



April 2, 2017

Lisa Mosley
Assistant Vice President, Research Operations
Office of Knowledge Enterprise Development/Operations
Arizona State University

Re: Review of HHS-OIG Review of the University of California at Riverside's Pilot Payroll Certification System date February 2017

Ms. Mosley:

I have reviewed the HHS-OIG Report and the response by the University of California at Riverside. This audit was conducted under Circular A-21, not the Uniform Guidance. This audit report does not change my opinions expressed in my report on the Cohort Policy Matrix and Internal Control Framework. In fact, I feel even more strongly that by using the Policy Matrix and Internal Control Framework, increasing additional monitoring activities and analyzing institutional compensation data can make compensation systems more efficient, effective, and reduce risk and abuse.

The HHS-OIG review of UC Riverside's system did not identify any specific questioned costs but stated that, in the OIG's opinion, salary funds were at risk. It was clear from the response that UC Riverside did not agree with the OIG's opinion and addressed the weaknesses and risk in the response to the report. The UC Riverside report is the only report issued by HHS-OIG on a Pilot Payroll System review while NSF-OIG issued two reports.

Sadly, the HHS and NSF OIG reports have caused more confusion than clarity to grantees about comparing Compensation Certification Systems to Effort Reporting Systems. As I previously stated, Effort Reporting Systems can be manipulated and do not always strengthen the internal controls over an institution's compensation system. In conclusion, I believe that these reports are no reason for institutions to abandon plans to move from the overly burdensome Effort Reporting Systems to Compensation Certification Systems.

If you have any questions, please contact me.

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