

# Policy 11 - Audit Matters and Reports

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## General

All contract and grant funds awarded to the University are subject to audit. This audit can be performed by any one or combination of the following people:

- University or Sponsor Internal Auditors
- Office of the State Auditor
- Federal Auditors
- Public Auditors
- Independent Public Accountants

## Focal Point for Audit Matters

The Director of Accounting is responsible for coordinating all audit matters relative to sponsored research of the University.

All federal, state and public firm auditors are requested to make their initial contact with the Director of Accounting and Budgeting when conducting audits relative to grant and contract matters. Subsequent contacts by auditors with other University departments will be preceded by advance notice from the Director of Accounting and Budgeting. The purpose of the advance contact is to identify the auditors, outline the general purpose of the visit, and facilitate the audit. If there are any questions concerning the official status of an auditor, the Director of Accounting must be contacted.

## Grants Accounting Administration Representation

Depending upon the nature of the audit or subject matter, the Director of Accounting may elect to be represented in audit discussions at the departmental level. Should departmental personnel deem guidance necessary at any time, the Director of Accounting must be contacted without hesitation. The Director of Accounting participates in and coordinates audit exit briefing as deemed necessary by the significance and nature of the audit findings and recommendations.

## Right of Access

Under the legal terms of grants and contracts awards, auditors have the right of access to all official University records associated with an award. The University is obligated to make such records readily available for examination.

## Exit Conference

At the conclusion of an audit and prior to the issuance of the formal report, auditors normally conduct an exit conference. The purpose of this meeting is to review audit findings and tentative conclusions, exceptions and recommendations. At this meeting, the University has an opportunity to comment on the audit findings and to provide additional information where appropriate.

## Audit Response

The Director of Accounting and Budgeting is responsible for coordinating the University's response to those audits concerned with contracts and grants. This responsibility in no way relieves the principal investigator or department concerned from providing necessary input in a timely manner or from resolving financial liability which may ultimately be assessed as a result of audit exceptions.

The University's Director of Internal Audit will be consulted regarding the University's response to audit findings and recommendations by auditors outside of the University.

The University's response must be coordinated through established channels. There are no circumstances under which a department or individual must initiate a direct response to an audit.

### **Cost Disallowances**

Established University policy is that financial responsibility for audit disallowances, which may be ultimately sustained, rests with the cost center having primary responsibility for the project on which costs are questioned. Disallowances cannot be charged to any federal or state-funded accounts. Personal liability may be considered and assessed when circumstances sustain that an audit disallowance stemmed from gross negligence on the part of an employee or staff member.