

Norman Hackerman Advanced Research Program

## Audit Guide

2011

Texas general academic and health-related institutions that receive a Norman Hackerman Advanced Research Program (NHARP) grant from the Texas Higher Education Coordinating Board must audit their funded projects. Institutions may use their internal audit staff or utilize the service of an outside accounting firm. Institutions have broad latitude to the format of the audit. Each institution receiving a NHARP grant must prepare an audit report and submit it to the Coordinating Board by the established deadline (Grant Condition Item 2). Failure to submit an audit report may jeopardize future participation in the NARRP.

Auditors are encouraged to review the following documents prior to conducting the NHARP audit:

- Enabling legislation for NHARP: Texas Education Code, Chapter 142
- ***NHARP Program Announcements*** ([2009](#), [2007](#), [2006](#))
  - Definitions
  - Restrictions
  - Grant Conditions
- List of audit issues
- List of information to include in audit reports

Coordinating Board audit documents may be accessed online at [www.thecb.state.tx.us/nharp/](http://www.thecb.state.tx.us/nharp/).

Texas Education Code may be accessed online at [www.statutes.legis.state.tx.us](http://www.statutes.legis.state.tx.us).

**Grant Competitions:** Competitions for NHARP grants are held in odd-numbered years after the legislature appropriated money for the following biennium.

**Awards:** All NHARP awards to an institution or for a specific investigator can be searched by competition year at [www.thecb.state.tx.us/nharp/](http://www.thecb.state.tx.us/nharp/) through the link "Award Search."

**Term of Projects:** NHARP award periods fall within the State biennium following the appropriation year (see Program Announcement). If the legislature makes provisions that permit extension of the grants, the Coordinating Board will notify the institutions that they may issue 8-month, no-cost extensions to the grants. The investigators must submit timely progress reports in order to be eligible for no-cost extensions.

**Project Number:** Each grant is assigned a project number by the NHARP electronic submissions system when the proposal is developed. The project number is a three-part number that includes the six-digit FICE code for the submitting institution, a four-digit number that represents the next number up for submissions from that FICE code (0001, 0002, etc.), and a four-digit number that shows the year of the competition. For example, 000512-0003-2001 is the project number for the third proposal started by an investigator at the Texas Engineering Experiment Station in the 2001 grants competition.

**Grant Conditions/Restrictions:** Grant conditions and restrictions that are applicable to a specific grant can be found in the *Program Announcements* for the award cycle that provided the award. The last four digits of the project number identify the competition year.

**Reports:** Institutions file three types of required reports for NHARP grants: progress reports, final technical reports, and final financial reports. The brief technical descriptions of grant activities found in progress and final reports (Section A's) are posted on the NHARP on-line system through [www.thecb.state.tx.us/nharp/](http://www.thecb.state.tx.us/nharp/). An auditor can view these reports and their associated submission time/date stamps by logging into a read-only version of his or her institution's Sponsored Program Office's web portal to the NHARP on-line system (see below).

- **Progress Reports:** Investigators with active NHARP grants are required to file electronically annual progress reports. Reporting deadlines are specified by the grant conditions for a grant's particular award cycle.
- **Final Technical Reports:** Investigators are required to file electronically a final technical report within a timeframe specified by the grant conditions for a grant's particular award cycle.
- **Financial Reports:** The institution must electronically file a final financial report within 90 days of the termination of a project.

**Supplemental Grants:** Supplemental grants for teacher summer activities are currently not funded under NHARP.

**NHARP On-line System:** The NHARP On-Line system includes submissions of annual progress reports, budget changes requests, final technical reports, final financial reports, follow-up reports (conducted four years after the completion of the projects), post-competition surveys of investigators and sponsored program officers, pre-proposals, proposals submitted to selected research areas, and initial budgets.

Auditors may be assigned usernames and passwords for the on-line system by the Academic Research and Grants Programs administration at the Texas Higher Education Coordinating Board (e-mail: [Dale.Cherry@thecb.state.tx.us](mailto:Dale.Cherry@thecb.state.tx.us) or call 512-427-6136).

**Contact Information:** If you have questions or comments please contact staff of the Academic Research and Grants Program as listed on [www.thecb.state.tx.us/nharp/](http://www.thecb.state.tx.us/nharp/) through the link "Staff Directory."

Audit reports should be sent to

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Texas Higher Education Coordinating Board  
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**Audit Issues**  
**2011**

Each institution receiving a Norman Hackerman Advanced Research Program (NHARP) grant shall provide an audit review that addresses the following issues:

- Institutional auditor verifies that NHARP grant conditions were followed. Grant conditions and restrictions may vary for different NHARP competition years.
- Audit review verifies the integrity of the management control system.
- Audit review confirms that personnel appointed to the NHARP grants actually worked on the grants.
- Audit review shows that equipment purchased with NHARP grant funds were actually used on the grant project and purchase was justified by needs of the grant. This is of particular concern in the case of computer purchases.
- Audit review verifies that all travel paid with the NHARP grant funds was actually related to NHARP project grant activities.
- Institutional audit review verifies that faculty salaries paid from grants are consistent with limitations included in NHARP grant conditions.
- Document that budget transfers in excess of those authorized by grant conditions were approved by the Coordinating Board.
- Confirm that any unexpended funds from expired NHARP or Supplemental Grants have been returned to the Coordinating Board.

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Grant conditions for each NHARP grant cycle are printed in the respective Program Announcements. Program Announcements are posted at:

<http://www.thecb.state.tx.us/nharp/>

## **Audit Report List**

The Coordinating Board does not provide a set format for the required internal audit reports of NHARP grants. This allows institutional internal auditors maximum flexibility in adopting an audit methodology that best utilizes their internal systems. NHARP audit reports must address the following items:

- List all NHARP projects audited including project numbers. The project numbers are assigned by the NHARP on-line system (electronic submission system at <https://www1.theccb.state.tx.us/apps/NHARP/>). They have the format: FICE Code-####-year. (FICE Code is the institution code given by the Federal Interagency Commission on Education.)
- Scope: list of audit objectives and period of time covered.
- Methodology used to review NHARP projects and report findings.
- Results and observations will include findings, recommendations, and management responses. Each finding should identify the grant(s) by project number(s) and present any corrective action recommended with a planned implementation schedule and management response.
- Conclusions should summarize the audit process, describe and attest to the findings, and present an overall assessment. This may include the finding of an unqualified audit report. If a qualified audit report is submitted, detailed information should be presented describing corrective actions.