented and implemented a new time and effort certification process in August 2008, which incorporated verification and confirmation procedures for employee effort.¹¹ However, GU did not have such a process during the audit period.

Recommendation:

We recommend that the Chief Financial Officer and the Assistant Secretary for OSERS, in collaboration with the Assistant Secretary for the Office of Postsecondary Education, require GU to:

- 1.1 Provide supporting documentation to verify that all split funded employees paid from all Department grant funds were paid in accordance with their actual effort, and return any overcharges to the Department or return to the Department the unsupported salary and fringe benefit costs (\$1,050,479) for all split funded employees for the audit period.

GU's Response:

GU disagreed with the finding. GU stated that it was in compliance with Federal regulations and that the University had procedures and practices in place to substantiate personnel costs charged to Federal and other grant funds during the FYs 2006 and 2007 audit period. Although GU disagreed with the finding, University senior management created an action plan to provide further management controls. GU asserted that the action plan will include:

- Effort training courses which will be mandatory for all faculty/staff who direct charge salaries on any sponsored projects;
- Reviewing all currently committed effort on all grants to ensure consistency with the labor distribution system;
- Reviewing the University effort policy to ensure that all the matters in the OIG report are addressed (and communicating any revisions to all university researchers);
- Reviewing of effort commitments by grant principal investigators in cases for which there is a change in faculty/staff appointment status;
- Emphasizing university policies and procedures and verification criteria, and requiring annual effort certification testing in major research departments by GU's internal audit department, including report issuance to senior management; and
- Removing any agreed-upon excess salary from the Department grant for the example cited in the report.

¹¹ We reviewed the activity report and the verification process. Although we did not test this new policy to determine its effectiveness of capturing employee time and effort, based upon our review, both the activity report and the verification process appear to be adequate.

GU also stated that in an effort to, “further show our commitment to ensuring full compliance, the University has voluntarily recertified FYs 2006 and 2007 sponsored effort using the current planned confirmation method.”

GU stated that the University’s Peoplesoft PAF embodied committed activity (effort) on grants and its bi-weekly payroll system was used to certify actual payroll distribution. The PAF would show a line by line payroll amount for each sponsored agreement and show the funding sources for each employee. Supervisors used the PAF in conjunction with the time records for effort certification, providing an after-the-fact confirmation of the effort expended. In combination, these two sources showed a distribution of the percentage of salary and wages charged to the grants. GU further stated that the work performed was verified by the employee, and principal investigators or responsible officials during the bi-weekly payroll period. Supervisors also reviewed the PAF against the bi-weekly payroll records. GU believes that this was a suitable means of verification.

To further show that it had a suitable means of verification of effort, confirmation that the work on the RERC grant (the main Department grant) was being performed, and that this process represented an estimate of the work performed by employees, GU interviewed the Hearing, Speech, and Language Sciences Department Chair who signed/certified the time and effort forms for the RERC grant, as well as the other four Department grants under his department. The Chair stated that he was aware of the work his faculty/staff were responsible for performing and that the staff was carrying out their responsibilities. He also confirmed the usage of time records and PAF records as substantiation. GU also interviewed the Principal Investigator (PI) over the RERC grant. The PI stated that the work scope was being performed satisfactorily and that he had documented such in his progress reports to Department program officers.

GU also stated that the one minor error identified in the report was the result of an erroneously created labor distribution. GU believes that this is not indicative of a systemic problem with the University’s payroll distribution and certification process, but instead it was one isolated clerical error. The change in split was not updated in the payroll distribution system. The certifying supervisors did not initiate redistribution actions since they thought the erroneously input data were correct and the difference in the amount was not significant per pay period. GU stated that its overcharge to the grant differs from the OIG questioned amount of \$265 per pay period. GU believes that there was an overage to the grant of 8.5% or \$150 per pay period. However, GU has transferred the OIG’s calculated overcharge of \$11,465 (\$6,886 wages + \$1,962 benefits + \$2,617 indirect costs) from the grant to a non-sponsored account.

Additionally, GU pointed out that OMB Circular A-21 “Acceptable Methods” requires independent internal evaluations. GU believes that they met this standard since its internal audit function conducted reviews of departments and their usage of the payroll system during the period which cited no deficiencies. GU also asserted that during FYs 2006 and 2007, the University was the subject of “single audit” reviews under OMB Circular A-133 by two separate Certified Public Accounting firms (KPMG LLP and Grant Thornton LLP), but no deficiencies were identified in this area during these audits.

OIG's Response:

Our finding remains unchanged. Based on the criteria cited in the report and the facts in the finding, GU has not shown that during the audit period it had adequate policies and procedures for verifying personnel costs charged to Federal grant funds in full compliance with OMB Circular A-21, Section J.10. We commend GU for proactively recertifying the FYs 2006 and 2007 sponsored effort, however, this was done after the audit period and is not a suitable means to show that GU's process was adequate during the period. The proposed action plan, along with GU's revised time and effort policy, should improve GU's payroll internal controls and assist in ensuring compliance with the Federal requirements.

As stated in the finding, the PAF showed the percentage of funds to be charged to grant funds, not the percent of effort worked. Furthermore, the bi-weekly payroll showed only the number of hours worked per day and not the funding source or the percent of effort worked per funding source. Comparing the time records with the PAF would only provide verification that the employee worked during the pay period and that the correct percent of salary and wages were charged to grant funds. This would not provide an adequate certification and verification of the number of hours actually worked (effort) on the grant.

Determining whether the work performance under the grant was satisfactory was not in the scope of our review, and the adequacy of the work was not specifically questioned by the OIG during the audit. The finding does not state that work on the grants was not performed, nor is that the issue. The issue, as stated, is that time and effort were not adequately certified and verified according to Federal regulations.

OIG's grant overcharge amount for the one employee differs from GU's because GU could not support that the employee worked 4 hours per week on the grant instead of the 2.4 hours (10 percent of 24 hours) that equates to the 10 percent effort the employee was to work on the grant. If GU had an adequate time and effort certification process, the number of hours worked could have been supported. We also disagree with GU's assertion that this was a minor error and an isolated incident. We cannot be sure that it was an isolated incident. The difference in the percent of salary charged to the grant was either 8.5 or 25 percent, neither of which is minor. We commend GU for transferring the grant funds overcharged for the employee into a non-sponsored account; however, the example in the finding provides a basis to show that there could be other examples of grant payroll cost inconsistencies. Therefore, as stated in the recommendation, GU should retroactively review all Department grants to verify that all split funded employees paid from grant funds were paid in accordance with their actual effort.

We acknowledge that there were no time and effort documentation deficiencies noted in GU's prior single audits and internal reviews. However, we do not know the extent of the audit work performed by the accounting firms. Additionally, the internal reviews performed only included three GU departments; just one of which had grant related expenditures. Although payroll was reviewed for this department, it only consisted of a review of the bi-weekly payroll verification worksheet to ensure that it was maintained, properly approved, and dated. As stated in the finding, the worksheet showed only the total hours worked per day, not the percentage of effort worked per funding source.

Finding 2 – Procurement Policies Need Revision and Updating

We found that GU's procurement policy, dated October 15, 2004, and its Purchasing Card Program Guide (the Guide), dated January 2003, were not in line with Federal regulations for record retention. GU's procurement policy did not address a record retention timeframe. The policy only stated that, "Cardholders are required to maintain records and receipts of all transactions."

The procurement policy included purchase card usage standards (including requests, issuance, spending limits, and purchase approval), which represented a significant portion of the policy. The Guide further delineated the purchase card process and was therefore part of the policy for procurement. The Guide instructed cardholders to only, "maintain their records for at least 24 months." Education Department General Administrative Regulations (EDGAR), 34 CFR § 74.53 (b), Retention and Access Requirements for Records,¹² requires, "Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years." In addition, GU's Agreement with the Secretary, Section XIV, Records, A.3., states, "The University shall preserve and make available to the U.S. Government all program and financial records for a period of three years from the date funds are obligated by the University." Furthermore, Federal regulations (34 CFR § 75.730, Records Related to Grant Funds) and GU's Agreement with the Secretary require GU to keep records to show how funds were used and the total costs expended. If the records are not maintained for the required period of time, GU may not have the required information available and be able to meet these requirements. GU was not aware of the 3-year record retention requirement. GU's Procurement policy was last updated in April 2008, but it also did not include a timeline for record retention.

We also found that the Guide indicated a lack of segregation of duties in approval of purchases by unit administrators. Specifically, in the section that discussed the review of the monthly purchase card statement, the Guide stated that, "Unit Administrators must do both [sic] Review and Approve [for] each transaction[s] on their own card account." This section also stated, "By approving the statement, the unit administrator attests that the goods or services were received, appropriate procedures were followed, and that appropriate documentation has been provided."¹³ The Unit Administrator should not be doing all this for his/her own purchases. This directive did not provide for adequate segregation of duties, as required by OMB Circular A-21, Section C.4.d.(2), which states, "The institution's financial management system shall ensure that no one person has complete control over all aspects of a financial transaction." The directive essentially provided one individual with responsibility for the approval of the purchase, the process used, and how the funds would be accounted for. Although, in practice, GU did require supervisor approval for all purchase card transactions; the Guide did not indicate it was required for Unit Administrator purchases.

¹² Administration of Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations.

¹³ GU's procurement policy also stated this.

The Guide has not been updated since 2003. However, GU has informed us that it is in the process of revising the policies and procedures relating to the purchase card program as well as GU's document retention policy.

Recommendations:

We recommend that the Chief Financial Officer and the Assistant Secretary for OSERS require GU to:

- 2.1 Review its policies and procedures and update any requirements regarding record retention to ensure supporting documentation is retained for a period of at least three years; and
- 2.2 Revise its policies to reflect current processes and approval requirements.

GU's Response:

GU agreed with the need to revise its procurement policies. However, GU noted that the Board procurement policy, which was silent on a retention period, is its governing policy, not the Purchase Card Program Guide. Furthermore, GU disagreed with the lack of segregation of duties portion of the finding and pointed out that "the lack of segregation of duties is a perceived deficiency in a user guide, rather than a deficiency in a policy, process or actual practice." GU believes it has appropriate controls in place to meet the requirement of OMB Circular A-21, Section C.4.d.2. GU also stated that policies related to the purchase card program and record retention are being revised.

OIG's Response:

Although the Board procurement policy is GU's governing policy, purchase card usage is a part of that policy, and therefore the Guide, which provides guidance on purchase card usage, is a part of the governing procurement policy. In its current state, the Guide may be misleading to new purchase card users and therefore should be revised to accurately state GU's current policy. GU's planned corrective action should address our recommendations.

OTHER MATTERS

Accounting for the Federal Appropriation

GU did not maintain separate books, records, and documents for the receipt and expenditure of Federally appropriated funds for the period October 1, 2005, through September 30, 2007. GU pooled appropriated funds with other revenue sources to fund the general operations of the University and Clerc Center. Consequently, GU could not provide the universe of transactions expended from its appropriated Federal funds during our audit period.

GU used accounts for departments funded by non-Federal sources (non-discretionary departments) for expenditures deemed unallowable per the EDA. GU's independent public accountant (IPA) was also aware that GU did not break down the costs for the Federal appropriation. In order to test EDA compliance for its audit, whether the expenditure was unallowable per the EDA, the IPA verified that the expenditure was charged to a non-discretionary department account.

For FY 2006, general operating expenditures accounted for \$125,494,341 (81 percent) of GU's \$154,261,580 total expenditures. For FY 2007, general operating expenses were \$112,297,278 of the \$158,529,606 (71 percent) total expenditures.

Although we identified no instances of unallowable items being charged to Federally funded general operating accounts during our audit period, we do not consider GU's method of accounting for the appropriation to sufficiently meet the minimum cost accounting requirements attached to most Federal awards. Furthermore, GU's Agreement with the Secretary for the operation of the Clerc Center indicates that appropriated funds should be accounted for separately. Part XIV (A)(1) of the Agreement states, "[GU] shall maintain separate books, records, documents, and other evidence pertaining to its educational programs and activities and its administrative operations, including documentation of costs and expenses in carrying out this Agreement (herein collectively called 'program and financial records'). Additionally, Part XVI (C) of the Agreement stated, "... [GU] shall apply the same policies that it applies to its other operations, including but not limited to fiscal management." Finally, Part XIX (B) of the Agreement stated, "[GU] shall account for the sum total of all amounts paid to the University.... Upon request, [GU] shall make available relevant records or other evidence, satisfactory to the Secretary, of expenditures of allowable costs."

The OIG recognizes the lack of criteria for how to account for appropriated funds and is addressing this issue with the Department. Although there is no Agreement specifically pertaining to the operations of the University, sufficient criteria exists demonstrating the expectation that appropriated funds should be accounted for separately. The ability to track program related revenues and expenditures and assess program effectiveness are fundamental requirements of most Federal awards.

We suggest that the Assistant Secretary for OSERS work with GU to establish appropriate accounting records for appropriated funds and to close out the records when all Federal funds are exhausted.

GU's Response:

GU disagreed with our suggested change to its method of accounting for federally appropriated funds, stating that "the EDA defines its own compliance and reporting requirements, with which we comply." GU also noted that it complies with the additional reporting requirements for the Clerc Center, as defined in its agreement with the Secretary. GU further stated that it takes great care in exercising its fiduciary duty to manage Federal funds, noting that its Budget Responsibility Policy provides examples of unallowable costs. GU pointed out that general expenses exceeded Federal funding during FYs 2006 and 2007. Furthermore, GU noted that

OMB Circular A-133 audits performed over the last 5 years, by two separate accounting firms noted no deficiencies in this area. GU is open to clarifying reporting requirements with the Department.

OIG's Response:

We reiterate our suggestion that the Assistant Secretary for OSERS work with GU to establish appropriate accounting records for appropriated funds and to close out the records when all Federal funds are exhausted, as this is the standard required for most Federal awards.

Non-Capital Equipment

GU's property management policy provided that items with a unit cost of \$5,000 or more and a useful life of at least five years are inventoried. GU's policy was consistent with OMB Circular A-21, Section J.18., which does not require expendable items (those with a purchase price of less than \$5,000 and a useful life of less than five years) to be inventoried and tracked. However, many highly pilferable items have a purchase price of less than \$5,000 and a useful life of less than five years. For example, our review of expenditures paid with appropriated funds included two computers purchased at a cost of approximately \$2,300 each.

We suggest GU consider revising its property management policy to provide protection for computers and other lower-priced equipment purchased with Federal funds.

GU's Response:

GU noted that its property management policy is in line with Federal requirements but stated it will consider revising the policy to develop additional procedures to safeguard against the misappropriation or theft of such equipment.

Reimbursement of Travel Expenditures

We reviewed eight travel vouchers and noted two instances where employees were not reimbursed in accordance with GU's policy for allowable travel expenditures. One employee was reimbursed at a per diem rate above GU's allowable rate,¹⁴ was reimbursed per diem for two days of travel that was not taken and was also reimbursed for more per diem than she was entitled to for one day. Another employee was improperly reimbursed per diem for the cost of lunch that was included as a part of the training he attended. We also noted that two travel vouchers were not submitted within policy guidelines.

Policies and procedures are a means of internal control and should be followed to ensure proper use of Federal funds. Properly implemented controls provide reasonable assurance that only appropriate transactions are authorized, executed and recorded and any errors are detected

¹⁴ GU stated that the employee used the Federal per diem rate, and that during the time of travel its travel policy was silent on whether an employee could follow the federal per diem rate when it was in excess of the University's stated rate. GU revised its travel policy to state that travel being funded by a federal grant will be eligible for the per diem allowance established by the University.

timely. We suggest that GU take steps to ensure adherence to its policies and procedures for reimbursement of travel expenses to avoid reimbursement of unallowable expenses. GU has provided us with assurance that it is taking steps to strengthen controls around the process of reimbursing employees for travel related expenditures.

GU's Response:

GU generally concurred with the discrepancies in travel reimbursement costs that we identified. However, it disagreed that the \$64 per diem rate paid to one employee was not allowable stating that the use of the Federal per diem rate was allowable under the grant. GU believes there was no overpayment of Federal grant funds. GU stated that it has strengthened controls, including a more thorough review of travel reimbursement forms prior to reimbursement.

OIG's Response:

The OIG reiterates that GU's per diem rate should have been used for the trip in question. OMB Circular A-21, Section J.53.b. states, "Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the institution in its regular operations as the result of the institution's written travel policy." GU did not provide supporting documentation to show that the expenditure in question was exempt from this criteria.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit objectives were to determine if GU had adequate internal controls in place to account for Federal grant funds, and to review expenditures charged to Federal education funds, excluding Title IV Federal student aid, for the period October 1, 2005, through September 30, 2007, to determine if expenses charged were reasonable, allocable, and allowable.

To accomplish our objectives, we reviewed relevant criteria, background information about GU, and reviewed OMB Circular A-133 audit reports for FYs 2004-2006, and GU's internal audit reports conducted in FY 2007. We also reviewed reports from monitoring visits conducted by OSERS during our audit period, and an Office of Inspector General FY 2007 audit report conducted on GU's Title IV program. We interviewed GU administrative staff and personnel about processes related to the scope of our audit and reviewed related policies and procedures, and other documents. In addition, we sampled and tested expenditures paid with non-Title IV Federal funds for compliance with GU's policies and procedures and with Federal regulations.

To test expenditures, we obtained a universe, for each fiscal year, of (1) expenditures charged to general operations, and (2) expenditures charged to non-Title IV Federal grants. We randomly and judgmentally sampled expenditures to determine whether the selected expenditures were reasonable, allocable, and allowable for the audit period. Judgmental sampling was used for

general ledger accounts most appropriate to the types of expenditures that are unallowable per the EDA.

In total, we sampled 231 transactions totaling \$391,602 (this amount includes three adjusting journal entries totaling negative \$114,000 in the FY 07 Appropriation sample) as follows:

Population	Universe Number of Items	Universe Amount	Type of Expense	Sample Number of Items	Sample Amount
Grants FY 06	2,569	\$2,294,943	Non-payroll	25	\$84,077
			Payroll ¹⁵	10	\$2,772
Grants FY 07	3,184	\$2,887,675	Non-payroll	37	\$167,549
			Payroll	10	\$3,015
Sub-total	5,753	\$5,182,618		82	\$257,413
Approp FY 06	139,382	\$125,494,341	Non-payroll	67	\$76,874
			Payroll	10	\$15,320
Approp FY 07	127,330	\$112,297,278	Non-payroll	62	\$31,695
			Payroll	10	\$10,300
Sub-total	266,712	\$237,791,619		149	\$134,189
Totals	272,465	\$242,974,237		231	\$391,602

To achieve our audit objectives, we relied on computer-generated data from GU's PeopleSoft financial database. We tested the completeness of GU's expenditure data by tying back to GU's audited financial statements. We verified the authenticity of computer-generated documents by comparing them to source documents. Based on the comparisons, we concluded that the computer-generated data was sufficiently reliable for the purpose of our audit.

We performed our fieldwork at GU's location in Washington, D.C., in March through May 2008. We held an exit conference with GU officials on February 19, 2009. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

ADMINISTRATIVE MATTERS

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of the Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

¹⁵ Our review of payroll expenditures included salary and fringe benefit costs.

If you have any comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department officials, who will consider them before taking final Departmental action on this audit:

Thomas Skelly
Acting Chief Financial Officer, Office of the Chief Financial Officer
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Andrew J. Pepin
Executive Administrator
Delegated the Authority to Perform
the Functions and Duties of the
Assistant Secretary, Office of Special Education and Rehabilitative Services
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Daniel T. Madzelan
Delegated the Authority to Perform
the Functions and Duties of the
Assistant Secretary, Office of Postsecondary Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

It is the policy of the U.S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be appreciated.

In accordance with the Freedom of Information Act (5 USC § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

Sincerely,

/s/

Bernard Tadley
Regional Inspector General for Audit

Attachments

GALLAUDET



UNIVERSITY

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KENDALL GREEN
800 FLORIDA AVENUE, NE
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March 19, 2009

Bernard Tadley
Regional Inspector General for Audit
Office of Inspector General
United States Department of Education
The Wanamaker Building
100 Penn Square East, Suite 502
Philadelphia, PA 19107

Re: Response to the Draft Report of Gallaudet University's Internal Control Over
Federal Education Funds Audit (ED-OIG/A03I0009)

Dear Mr. Tadley:

Please find enclosed our detailed responses, with supporting documentation, to the U.S. Department of Education, Office of the Inspector General's (OIG) report of findings dated February 26, 2009 relating to the audit entitled Gallaudet University's Internal Control Over Federal Funds which covered fiscal years 2006 and 2007. We respectfully request that the University's written responses on the reported findings and recommendations are noted and considered in the final report and subsequent program determinations.

We appreciate the Office of the Inspector General's recognition that the University "had adequate internal controls in place to account for federal education funds, and the expenditures charged to federal education funds (excluding Title IV federal student aid) were reasonable, allocable, and allowable." The University takes great pride in exercising our fiduciary duty to prudently manage our appropriated federal funds and our sponsored grant awards. We also recognize and take great care to ensure full compliance with all appropriate governing legislation and regulations.

We are most surprised by the inclusion of \$1M of questioned costs referenced in Finding No. 1 as we strongly believe that our processes relating to payroll distribution and verification were in compliance with all federal regulations including OMB Circular A-21 Section J10. In our response, we include a detailed analysis of how the University complied with all aspects of the requirements of OMB Circular A-21 Section J10. While the University firmly disagrees with the OIG's position, we have already voluntarily and proactively recertified fiscal 2006 and 2007 sponsored effort. Furthermore, we had

already augmented our policies and procedures in this area during fiscal 2008. The OIG explicitly noted in their draft report that this improved method appeared adequate. In addition, this position has been confirmed by our external auditors during our fiscal 2008 OMB Circular A-133 single audit review. Thus, while we disagree that our personnel costs were not adequately documented in fiscal 2006 and 2007, our revised process has received independent verification that it is operating effectively and well documented. We believe this issue has been resolved.

The University appreciates the observations of the OIG in helping fine tune policies and procedures already in place to ensure continued compliance. Below are our detailed responses to the preliminary findings and recommendations noted in audit report.

Sincerely,

[Redacted Signature]

Robert R. Davila
President

cc: [Redacted] President, Administration and Finance, Gallaudet University
[Redacted] Executive Director, Finance, Gallaudet University
[Redacted] Department of Education, Office of Inspector General
[Redacted] U.S. Department of Education, Office of Inspector General
[Redacted] Department of Education, Office of Inspector General

University Response to Findings

Response to Finding No. 1 – Personnel Costs were not Adequately Supported

Summary

Gallaudet University (the University) disagrees that we were not in full compliance with OMB Circular A-21 (A-21), section J10 for appropriate record keeping on federal grant personnel costs. In the period under review, the University had adequate procedures and practices in place to substantiate personnel costs charged to federal grant funds. The University followed the method defined in A-21 as "After-the-fact Activity Records."

While the University disagrees our prior method did not fully comply, during 2008 the University improved its system by moving to the more traditionally used A-21 "Plan Confirmation" method to augment controls as well as policies and procedures. This new method was noted by the Office of the Inspector General (OIG) as appearing satisfactory and was tested in detail during our fiscal 2008 OMB Circular A-133 "Single Audit" review by our Certified Public Accounting firm. No OMB Circular A-21 issues were noted in this OMB Circular A-133 review. To further show our commitment to ensuring full compliance, the University has voluntarily recertified fiscal 2006 and 2007 sponsored effort using the current planned confirmation method and created an action plan to ensure future effort certifications remain in compliance. We are confident this documentation issue has been resolved.

The OIG identified one minor example where a portion of an employee's payroll was improperly charged to the grant. This instance involved an unusually complex situation where the original budget proposed the employee's effort on a full-time equivalent; however, the employee subsequently became a 60% appointment. As a result of a clerical error, the labor distribution for this employee was created erroneously. This is not indicative of a systemic problem with the University's process; instead it was one isolated clerical error. Our calculation of the overage differs from the OIG's cited \$265 per pay period; however we have transferred the OIG's questioned amount from the grant to a non-sponsored account.

We provide below a detailed response to the Report citations in Finding No. 1.

University Procedures and Practices in Place

In compliance with federal regulations, the University had procedures and practices in place to substantiate personnel costs charged to federal and other grant funds during the fiscal year 2006 and 2007 audit period. These encompassed proper means to certify the activities of employees whose salaries were funded by multiple sources and that the work was performed. Also, the process verified that the distribution of activity charges for services performed by employees was accurate. Therefore, the University method in place at that time of using the combination of Personnel Action Forms (PAF) and bi-weekly Payroll records met federal requirements as an adequate means of time and effort certification.

During the fiscal year 2006 and 2007 period, the University complied with OMB Circular A-21 by using the "After-the-fact Activity Records" method (section J10c2). Specifically, the University employed its bi-weekly time records, as allowed by federal regulations (section J10c2f):

"Where the institution uses time cards or other forms of after-the-fact payroll documents as original documentation for the payroll and payroll charges, such documents shall qualify as records for this purpose, provided that they meet the requirements in subsections J10c2a through J10c2e."

We provide below a description of how the University Payroll Distribution system ("Effort Certification") specifically met the requirements in the cited "a" through "e" subsections.

As required by subsection "a", the University system properly reflected the distribution of activity expended by employees covered by the system. Specifically, the University Peoplesoft Personnel Action Form (PAF) embodied committed activity ("effort") on grants and all other activities and the University bi-weekly Payroll system was used to certify actual payroll distribution, or to identify any necessary changes to employee activities.

To comply with subsection "b", the University reports reflected an after-the-fact reporting of the percentage of distribution of activity of employees. As previously stated, the University Peoplesoft Personnel Action Form (PAF) embodied committed activity ("effort") on grants and all other activities. The OIG report states that the "PAF is a before-the-fact estimate of funding, based on the budget." However, we need to clarify that the PAF is the source document input to the University Labor Distribution system. Therefore, this would show a line-by-line payroll amount for each sponsored agreement and non-sponsored account from which employees were paid during any given effort certification cycle. In turn, the PAF would show the funding sources for each employee. Supervisors used the PAF in conjunction with time records for effort certification purposes providing for an after-the-fact confirmation of the effort expended. In combination, these two sources showed a distribution of the percentage of salary and wages charged to sponsored agreements; and, these two were utilized during the effort certification process.

Also, for subsection "b", the University's process involved charges made initially on estimates made before services were performed, and the prompt adjustment of charges if significant differences were identified. For changes, the policy and procedures were for supervisors to review the PAF against bi-weekly payroll and, as necessary, contact the payroll department to request a change in payroll distribution. Also, grant principal investigators reviewed salary charges to their sponsored agreements and also initiated any necessary payroll distribution changes.

In terms of subsection "c", the University's procedures included reports that reasonably reflected activities for which employees were compensated and confirmed that the work was performed during the bi-weekly payroll period. This verification was performed by employees, principal investigators or responsible official(s) with a suitable means of verification. Specifically, supervisors with direct first-hand knowledge of employee activities reviewed PAF documents against bi-weekly payroll records. For necessary changes, supervisors contacted the payroll department to request a change in distribution.

The University also met subsection "d" requirements that the system reflect activity applicable to each sponsored agreement and to each category needed to identify F&A costs and associated functions. In this case, the PAF and bi-weekly payroll reports included all accounts and, therefore, activities.

Finally, for subsection "e", the University's bi-weekly system exceeded the requirement that, for professorial and professional staff, activity reports should be prepared each academic term, but no less frequently than every six months. For other employees this requirement is no less frequently than monthly.

For clarification, we include Attachment I showing specifically how the University system in place during 2006 and 2007 met all required federal standards. Additionally, this delineates how the institutional practices meet the A-21 "Criteria for Acceptable Methods" (A-21, section J10b1).

Of special note, the A-21 "Acceptable Methods" requires independent internal evaluations. The University met this standard since its Internal Audit function conducted reviews of departments and their usage of the payroll system during the period. The University furnished Office of Inspector General (OIG) staff with copies of these reports, which cited no deficiencies.

Additionally, during fiscal year 2006 and 2007 the University was the subject of "Single Audit" reviews under OMB A-133 by two separate Certified Public Accounting firms (KPMG LLP and Grant Thornton LLP), but no deficiencies were identified in this area during these audits.

Compliant Certification Procedures in Place

We interviewed the Hearing, Speech, and Language Sciences Department (HSLs) Chair who signed/certified the time and effort forms for the main U.S. Department of Education grant Rehabilitation Engineering Research Center on Hearing Enhancement (RERC) as well as the other four U.S. Department of Education grants under his department. These five grants represent approximately \$950,000 of our \$1.4 million of total grant payroll for the fiscal years 2006 and 2007.

The chair advised us that he was aware of the work his faculty/staff were responsible for performing and that they were carrying out their responsibilities. The chair confirmed his understanding of the effect of his signature on the PAF and the timesheets in terms of the A-21 requirement. Also, he confirmed the usage of time records and PAF records as substantiation. The chair also confirmed that the procedure for reflecting revised effort distribution is the generation of a new PAF, and if the PAF was retroactive a cost transfer would be processed to adjust the charges to ensure consistency with the PAF. It should be noted that this is a small department of approximately 12 researchers in which the Chair knew what his staff and faculty were working on and the project results.

Therefore, a responsible and knowledgeable official with suitable means of verification was confirming that the work on this main grant was performed and that this process represented an estimate of the work performed by employees.

Satisfactory Performance of Scientific Work Scope

We also interviewed the Principal Investigator (PI) over the RERC grant and inquired about the performance of work on this grant.

The PI advised us that the work scope was being performed satisfactorily and that he had documented such in his Progress Reports to U.S. Department of Education Program officers. For example, we include here the Progress Report for the RERC for the time period 06/01/06 to 05/31/07 (Attachment II). The PI provided email documentation that the Program officer

reviewed his report (Attachment III). Also, the USDE Program Officer issued a subsequent year award following the submission of the annual Progress Report indicating that the Program Office was satisfied with the work performed.

It is our understanding that subsequent renewal awards in the same area are also considered a reflection of the institution and project director's satisfactory performance of scientific work. In September 2008, the RERC project was awarded another five year U. S. Department of Education award totaling \$4.7 million (Attachment IV). Also, attached is a list of awards issued to the project director during and subsequent to the audit period which reflect that the project director's programmatic performance met all expectations and contributed to the advancement of understanding within the field (Attachment V).

Additional Example Added within Revised OIG Draft Report

The report notes a second example for one employee with "20 percent effort and 35 percent salary."

We greatly appreciate your considering our response, detailing our reviews of proposal/award documents, the notice of award and associated time & effort reports. We appreciate your February 6, 2009 correspondence clarifying that this does not reflect an issue/finding.

Single Identified Deficiency Case

The OIG report did identify one example for which an employee had not charged a grant properly. However, this involved a complex condition in which the federal sponsor request of proposal cited the need for an activity/effort commitment on a full-time equivalent (FTE) basis rather than the standard person-months or effort percent basis. Further complicating this matter, the employee was on a sixty percent (60%) appointment.

As a result of a clerical error, the labor distribution for this employee was created erroneously. However, this is not indicative of a systemic problem with the University's payroll distribution and certification process, which met all A-21 requirements as demonstrated above.

While the University PAF was properly completed, the change in split was not updated in the bi-weekly payroll distribution system. The certifying supervisors did not initiate redistribution actions since they thought the erroneously input data was correct and the difference in the amount was not significant per pay period.

Also, our calculations (Attachment VI) show an overcharge amount which differs from the OIG cited amount of \$265 per pay period. As stated above, the proposal cited the activity/effort on a FTE basis which was 10%. The employee was a 60% appointment and thus the activity/effort basis needed to be adjusted to 16.5%. According to the grant Primary Investigator, the employee owed the grant 10% FTE but worked a 60% or 24 hour week appointment. That would translate into 4 hours per week (10% of 40 hours is 4 hours) and 16.5% (4 hours/24 hours). The grant should have been charged 16.5% or \$291 per pay period but due to the clerical error the prior split of 25% or \$441 was not updated. The overage to the grant was 8.5% or \$150 per pay period. While we disagree with the higher amount cited by the OIG, we have transferred the OIG's calculated overcharge of \$11,465 (\$6,886 wages + \$1,962 benefits + \$2,617 indirect costs) from the grant to a non-sponsored account.

University Action Plan

The University Effort Certification process met federal regulations during the fiscal 2006 and 2007 period. As we have discussed with OIG staff, the University improved its system during 2008 by moving to the OMB A-21 "Plan Confirmation" method to augment controls as well as policies and procedures over salary and wages charged to sponsored agreements.

We appreciate the report footnote #11 noting that our "Plan Confirmation" method appears adequate. During our fiscal 2008 annual OMB Circular A-133 review, our Certified Public Accounting firm specifically performed detailed test work on our Effort Certification process and noted no issues.

We also appreciate and share the OIG's position that Effort Certification is mandatory and of the highest priority. University senior management fully recognizes the importance of full compliance with federal requirements over sponsored agreements.

While we disagree the University was not in full compliance with OMB A-21, we have prepared and recertified fiscal 2006 and 2007 effort using the planned confirmation method for the five HSLS grants which total approximately \$950,000 of payroll costs. The reports have been reviewed and signed by a responsible official with suitable means of verification. The reports contain sensitive information and will thus be available upon request.

Additionally, University senior management will implement the following Action Plan and steps as further management controls:

- Conducting further Effort Training courses which will be mandatory for all faculty/staff, who direct charge salaries on any sponsored projects
- Emphasizing with certifying faculty/staff the A-21 requirements, University policies/procedures and criteria for suitable means of verification
- Reviewing all currently committed Effort on all grants to ensure consistency with the labor distribution system
- Reviewing the University Effort Policy to ensure all the matters in the OIG report are addressed and communicating any policy revisions to all university researchers
- Requiring that the University Internal Audit department conducts annual Effort Certification testing in the major research departments, including report issuance to senior management
- Creating a control mechanism by which effort commitments are reviewed by grant principle investigators in cases for which there is a change in faculty/staff appointment status
- Removing any agreed-upon excess salary from the U.S. Department of Education grant for the one example cited above

Response to Finding No. 2 – Procurement Policies Need Revision and Updating

Summary

The University agrees with the need to revise our procurement documentation; however, we disagree with the lack of segregation of duties portion of this finding. Since the time under audit, we have updated our procurement documentation. Our responses to each of the issues are summarized below:

Retention Period for the Purchase Card Program

Although the Purchase Card Program Guide (Guide) summarizes procedures to be followed by cardholders specific to the Purchasing Card Program, the Guide is not our governing policy. Our governing policy is the Board Procurement Policy (see Attachment VII), which is silent on a retention period but states that cardholders are required to maintain records and itemized receipts of all transactions.

Furthermore, as evidenced by the results of the audit, documentation is maintained in excess of the 24-month period referenced in the Guide. The OIG only found one instance in which we were unable to provide documentation for a purchase of approximately \$300. We are currently revising our policies and procedures relating to the Purchase Card Program and our document retention policy.

Segregation of Duties in Approval of Purchases by Unit Administrators

This finding relates to a perceived deficiency in a user guide, rather than a deficiency in a policy, process or actual practice. Although the Guide states that the "Unit Administrators must both Review and Approve each transaction on their own card account" this only refers to the review of Purchase Card Program transactions through a third party system. Various other preventative and detective controls exist prior to purchases being posted to the general ledger. Examples of these controls include:

- Each cardholder, including the Unit Administrators, has spending limits assigned to his/her card in accordance with each individual's signature authority.
- A supervisor, as well as the cardholder, is notified by email when activity is posted to the cardholder's account.
- The cardholder and supervisor can review activity online throughout the month.
- At month end, paper statements are sent to the departments detailing each transaction.
- All transactions are subject to review by the Contracts & Purchasing department on a monthly basis prior to transactions being posted to the general ledger.

In addition, various analytical procedures are performed by the Finance department subsequent to transactions being posted to the general ledger.

As these controls are established and executed among a variety of individuals and departments, the University has appropriate controls in place to meet the requirement per OMB Circular A-21, C.4.d. that an "institution's financial management system shall ensure that no one person has complete control over all aspects of a financial transaction."

Response to Other Matters:

Accounting for the Federal Appropriation

The OIG's report states that they do not believe that the University's method of accounting for the appropriation sufficiently meets the minimum cost accounting requirements attached to most federal awards. Unlike federal grants, the federal appropriation is a direct appropriation from the U.S. Congress under the authority of the Education of the Deaf Act (EDA). The EDA defines its own compliance and reporting requirements with which we comply.

While there is no requirement per the EDA for the University to separately track revenues and related expenses for Federally appropriated funds, we take great care in exercising our fiduciary duty to prudently manage such funds. During both fiscal years 2006 and 2007, our general expenses exceeded the Federally appropriated funds. To foster a culture of awareness, the Board Budget Responsibility Policy (Attachment VIII) is available online and lists examples of unallowable costs. We also provide training to all our budget unit heads and support staff to set expectations for managing their budget in accordance with University priorities and the EDA. In addition, we have implemented appropriate controls to monitor and track unallowable costs, which include establishing a specific department within each division to charge any such costs.

By agreement with the Department of Education liaison, our external auditors annually perform additional agreed upon procedures to ensure compliance with the EDA. Over the past five years, the University was the subject of "Single Audit" reviews under OMB Circular A-133 by two separate Certified Public Accounting firms (KPMG LLP and Grant Thornton LLP), but no deficiencies have been noted in this area.

We recognize that additional reporting requirements exist for the operation of the Clerc Center in compliance with the University's agreement with the Department of Education. We believe that we comply with these additional requirements and have worked with the Department of Education to develop appropriate reporting processes. These processes are also reviewed annually during our OMB A-133 audit with no deficiencies noted. These processes include:

- Expenses allocated directly to the Clerc Center are tracked by budget unit and are clearly assignable to educational, administrative, and other purposes. This is reported annually in our audited financial statements.
- That portion of expenses allocated to centralized services is allocated by a formula, known to the Department of Education, among the following areas: academic support, student services, institutional support, and maintenance and operation of the physical plant. This is reported annually in our audited OMB Circular A-133 report.
- Also, by agreement with the Department of Education, the total expenses for the Clerc Center are broken down into the following two categories: national mission programs and school operations. This breakdown is reported annually in our audited OMB Circular A-133 report.

Furthermore, as noted by the OIG, there were no instances of unallowable items being charged to Federally funded general operating accounts during the audit period. We are open to clarifying reporting requirements with the Department of Education.

Non-Capital Equipment

As documented by the OIG, our policy is consistent with OMB Circular A-21. We will consider revising our property management policy to develop additional procedures to safeguard against the misappropriation or theft of such equipment.

Reimbursement of Travel Expenditures

Summary

We agree there were a few instances of overpayment related to per diem reimbursement which approximated \$145. Since the time under audit, we have strengthened controls including a more thorough review of travel reimbursement forms prior to reimbursement. Our responses to each of the issues are summarized below:

Reimbursement of Per Diem Using the Federal Rate of \$64 per Day

The employee followed the Federal per diem rate for the applicable city as allowable under the Federal grant. The employee clarified with the Office of Sponsored Programs, which negotiated the Federal grant budget, that it was allowable to follow Federal per diem rates. Subsequent to the period in question, we revised our Board Travel Policy (see Attachment IX) to state that travel being funded by a Federal grant will be eligible for the per diem allowance established by the University. There was no overpayment of funds pursuant to Federal grants.

Reimbursement of Per Diem for Two Extra Days

A clerical oversight occurred when the employee recalculated the amount to reimburse the grant relating to per diem. When the employee requested a travel advance, the employee expected to be traveling for 8 days. The business travel was subsequently reduced to 6 days, and the per diem amount should have been adjusted accordingly. The total amount of overpayment was \$128.

Reimbursement of a Full Day of Per Diem

The OIG's report states that the employee received a full per diem on the first day of travel though travel began after 9am. We agree with this finding, which resulted in an overpayment of approximately \$6. Since the time under audit, we have strengthened controls including a more thorough review of travel reimbursement forms prior to reimbursement.

Reimbursement for a Conference Lunch

Our general practice is to advance estimated expenses to the employee prior to travel. Subsequent to travel, the employee reimburses the University when the original travel advance exceeds the actual expenses incurred. In this instance, there was one lunch covered by the seminar in which the employee received advanced payment of approximately \$8 which was not reimbursed to the University.

Gallaudet University
Response to Finding No. 1 – “Personnel Costs were not Adequately Supported”
Compliance with OMB Circular A-21 “After-the-Fact Activity Records” Methodology

<i>A-21, section J10c2 “After- the-fact Activity Records”</i>		<i>Federal Requirements</i>	<i>Gallaudet University System in Place during 2006 and 2007</i>
<i>J10c2a</i>	Activity report reflect the distribution of activity expended by employees covered by the system		Personnel Action form (PAF) in Peoplesoft would reflect expected distribution and Peoplesoft would reflect the actual payroll distribution
<i>J10c2b</i>	Reports reflect after-the-fact reporting of the percentage distribution of activity of employees. Charges may be made initially on the basis of estimates made before the services are performed, provided that such changes are promptly adjusted if significant differences are indicated by activity records		PAF in Peoplesoft would reflect expected distribution; and, for changes, supervisors contact payroll department to request a change in distribution; also, GU permits reasonable short-term fluctuations; also, principal investigators review salary charges to their grants and would initiate any necessary payroll distribution changes
<i>J10c2c</i>	Reports will reasonably reflect the activities for which employees are compensated by the institution. Records will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed.		Supervisors with direct first-hand knowledge verify payroll time for prior two weeks; for changes, supervisors contact payroll department to request a change in distribution; responsible officials used the University Personnel Action Form (PAF) showing committed activity (“effort”) on grants and all other activities in conjunction with the University bi-weekly Payroll system to certify actual payroll distribution and that the work was performed
<i>J10c2d</i>	System will reflect activity applicable to each sponsored agreement and to each category needed to identify F&A costs and the functions to which they are allocable.		PAF embodies all activities and accounts

Gallaudet University
Response to Finding No. 1 – “Personnel Costs were not Adequately Supported”
Compliance with OMB Circular A-21 “After-the-Fact Activity Records” Methodology

<p><i>A-21, section J10c2 “After-the-fact Activity Records”</i></p> <p>Federal Requirements</p>		<p>Gallaudet University System in Place during 2006 and 2007</p>
J10c2e	<p>For professorial and professional staff, the reports will be prepared each academic term, but no less frequently than every six months.</p> <p>For other employees, unless alternate arrangements are agreed to, the reports will be prepared no less frequently than monthly and will coincide with one or more pay periods.</p>	<p>Supervisors with direct first-hand knowledge verify payroll time for prior two weeks; for changes, supervisors contact payroll department to request a change in distribution</p>
J10c2f	<p>Where the institution uses time cards or other forms of after-the-fact payroll distribution as original documentation for payroll and payroll changes, such documents shall qualify as records for this purpose</p>	<p>University used PAF and payroll verification during each two week period</p>

Gallaudet University
Response to Finding No. 1 – “Personnel Costs were not Adequately Supported”
Compliance with OMB Circular A-21 “After-the-Fact Activity Records” Methodology

<i>A-21, section J10b2 “Criteria for Acceptable Method”</i>		<i>Federal Requirements</i>	<i>Gallaudet University System in Place during 2006 and 2007</i>
<i>J10b2a</i>	Payroll distribution system incorporated in the official records of the institution		Included within Peoplesoft payroll system
<i>J10b2b</i>	Payroll distribution system reasonable reflects the activity for the employee was compensated by the institution		PAF in Peoplesoft would reflect expected distribution and Peoplesoft would reflect the actual payroll distribution
<i>J10b2c</i>	Encompasses both sponsored and all other activities on an integrated basis		Yes, PAF shows 100% activity
<i>J10b2b</i>	Recognizes principle of after-the-fact confirmation		Supervisors with direct first-hand knowledge verify payroll time for prior two weeks; for changes, supervisors contact payroll department to request a change in distribution
<i>J10b2c</i>	Allow confirmation of activity to each sponsored agreement and each of the categories of activity needed to identify F&A costs		PAF embodies all activities and accounts
<i>J10b2d</i>	Payroll distribution may reflect categories of activities expressed as a percentage distribution of total activities		PAF has this by percentages
<i>J10b2e</i>	Direct and F&A charges may be made initially to sponsored agreements on the basis of estimates; significant changes entered into payroll system		For changes, supervisors contact payroll department to request a change in distribution; also, GU permits reasonable short-term fluctuations; also, principal investigators review salary charges to their grants and would initiate any necessary payroll distribution

Gallaudet University
Response to Finding No. 1 – “Personnel Costs were not Adequately Supported”
Compliance with OMB Circular A-21 “After-the-Fact Activity Records” Methodology

<i>J10b2f</i>	Independent internal evaluations to ensure system's effectiveness and compliance	changes University Internal Audit reviewed departmental payroll processes during the period Also, A-133 auditors reviewed controls and effectiveness over the payroll system during this period and noted no deficiency findings
---------------	--	--

Gallaudet University
Response to Finding No. 1- "Personnel Costs were not Adequately Supported"
Attachment III

[REDACTED]

From: [REDACTED]
Sent: Wednesday, July 25, 2007 2:57 PM
To: [REDACTED]
Subject: RE: APR follow-up: Gallaudet

ok thanks

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, July 25, 2007 2:13 PM
To: [REDACTED]
Subject: RE: APR follow-up: Gallaudet

Very good. The number is [REDACTED]
I'll be here at my desk at 10...

Talk with you then,

-- [REDACTED]

From: [REDACTED]
Sent: Wednesday, July 25, 2007 11:31 AM
To: [REDACTED]
Subject: RE: APR follow-up: Gallaudet

great thanks, I'll call you then - what number?

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, July 25, 2007 11:14 AM
To: [REDACTED]
Subject: Re: APR follow-up: Gallaudet

Hi, Bonnie:

Yes, will tomorrow morning at 10:00 AM be okay?

[REDACTED]

On 7/25/07, [REDACTED] wrote:



Hi [REDACTED]
I am reviewing your APRs for the FIP and RERC. Are you available later today, tomorrow or Friday to chat?

[REDACTED] MA, MSW
U.S. Department of Education

1/28/2009

Page 2 of 2

Gallaudet University
Response to Finding No. 1- "Personnel Costs were not Adequately Supported"
Attachment III

Office of Special Education and Rehabilitative Services
National Institute on Disability and Rehabilitation Research
Potomac Center South
550 12th Street, S.W .
Washington, D.C. 20202
(202) 245-7358 (Voice)
(202) 260-8859 (TTY)
(202) 245- 7643 (Fax)

[REDACTED]
Associate Professor, Dept. of Hearing, Speech and Language Sciences
Director, Rehabilitation Engineering Research Center on Hearing Enhancement
Gallaudet University
800 Florida Avenue, NE
Room MTB 116
Washington, DC 20002
(202) 651-5335 (Office)
(202) 651-5324 (Fax)

[REDACTED]
www.hearingresearch.org

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1/28/2009

Page 1 of 2

Gallaudet University
Response to Finding No. 1- "Personnel Costs were not Adequately Supported"
Attachment III

[REDACTED]

From: [REDACTED]
Sent: Friday, July 27, 2007 3:55 PM
To: [REDACTED]
Subject: RE: FIP Grant # H133G060036 - An automatic fitting algorithm for cochlear implants



Matt- Good talking with you today and again, many thanks for your helpful clarifications.

[REDACTED]

-----Original Message-----

From: [REDACTED]
Sent: Friday, July 27, 2007 3:38 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: FIP Grant # H133G060036 - An automatic fitting algorithm for cochlear implants

Dear [REDACTED]

This is the first of a couple of follow-up emails to you regarding our discussion yesterday about the APRs for the above-referenced project. In addition, we discussed the RERC on Hearing Enhancement, Grant # H133E030006.

Because you have recently taken over as project officer on our research programs, I am happy to have this opportunity to update you on the FIP project referenced above.

Background:

The goal of this project is to design and evaluate an automatic cochlear implant fitting procedure based on paired comparisons of speech clarity and quality made by the user of the implant.

Status:

The grant was proposed on February 6, 2006, and awarded on October 1 of the same year. The key personnel included me as Principal Investigator (PI), [REDACTED] as co-PI, [REDACTED] as consultant, and [REDACTED] as Research Specialist.

Shortly before the grant was awarded, [REDACTED] left Gallaudet University to take a position in industry in California. Over the next few months, we proceeded with the work while seeking, with the advice of our consultant, [REDACTED] a replacement for [REDACTED]. [REDACTED] was identified as a very strong candidate, and he agreed to serve on the grant as a consultant, taking over some of [REDACTED] primary responsibilities. A brief CV for [REDACTED] is attached to this email.

It is still necessary for us to have some engineering support on the project, and we are now seeking to hire a part time engineer to fill that role. We have some leads and possibilities and expect to be able to have that position in place by this Autumn.

A second personnel action took place in July, when [REDACTED] resigned from her position as research specialist. We are currently replacing [REDACTED] with [REDACTED].

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Gallaudet University
Response to Finding No. 1- "Personnel Costs were not Adequately Supported"
Attachment III

[REDACTED], who will take up her responsibilities on or about Monday, July 30, 2007. [REDACTED] CV is also attached to this email.

In summary, we now have an almost full contingent of personnel on the project, and we expect to be able to fill the remaining engineering position by October 1, 2007.

The primary staffing now consists of:

Principal Investigator:	[REDACTED]	10% FTE
Engineering Consultant:	[REDACTED]	4 hours/week
Cochlear Implant Consultant:	[REDACTED]	1 hour/week
Research Audiologist:	[REDACTED]	50% FTE
Engineer/Programmer:	To Be Hired	16 hours/week

It is important to note that while these changes have somewhat delayed our desired accomplishments of the first year, we are nevertheless within the time lines approved in the grant application.

I hope that this clarifies the picture for you.

Thank you for your interest in our research program and for your continuing support on this project.

Yours truly,

[REDACTED]

[REDACTED]
Associate Professor, Gallaudet University
Department of Hearing, Speech and Language Sciences
Director, Rehabilitation Engineering Research Center (RERC)
on Hearing Enhancement
800 Florida Avenue, NE, MTB 116
Washington, DC 20002
(202) 651-5335 (V/TTY)
(202) 651-5324 (Fax)

[REDACTED]
www.hearingresearch.org

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1/28/2009

Gallaudet University
Response to Finding No. 1- "Personnel Costs were not Adequately Supported"
Attachment IV



OFFICE OF SPONSORED PROGRAMS
(202) 651-5401 (V/TTY)
(202) 651-5792 FAX

KENDALL GREEN
800 FLORIDA AVE. NE
WASHINGTON, DC 20002-3695

September 2, 2008

[REDACTED] Project Director
Department of Hearing, Speech, and Language Sciences
SLCC3201

grt #2222 + CS#1681
ED/RERC Hearing
Enhancement 9/13

REF: U.S. Department of Education Award No. H133E080006: "*Rehabilitation Engineering
Research Center on Hearing Enhancement*"

Dear [REDACTED]

Congratulations on receiving funding for the above referenced project with the U.S. Department of Education. This funding is from October 1, 2008 and ends September 30, 2013; the funding amount is \$4,749,752. By copy of this letter I am notifying [REDACTED] Grants Accountant (ext. 5273 V/TTY), of your award.

As Project Director, you are expected to be informed of the requirements set forth in the formal award documents. It is recommended that you review the terms and conditions carefully. Should you have any questions, both this Office and the Controller's Office are available to assist you. On behalf of [REDACTED] Dean, the Graduate School and Professional Programs, and the staff of the Office of Sponsored Programs, I wish to congratulate you on receiving this award.

Sincerely,

[REDACTED]

Director, Office of Sponsored Programs

cc: [REDACTED] Dean, Graduate School and Professional Programs
[REDACTED] Grants Accountant, Accounting Department

Gallaudet University
Response to Finding No. 1- "Personnel Costs were not Adequately Supported"
Attachment IV



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE CHIEF FINANCIAL OFFICER
& CHIEF INFORMATION OFFICER

July 3, 2008

[REDACTED]
Gallaudet University
Hearing Speech Lang. Sciences GSPP
800 Florida Ave., NE
Dawes House, 3rd Floor
Washington, DC 20002

SUBJECT: Payee Verification for Grant Award H133E080006

This is to inform you of the payee for the above listed grant award issued by the United States Department of Education.

Grantee DUNS/SSN: 003259439

Grantee Name: Gallaudet University
Hearing Speech Lang. Sciences GSPP

Payee DUNS/SSN: 003259439

Payee Name: Gallaudet University

If any of the above information is not correct, please contact a Payee Customer Support Representative at 1-888-336-8930. Please send all correspondence relating to payee or bank information changes to the following address:

U.S. Department of Education
400 Maryland Ave., SW
Room 4C138
Washington, DC 20202

Attn: [REDACTED]
Phone: (202) 401-1117
Fax: (202) 260-5505

Gallaudet University
Response to Finding No. 1- "Personnel Costs were not Adequately Supported"
Attachment IV



U.S. Department of Education
Washington, D.C. 20202

GRANT AWARD NOTIFICATION

1 RECIPIENT NAME: Gallaudet University Hearing Speech Lang. Sciences GSPP 800 Florida Ave., NE Dwight House, 3rd Floor Washington, DC 20002 - 3695	5 AWARD INFORMATION PR/AWARD NUMBER H133E030006 ACTION NUMBER 01 ACTION TYPE New AWARD TYPE Discretionary																				
2 PROJECT TITLE 84.133E RERC on Hearing Enhancement	6 AWARD PERIODS BUDGET PERIOD 10/01/2008 - 09/30/2009 PERFORMANCE PERIOD 10/01/2008 - 09/30/2013 FUTURE BUDGET PERIODS <table border="1"> <thead> <tr> <th>BUDGET PERIOD</th> <th>DATE</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>02</td> <td>10/01/2009 - 09/30/2010</td> <td>\$949,997.00</td> </tr> <tr> <td>03</td> <td>10/01/2010 - 09/30/2011</td> <td>\$949,953.00</td> </tr> <tr> <td>04</td> <td>10/01/2011 - 09/30/2012</td> <td>\$949,946.00</td> </tr> <tr> <td>05</td> <td>10/01/2012 - 09/30/2013</td> <td>\$949,921.00</td> </tr> </tbody> </table>	BUDGET PERIOD	DATE	AMOUNT	02	10/01/2009 - 09/30/2010	\$949,997.00	03	10/01/2010 - 09/30/2011	\$949,953.00	04	10/01/2011 - 09/30/2012	\$949,946.00	05	10/01/2012 - 09/30/2013	\$949,921.00					
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04	10/01/2011 - 09/30/2012	\$949,946.00																			
05	10/01/2012 - 09/30/2013	\$949,921.00																			
3 PROJECT STAFF RECIPIENT PROJECT DIRECTOR James Mahshie (202) 651 - 5329 EDUCATION PROGRAM CONTACT Thomas Corfman (202) 245 - 7306 EDUCATION PAYMENT CONTACT GAPS PAYEE HOTLINE (888) 336 - 8930	7 AUTHORIZED FUNDING <table border="1"> <tbody> <tr> <td>THIS ACTION</td> <td>\$949,935.00</td> </tr> <tr> <td>BUDGET PERIOD</td> <td>\$949,935.00</td> </tr> <tr> <td>PERFORMANCE PERIOD</td> <td>\$949,935.00</td> </tr> <tr> <td>RECIPIENT COST-SHARE</td> <td>21.71%</td> </tr> <tr> <td>RECIPIENT NON-FEDERAL AMOUNT</td> <td>\$206,263.00</td> </tr> </tbody> </table>	THIS ACTION	\$949,935.00	BUDGET PERIOD	\$949,935.00	PERFORMANCE PERIOD	\$949,935.00	RECIPIENT COST-SHARE	21.71%	RECIPIENT NON-FEDERAL AMOUNT	\$206,263.00										
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4 KEY PERSONNEL <table border="1"> <thead> <tr> <th>NAME</th> <th>TITLE</th> <th>LEVEL OF EFFORT</th> </tr> </thead> <tbody> <tr> <td>[REDACTED]</td> <td>Project Director</td> <td>40%</td> </tr> <tr> <td></td> <td>Co-PI</td> <td>40%</td> </tr> </tbody> </table>	NAME	TITLE	LEVEL OF EFFORT	[REDACTED]	Project Director	40%		Co-PI	40%	8 ADMINISTRATIVE INFORMATION DUNS/SSN 003259439 REGULATIONS CFR PART 353 EDGAR AS APPLICABLE ATTACHMENTS A, B OSERS/N, C, E1, E2, E3, F, S, H53											
NAME	TITLE	LEVEL OF EFFORT																			
[REDACTED]	Project Director	40%																			
	Co-PI	40%																			
9 LEGISLATIVE AND FISCAL DATA AUTHORITY: PL 99-506 REHABILITATION ACT OF 1973, AS AMENDED PROGRAM TITLE: NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH CFDA/SUBPROGRAM NO: 84.133E <table border="1"> <thead> <tr> <th>FUND CODE</th> <th>FUNDING YEAR</th> <th>AWARD YEAR</th> <th>ORG. CODE</th> <th>CATEGORY</th> <th>LIMITATION</th> <th>ACTIVITY</th> <th>CFDA</th> <th>OBJECT CLASS</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>0301A</td> <td>2008</td> <td>2008</td> <td>PHN00000</td> <td>B</td> <td>L63</td> <td>412</td> <td>133</td> <td>4101J</td> <td>\$949,935.00</td> </tr> </tbody> </table>		FUND CODE	FUNDING YEAR	AWARD YEAR	ORG. CODE	CATEGORY	LIMITATION	ACTIVITY	CFDA	OBJECT CLASS	AMOUNT	0301A	2008	2008	PHN00000	B	L63	412	133	4101J	\$949,935.00
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Ver. 1
ED-GAPS001 (01/98)

Gallaudet University
Response to Finding No. 1- "Personnel Costs were not Adequately Supported"
Attachment IV



U.S. Department of Education
Washington, D.C. 20202

GRANT AWARD NOTIFICATION

10

PR/AWARD NUMBER: H133E080006

RECIPIENT NAME: Gallaudet University
Hearing Speech Lang. Sciences GSPP

TERMS AND CONDITIONS

- (1) THE FOLLOWING ITEMS ARE INCORPORATED IN THE GRANT AGREEMENT: (1) THE RECIPIENT'S APPLICATION (BLOCK 2), (2) THE APPLICABLE EDUCATION DEPARTMENT REGULATIONS (BLOCK 8), AND (3) THE SPECIAL TERMS AND CONDITIONS SHOWN AS ATTACHMENTS (BLOCK 8).

THIS AWARD SUPPORTS ONLY THE BUDGET PERIOD SHOWN IN BLOCK 6. IN ACCORDANCE WITH 34 CFR 75.253, THE DEPARTMENT OF EDUCATION WILL CONSIDER CONTINUED FUNDING IF: (1) CONGRESS HAS APPROPRIATED SUFFICIENT FUNDS UNDER THE PROGRAM, (2) THE DEPARTMENT DETERMINES THAT CONTINUING THE PROJECT WOULD BE IN THE BEST INTEREST OF THE GOVERNMENT, (3) THE RECIPIENT HAS MADE SUBSTANTIAL PROGRESS TOWARD MEETING THE OBJECTIVES IN ITS APPROVED APPLICATION, AND (4) THE RECIPIENT HAS SUBMITTED REPORTS OF PROJECT PERFORMANCE AND BUDGET EXPENDITURES THAT MEET THE REPORTING REQUIREMENTS FOUND AT 34 CFR 75.118 AND ANY OTHER REPORTING REQUIREMENTS ESTABLISHED BY THE SECRETARY.

IN ACCORDANCE WITH 34 CFR 74.25(c)(2), OR 34 CFR 80.30(d)(3) CHANGES TO KEY PERSONNEL IDENTIFIED IN BLOCK 4 MUST RECEIVE PRIOR APPROVAL FROM THE DEPARTMENT.

THE SECRETARY ANTICIPATES FUTURE FUNDING FOR THIS AWARD ACCORDING TO THE SCHEDULE IDENTIFIED IN BLOCK 6. THESE FIGURES ARE ESTIMATES ONLY AND DO NOT BIND THE SECRETARY TO FUNDING THE AWARD FOR THESE PERIODS OR FOR THE SPECIFIC AMOUNTS SHOWN. THE RECIPIENT WILL BE NOTIFIED OF SPECIFIC FUTURE FUNDING ACTIONS THAT THE SECRETARY TAKES FOR THIS AWARD.

- (2) THE RECIPIENT IS REQUIRED TO CONTRIBUTE TO TOTAL PROJECT COSTS THE DOLLAR AMOUNT SHOWN IN BLOCK 7.

AUTHORIZING OFFICIAL

7/3/2008

DATE

Gallaudet University
Response to Finding No. 1- "Personnel Costs were not Adequately Supported"
Attachment IV

EXPLANATION OF BLOCKS ON THE GRANT AWARD NOTIFICATION

For Discretionary, Formula, and Block Grants

(See Block 5 of the Notification)

1. **RECIPIENT NAME** - The legal name of the recipient, name of the primary organizational unit that will undertake the funded activity, and the complete address of the recipient. The recipient is commonly known as the "grantee."
 2. **PROJECT TITLE AND CFDA NUMBER** - Identifies the Catalog of Federal Domestic Assistance (CFDA) subprogram title and the associated subprogram number.
 3. **PROJECT STAFF** - This block contains the names and telephone numbers of the U.S. Department of Education and recipient staff who are responsible for project direction and oversight.
 - ***RECIPIENT PROJECT DIRECTOR** - The recipient staff person responsible for administering the project. This person represents the recipient to the U.S. Department of Education.
 - EDUCATION PROGRAM CONTACT** - The U.S. Department of Education staff person responsible for the programmatic, administrative and business-management concerns of the Department.
 - EDUCATION PAYMENT CONTACT** - The U.S. Department of Education staff person responsible for payments or questions concerning electronic drawdown and financial expenditure reporting.
 - 4.* **KEY PERSONNEL** - Name, title and percentage (%) of effort the key personnel identified devotes to the project.
 5. **AWARD INFORMATION** - Unique items of information that identify this notification.
 - PRI/AWARD NUMBER** - A unique, identifying number assigned by the Department to each application. On funded applications, this is commonly known as the "grant number" or "document number."
 - ACTION NUMBER** - A numeral that represents the cumulative number of steps taken by the Department to date to establish or modify the award through fiscal or administrative means. Action number "01" will always be "NEW AWARD"
 - ACTION TYPE** - The nature of this notification (e.g., NEW AWARD, CONTINUATION, REVISION, ADMINISTRATIVE)
 - AWARD TYPE** - The particular assistance category in which funding for this award is provided, i.e., DISCRETIONARY, FORMULA, or BLOCK.
 6. **AWARD PERIODS** - Project activities and funding are approved with respect to three different time periods, described below:
 - BUDGET PERIOD** - A specific interval of time for which Federal funds are being provided from a particular fiscal year to fund a recipient's approved activities and budget. The start and end dates of the budget period are shown.
 - PERFORMANCE PERIOD** - The complete length of time the recipient is proposed to be funded to complete approved activities. A performance period may contain one or more budget periods.
 - ***FUTURE BUDGET PERIODS** - The estimated remaining budget periods for multi-year projects and estimated funds the Department proposes it will award the recipient provided substantial progress is made by the recipient in completing approved activities, the Department determines that continuing the project would be in the best interest of the Government, Congress appropriates sufficient funds under the program, and the recipient has submitted a performance report that provides the most current performance information and the status of budget expenditures.
 7. **AUTHORIZED FUNDING** - The dollar figures in this block refer to the Federal funds provided to a recipient during the award periods.
 - ***THIS ACTION** - The amount of funds obligated (added) or de-obligated (subtracted) by this notification.
 - ***BUDGET PERIOD** - The total amount of funds available for use by the grantee during the stated budget period to this date.
 - ***PERFORMANCE PERIOD** - The amount of funds obligated from the start date of the first budget period to this date.
 - RECIPIENT COST-SHARE** - The funds, expressed as a percentage, that the recipient is required to contribute to the project, as defined by the program legislation or regulations and/or terms and conditions of the award.
 - RECIPIENT NON-FEDERAL AMOUNT** - The amount of non-federal funds the recipient must contribute to the project as identified in the recipient's application. When non-federal funds are identified by the recipient where a cost share is not a legislation requirement, the recipient will be required to provide the non-federal funds.
 8. **ADMINISTRATIVE INFORMATION** - This information is provided to assist the recipient in completing the approved activities and managing the project in accordance with U.S. Department of Education procedures and regulations.
 - DUNS/SSN** - A unique, identifying number assigned to each recipient for payment purposes. The number is based on either the recipient's assigned number from Dun and Bradstreet or the individual's social security number.
 - ***REGULATIONS** - The parts of the Education Department General Administrative Regulations (EDGAR) and specific program regulations that govern the award and administration of this grant.
 - ***ATTACHMENTS** - Additional sections of the Grant Award Notification that discuss payment and reporting requirements, explain Department procedures, and add special terms and conditions in addition to those established, and shown as clauses, in Block 10 of the award. Any attachments provided with a notification continue in effect through the project period until modified or rescinded by the Authorizing Official.
 9. **LEGISLATIVE AND FISCAL DATA** - The name of the authorizing legislation for this grant, the CFDA title of the program through which funding is provided, and U.S. Department of Education fiscal information.
 - FUND CODE, FUNDING YEAR, AWARD YEAR, ORG. CODE, PROJECT CODE, OBJECT CLASS** - The fiscal information recorded by the U.S. Department of Education's Grant Administration and Payment System to track obligations by award.
 - AMOUNT** - The amount of funds provided from a particular appropriation and project code. Some notifications authorize more than one amount from separate appropriations and/or project codes. The total of all amounts in this block equals the amount shown on the line, "THIS ACTION" (See "AUTHORIZED FUNDING" above (Block 7)).
 10. **TERMS AND CONDITIONS OF AWARD** - Requirements of the award that are binding on the recipient.
 - ***AUTHORIZING OFFICIAL** - The U.S. Department of Education official authorized to award Federal funds to the recipient, establish or change the terms and conditions of the award, and authorize modifications to the award.
- FOR FORMULA AND BLOCK GRANTS ONLY:**
(See also Blocks 1, 2, 5, 6, 8, 9 and 10 above)
3. **EDUCATION STAFF** - The U.S. Department of Education staff persons to be contacted for programmatic and payment questions.
 7. **AUTHORIZED FUNDING**
 - CURRENT AWARD AMOUNT** - The amount of funds that are obligated (added) or de-obligated (subtracted) by this action.
 - PREVIOUS CUMULATIVE AMOUNT** - The total amount of funds awarded under the grant before this action.
 - CUMULATIVE AMOUNT** - The total amount of funds awarded under the grant, this action included.

* This item differs or does not appear on formula and block grants.

Gallaudet University
Response to Finding No. 1- "Personnel Costs were not Adequately Supported"
Attachment V

Federal Awards for Dr. Matthew Bakke during FY06- FY09

Federal Grantor or Pass Through	Program Title	Grant Award	Budget Period	Award Amount	Gallaudet Dept
U.S. Department of Education	RERC on Hearing Enhancement	H133E030006	10/1/05-10/1/06	\$ 949,998.00	2214
U.S. Department of Education	RERC on Hearing Enhancement	H133E030006	10/1/06-9/30/07	\$ 949,999.00	2214
U.S. Department of Education	RERC on Hearing Enhancement	H133E030006	10/01/07-9/30/08	\$ 949,999.00	2214
U.S. Department of Education	RERC on Hearing Enhancement	H133E080006	10/1/08-9/30/13	\$ 4,749,752.00	2222
U.S. Department of Education/Advanced Hearing Concepts, Inc.	Interference in Hearing Aids from Digital Wireless Telephones: Improved Predictive Methods	H133G050228	11/01/06-10/31/07	\$ 40,958.00	2217
U.S. Department of Education	An Automatic Fitting Algorithm for Cochlear Implants	H133G060065	10/01/06-9/30/07	\$ 146,562.00	2219
U.S. Department of Education	An Automatic Fitting Algorithm for Cochlear Implants	H133G060065	10/1/07-9/30/08	\$ 149,533.00	2219
U.S. Department of Education	An Automatic Fitting Algorithm for Cochlear Implants	H133G060065	10/1/2008-9/30/09	\$ 149,895.00	2219

3/17/2009

Attachment VI- Single Incidents.xls

Administration & Finance - 2.06 Procurement - Gallaudet University

Page 1 of 2

Gallaudet University
Response to Finding No. 2- "Procurement Policies Need Revision and Updating"
Attachment VII

Gallaudet University

Quick Links

Administration & Finance > A&O Manual > Section 2: Fiscal and Physical Resources > 2.06 Procurement

Administration & Operations Manual

2.06 Procurement

Last Revised: 15 January 2008

Refer Questions To: Executive Director, Business & Support Services

Scope

This policy applies to all offices and divisions of Gallaudet University.

Policy

Gallaudet University provides the necessary supplies, equipment, and services to support the programs and services of the institution. The University does not purchase goods and services for the private use of any employee or student. The use of the University's name, funds, pricing schedules, and tax exemption status for personal purchases is strictly prohibited. In all procurement activities, the University encourages affirmative action in procuring goods and services from suppliers who are deaf and hard of hearing and/or members of traditionally underrepresented groups.

Purchasing Cards

The purchasing card program provides campus departments with a quick and easy means of purchasing equipment, supplies and services for daily business operations. Cards may be issued by the Contracts and Purchasing Department to unit administrators and full time employees with manager and above classification. Cards may be issued to employees below manager classification if requested by the unit administrator and such requests meet specific business and operational requirements justifying issuing an additional card. Requests for a purchasing card and the spending limit must be approved by the unit administrator and senior administrator. Each approved cardholder is required to sign an agreement which describes the responsibilities associated with the use and safeguarding of a purchasing card. Card holders will receive a Purchase Card Manual detailing authorized uses of the card. Failure to comply with Cardholders Agreement may result in the revocation of purchasing card privileges and disciplinary action up to and including termination of employment.

Spending limits are approved on an individual basis in accordance with the policy on Authority to Approval Financial Documents. Single transactions exceeding \$5,000 should be submitted to the Contracts and Purchasing Department for processing. Whenever practical, the Contracts and Purchasing Department solicits competitive bids on all single procurements over \$5,000. Purchasing cards may not be used for personal items or for any reason that is not directly related to the cardholder's professional relationship with the University, including, but not limited to, food and beverages, personal items, electronic equipment, appliances, furniture, luggage, traffic fines, gifts, club dues, travel insurance (other than rental cars), in-room movies, personal entertainment, airline clubs, baby-sitting fees, clothes, personal automobile repairs, alcoholic beverages, flowers, catering services, and personal services.

Cardholders are required to maintain records and original, itemized receipts of all transactions. The monthly credit card statement with all original, itemized receipts attached, must be sent to the Finance Office by the 15th of the following month. If a receipt is missing, a written explanation detailing the nature and reason for the charge is required. Unit administrators are responsible for assuring that the goods and services were received, that appropriate procedures were followed, that appropriate documentation has been provided, and that applicable University policies and Federal regulations, including those on travel expenses, were followed.

Upon completion from Gallaudet University, or transfer to a different department within the University.

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upon separation from Gallaudet University, or transfer to a different department within the University,

the cardholder must surrender the purchasing card and all documentation to the unit administrator. The unit administrator is responsible for reconciling the account with the employee. The purchasing card must be returned to the Contracts and Purchasing Department. Purchasing cards are not transferable.

Faculty, teachers, and staff may not accept personal gifts or gratuities from any current or potential supplier if such acceptance obligates or could be construed to obligate the University to conduct further business with that supplier. Occasional association with suppliers at luncheons or dinners and the acceptance of small advertising novelties are helpful in establishing business rapport and are not considered unethical provided that the purchasing decision is not influenced or compromised.

Contractual Arrangements

The University does not enter into contractual or procurement agreements with students, faculty, teachers, staff, or members of their immediate families. An acquisitions of goods and services from a business in which an employee has an interest is prohibited unless full disclosure of the background facts is presented in writing in accordance with the Conflict of Interest policy.

Former employees may be awarded consulting agreements; however, during the first two years following separation, the daily rate for the consulting agreement may not be more than ten percent (10%) above the former employee's last daily rate with the University.

Approved by: Gallaudet University Administration



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Administration & Operations Manual

2.01 Budget Responsibility

Last Revised: 6 Oct 2000

Refer Questions To: Office of Vice President, Administration Finance

Scope

This policy applies to all offices and divisions of Gallaudet University.

Policy

Gallaudet University receives a significant amount of funding from the Federal Government through the U.S. Department of Education. The President is responsible for presenting Federal budget requests consistent with the mission and goals of the University and for ultimately determining the amount of funds to be allocated to divisions and units.

Responsibility for budget management and control is vested in administrative officers who may delegate signature authority to management personnel who are considered budget unit heads. It is the responsibility of both administrative officers and budget unit heads to manage their resources responsibly and effectively and to operate within the resources provided. Once the budget is determined, it establishes a level of spending authority which may not be exceeded without the approval of the administrative officer. Administrative officers and senior administrators may move funds within and between units under their control through the budget revision process.

The Education of the Deaf Act Amendments of 1992 place certain restrictions on the use of appropriated funds by Gallaudet University. Specifically, the University is prohibited from using appropriated funds to pay for:

- Alcoholic beverages

- Goods or services for personal use

- Housing and personal living expenses (but only to the extent such expenses are not required by written employment agreement)

- Lobbying

- Membership in country clubs and social or dining clubs or organizations

Payment for goods or services contained in this list may not be made from accounts supported by the University's Federal appropriation. This restriction extends to funding for travel and entertainment. If a budget unit head has any doubts concerning the definitions of these items, the Office of the Executive Director, Finance (Controller), should be contacted.

In addition, the Education of the Deaf Act Amendments restrict, but do not prohibit, the use of appropriated funds for several other purposes. These include interest payments on loans, costs of building and equipment rentals, and payment of royalties and other costs for uses of patents. In general, the University is permitted to use appropriated Federal funds for these purposes as long as the costs are reasonable. In the case of interest payments on debt associated with the construction or renovation of buildings, appropriated funds should not be used to pay for any debt associated with construction that occurred more than 10 years ago.

It is the responsibility of the Vice President for Administration and Finance and staff to monitor and control the expenditure of funds and the revision of budgets during the course of the fiscal year and

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to ensure that the University's financial resources are managed effectively and prudently.

Approved by: *Gallaudet University Board of Trustees*



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Administration & Operations Manual

2.05 Travel

Last Revised: 16 May 2008

Refer Questions To: Coordinator, Administrative Services, A & F

Scope

This policy applies to faculty, teachers, and staff in all offices and divisions of Gallaudet University.

Policy

Gallaudet University reimburses faculty, teachers, and staff for travel expenses incurred while on official University business as long as the travel and expenses are: (1) consistent with the institution's overall mission; (2) within budgetary limitations; (3) cost effective; (4) reasonable; and (5) in compliance with the TRAVEL AND ENTERTAINMENT GUIDELINES as approved by the President and appended to this policy.

Travelers are expected to select the lowest possible fare for official travel whenever possible. Overnight accommodations must be in moderately priced lodging facilities. Expenses for meals consumed while traveling on official University business are reimbursed at the per diem rates established in the TRAVEL AND ENTERTAINMENT GUIDELINES. Complimentary meals provided on air carriers or meals included in the cost of a conference are not reimbursed.

Travelers requiring the use of an automobile at their destination are reimbursed for the cost of the rental. Travelers should select a compact class automobile unless group travel requirements dictate otherwise. Employees using their personal automobiles are reimbursed at the per mile rate established by the IRS.

Other related expenses incurred while on official University business are reimbursed at actual cost, e.g., taxi fares, tolls, parking, reasonable hotel tips, business-related telephone charges, and currency exchange. Personal expenses, such as luggage, traffic fines, gifts, club dues, travel insurance (other than for rental cars), in-room movies, personal entertainment, airline clubs, baby-sitting fees, clothing, and personal automobile repairs are not reimbursable. Spouse travel expenses are not reimbursed unless the spouse is on official University business and unless the travel is approved in advance by the administrative officer.

An expense advance may be provided to the traveler based on the estimated cost of the trip. Upon return, faculty, teachers, and staff must submit an accounting of expenses to the Finance Office. Expenses exceeding the advance will be reimbursed.

Failure to comply with this policy and with the TRAVEL AND ENTERTAINMENT GUIDELINES may be cause for delay or non-reimbursement. Additionally, faculty, teachers, and staff with outstanding travel advances may be subject to payroll deductions.

Approved by: Gallaudet University Administration

Guidelines

TRAVEL AND ENTERTAINMENT GUIDELINES

1. USE OF THE TRAVEL AGENT

Gallaudet has an agreement with a local travel agency to assist faculty, teachers, and staff with arranging travel requiring the use of scheduled carriers, overnight lodging, and/or car rentals.

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The travel agency offers GSA fares and bills the University directly for scheduled carrier transportation charges. The agency charges a fee for its services. Gallaudet travelers also have the option of using an online reservation system or other travel agencies if doing so provides the best possible rate. Payment when not using the travel agent should be made with a Gallaudet purchasing card.

2. **TRAVEL APPROVAL**

If reservations are made through the University's travel agency, or if a travel advance is requested, a travel order must be approved in advance by the unit administrator. International travel must be approved by the administrative officer. Tickets purchased from the University's travel agency are not released unless an approved travel order is on file in the Finance Office

3. **TRANSPORTATION FARE SELECTION**

When traveling on official University business, faculty, teachers, and staff should select the lowest logical coach fare to their intended destination whether by air, rail, or bus. The University's travel agent uses GSA schedules and fares whenever possible. Travelers are not expected to use GSA schedules and fares if space or scheduled flights are not available in time to accomplish the purpose of the trip, or if the use of the service would require the traveler to incur unnecessary overnight lodging costs. Additionally, a non-GSA carrier, an alternate travel agency, or an online reservation system may be used if it offers a fare and service fee that would result in a lower trip cost. Travel being funded by a Federal grant requires the traveler to use a U.S. air carrier and comply with OMB Circular A-21 and the Federal Travel Regulation requirements.

4. **PERSONAL AUTOMOBILE**

At times it may be more convenient for travelers to use their personal car instead of scheduled carriers. The University reimburses actual mileage from home or office, whichever is less, and return at a per mile rate based on IRS regulations. The University may reject claims for mileage expenses that exceed the lowest logical coach fare available at the time of the trip. A record of the beginning and ending odometer readings should be recorded on the travel voucher. Estimated total mileage is not acceptable.

5. **LODGING SELECTION**

Travelers should select accommodations from moderately priced properties. Preference should be given to facilities that offer preferred rates to the University, unless the location is inappropriate for the purpose of the trip. For example, when attending seminars and conventions, travelers may stay at the facility hosting the meeting. Travelers are not required to share accommodations. However, reimbursement will not be made for hotel accommodations less than 50 miles from Gallaudet.

6. **VEHICLE RENTAL**

Gallaudet asks travelers to conserve institutional resources when renting a vehicle for business travel. Travelers should rent a personal car, unless the requirements of a group dictate otherwise, and an inexpensive compact-size car if possible. Travelers who need a large or luxury vehicle with a value exceeding \$35,000 must notify the Office of Risk Management and Insurance prior to the trip. Also, travelers should make sure to understand the company's refueling policy and select the option that has the least expense to the University.

When traveling for Gallaudet University, faculty and staff should check their departmental guidelines before purchasing insurance from the rental car company. Gallaudet carries liability insurance to protect the institution and its employees, and it carries physical damage coverage that pays to repair the rental vehicle. Travelers are encouraged to get an insurance card from the Office of Risk Management and Insurance prior to the trip. However, rental companies often impose "loss of use" and other administrative fees if the rental vehicle is involved in an accident. The department sponsoring the trip is responsible for any costs or fees not covered by Gallaudet's insurance, and it can opt to either: (a) purchase additional insurance offered by the rental company, or (b) directly pay any uninsured costs or fees from the departmental budget.

7. **PER DIEM MEAL RATES**

Standard Per Diem Meal Rates	
Breakfast	\$ 8.00
Lunch	\$10.00
Dinner	\$24.00
Daily Total	\$42.00

Per diem expenditures are at the discretion of the traveler, but no expenses in excess of the allowable per diem will be reimbursed. Travelers are not eligible for a diem allowance if the

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travel is less than 50 miles from Gallaudet University. Tips are included in the per diem rates. Meals provided in conjunction with seminars and on transportation carriers may not be claimed as part of the per diem allowance. Breakfast or dinner per diem expenses are not honored if travel begins after 9 a.m. or ends before 6 p.m. respectively. Travel being funded by a Federal grant will be eligible for the per diem allowance established by the University.

8. OTHER REIMBURSABLE EXPENSES

The following travel related expenses are reimbursable: taxi fares and airport limos, parking charges, tolls, gasoline for rental cars, baggage handling tips, excess baggage charges for University equipment, business-related telephone charges, currency conversion charges, and other incidental expenditures incurred while on business travel. These expenses must be recorded on the travel voucher and supported by receipts whenever possible.

9. NON-REIMBURSABLE EXPENSES

The following expenses are not reimbursable: hotel accommodations and per diem allowances for travel less than 50 miles from Gallaudet, the purchase of luggage, personal excess baggage charges, traffic fines, gifts, club dues, travel or flight insurance, in-room movies, personal entertainment, airline clubs, baby-sitting fees, check cashing charges, clothing, and personal automobile repairs, maintenance, and gasoline. Alcoholic beverages are not reimbursable from the University's Federal appropriation. Spouse travel is not reimbursable unless the spouse is traveling as a representative of the University and the travel is approved in advance by the administrative officer.

10. INSURANCE

Worldwide flight insurance is provided with each ticket issued to University employees by the travel agency. Online reservations paid with a University purchase card are insured through the card issuing company. Gallaudet does not reimburse additional insurance costs incurred by the traveler such as personal flight insurance and personal accident insurance. Additionally, Gallaudet assumes no liability for damages or other losses that may occur during travel.

11. INBOUND TRAVEL

When inviting guests to campus at Gallaudet's expense, employees can use the services of the University's travel agency to make arrangements. Online reservations can be made and paid for through the University purchase card.

12. SPONSORED TRAVEL

In cases where travel is at the expense of another organization, the traveler should recognize his/her obligation to minimize expenses. Travelers may make arrangements in compliance with these guidelines and invoice the hosting organization. Upon receipt of payment, the check should be deposited in the Cashier's Office to the traveler's department account. Travel being funded by a Federal grant are required to comply with OMB Circular A-21 and the Federal Travel Regulations requirements.

13. RECEIPT REQUIREMENTS

Only expenses actually incurred are reimbursed. Original receipts are required for all expenses except for per diem meal costs. Receipts should be detailed vendor receipts rather than the more general charge transaction slips. The last original copy of the airline, rail, or bus ticket must be attached to the travel voucher. Reproduced copies are not acceptable. Travelers must return all unused tickets with the travel voucher for credit.

14. EXPENSE ADVANCES

An expense advance will be issued to the traveler when an authorized travel order, detailing estimated expenditures for the trip, is submitted at least one week in advance to the Finance Office. Advances are made to Gallaudet personnel only. The advance is calculated based on the appropriate per diem meal rates and estimated out-of-pocket expenses to be incurred by the traveler. Scheduled carrier transportation expenses are billed directly by the travel agency or are charged to the University purchasing card.

The minimum advance is \$100. Petty cash travel advances are prohibited. Advances are direct deposited whenever possible. Advances are not given to employees with past-due travel vouchers.

15. REGISTRATION FEES

Advance registration fees for seminars and conventions should be paid by University purchasing card.

16. EXPENSE REPORTING

All expenses incurred must be recorded on a travel voucher. Upon return from a trip, a completed travel voucher must be submitted to the Finance Office within five working days. Travel vouchers must be approved by the unit administrator. Reimbursements are processed within five working days and are direct deposited to the traveler's account whenever possible. Refunds from travel advances must accompany the travel voucher. Travelers may not enclose

reimburse from travel advances must accompany the travel voucher. Travelers may not enclose

cash with the travel voucher. If necessary, cash refunds should be deposited in the Cashier's Office, and the cash receipt attached to the travel voucher. All unused tickets that were purchased through the University's travel agency must be returned with the travel voucher for credit.

17. UNIVERSITY VEHICLES

University vehicles are available for official regional travel. Requests for University vehicles must be approved by the appropriate unit administrator and received by the Transportation Department a minimum of five working days prior to the trip. Transportation forms and procedures can be found on the Transportation Department's web page.

18. ENTERTAINMENT

All entertainment expenditures must be approved in advance by the unit administrator and/or senior administrator. Prudence should be exercised when entertaining guests of the University whether in Washington, D.C. or out of town. Only actual costs are reimbursed. Meals are reimbursed at the scheduled per diem rates, unless otherwise authorized. Alcoholic beverages are not reimbursable from the University's Federal appropriation.

19. MEETING ARRANGEMENTS

Gallaudet's travel agency is able to offer assistance in planning sponsored meetings, negotiating preferred rates for accommodations, and securing special transportation discounts, etc.

20. SPOUSE TRAVEL

Occasionally spouses are asked to travel on official University business. A separate travel order must be completed for University-sponsored spouse travel.

21. BUSINESS AND PERSONAL TRAVEL

In instances where a traveler interrupts business travel for personal convenience, travels by an indirect route, or is accompanied by his/her spouse not on University business, the traveler must maintain accurate records for official business travel. The University does not reimburse any expenses incurred on behalf of the spouse or for personal travel.

22. ACCIDENTS

Any accident, injury, or threat of litigation that occurs during business travel should be reported to the Office of Risk Management and Insurance within 24 hours. This includes: (a.) an injury to the employee traveler; (b) an injury to a student or volunteer traveling with the employee travelers; (c) an injury (physical or alleged violation of civil rights) sustained by someone who claims that it was caused by an employee of Gallaudet University; and (d) any other misunderstanding, alleged breach of contract or promise, or other threat or incident that might result in litigation. Under no circumstances should a traveler admit liability or fault on behalf of the University nor should he or she compromise the University's ability to defend against any claim in any way. If travelers are uncertain as to the reporting requirements, they should err on the side of making a report to the Office of Risk Management and Insurance.

