

Research Audits

New Mexico Tech BusinessOffice
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The purpose of this document is to provide an overview of the audit process and to define various types of audits.

Audits are a regular part of the administrative process at Ne3(s)-3(s)]TJ 0 Tm3gulNe at3(stro)-5(e11(at))TJ -0.011

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The purpose of a financial audit (regarding direct or indirect charges) is to determine the following four factors:

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Allowability refers to costs, direct or indirect (F&A) that are appropriately charged to a sponsored project for reimbursement purposes. Allowability is determined by the terms of the governing sponsored agreement or by cost principles established by the Federal government in the UG. For example, the UG specifically defines certain typesg o v



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Consistent treatment denotes that similar expenses must be treated the same in similar circumstances.

Auditors question but do not disallow costs. If auditors identify financial transactions that they believe to be inappropriately classified, unreasonable, unallocable, or unallowable, they will question that transaction. Final decisions about the ultimate allowability of a questioned cost are made by a cognizant contracting official taking into account the auditor's report and NMIMT's response.

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