

Audits Related to Sponsored Programs

1. Overview

As the recipient of sponsored funds, the University is subject to audits that confirm whether awards were managed in compliance with funder, University, sponsor and federal regulations. The compliant administration of sponsored programs protects the University from audit risks, including reputational damage, audit findings and fines, and potential loss of future sponsored program funding.

Research Financial Services (RFS) serves as the central point of contact for all financial audits and financial audit responses to sponsored programs. RFS is supported in its efforts by Principal Investigators (PIs), department personnel, and Research and Sponsored Programs (RSP), who all maintain records of compliant sponsored program administration and notify RFS immediately of any pending audit actions.

2. Purpose

Provide guidance on the appropriate response to pending audit actions.

This procedure does not apply to audits related to the Institutional Review Board (IRB), the Institutional Animal Care and Use Committee (IACUC), Conflict of Interest (COI), Institutional Biosafety Committee (IBC), Rutgers Environmental Health and Safety (REHS) or Export Controls. However, if in doubt, please contact RFS for further assistance.

3. Who Must Comply

Department Personnel
Research Financial Services
Principal Investigators
Research and Sponsored Programs

4. Definitions

External Audit: An examination of Rutgers' sponsored program activities by a non-Rutgers body to determine whether the activities complied with the sponsor and University policies and regulations. If the examination determines that sponsored program activities were not compliant, this may result in audit findings, corrective actions, fines and the potential loss of future funding.

Internal Audit: A review of Rutgers' sponsored program activities by Rutgers' Audit and Advisory Services (AAS) to assess whether the procedures and controls for the activities are in place to ensure compliance with federal and/or state requirements, the terms and conditions of the sponsored program, and University policies and regulations. A report of audit findings will be issued to the Audit Committee and senior management by AAS that includes recommendations to enhance efficiency, effectiveness, and controls and management's action plans to implement these improvements.

State of New Jersey Audit: An examination of Rutgers' sponsored program activities that are funded by the State of New Jersey by a state-appointed body to determine whether the activities complied with the State and University policies and regulations. If the examination determines that sponsored program activities were not compliant, this may result in audit findings, corrective actions, fines and the potential loss of future funding.

Sponsor Audit: An examination of Rutgers' sponsored program activities by a sponsor-appointed body to determine whether the activities complied with the sponsor and University policies and regulations. If the examination determines that sponsored program activities were not compliant, this may result in audit findings, corrective actions, fines and the potential loss of future funding.

Single Audit (formerly A-133 Audit): An annual examination of Rutgers' sponsored program activities by an external auditing firm to determine whether the activities complied with Federal, sponsor and University policies and regulations. Uniform Guidance requires Rutgers complete this audit since the University's federal expenditures exceed \$750,000. If the examination determines that sponsored program activities were not compliant, this may result in audit findings, corrective actions, fines and the potential loss of future funding.

5. Procedure

Upon notification of a pending audit action, the PI, department personnel or RSP shall immediately notify RFS. RFS will support University staff and faculty in their responses to audit inquiries. Faculty and staff should never respond directly to audit inquiries without first obtaining clear guidance from RFS.

RFS support will include coordination of the following:

- **Notification of Pending Audit:** Once RFS has been notified of the pending audit action, RFS will in turn inform all relevant parties including the College Dean, Department Chair and appropriate administrative units.
- **Entrance Conference:** RFS will schedule and manage an entrance conference for internal and external auditors.
- **Audit Fieldwork / Audit Responses:** RFS will work with PIs, departmental staff and RSP to collect and organize copies of documentation related to the audit requests. RFS will then submit Rutgers' response to the auditors for review. **Please note:** Departments and PIs should never submit their audit responses directly to the auditors.
- **Audit Interviews:** RFS will work with PIs, departmental staff and RSP to prepare them for audit interviews. RFS will accompany PIs and departmental staff during audit interviews. If requested, RFS will accompany RSP during audit interviews. **Please note:** Departments and PIs should never participate in audit interviews without an RFS representative.
- **Exit Conference:** RFS will schedule and manage an exit conference for internal and external auditors.
- **Rutgers' Response:** RFS will review the auditor's draft report and formulate Rutgers' response to the findings. As appropriate, RFS may request and include PI, department or RSP feedback.
- **Corrective Action:** RFS will note any required, corrective actions resulting from audits. RFS will then provide implementation guidance to the Rutgers' community to ensure the University complies with monitoring and documentation requirements.

This procedure will apply to all audits related to sponsored programs including, but not limited to:

- Internal Audits
- External Audits
 - State of New Jersey Audits
 - Sponsor Audits
 - Single Audit (formerly A-133 Audit)

6. Responsibilities

Department Personnel	<ul style="list-style-type: none">• Immediately notify RFS of any pending audit actions• Collaborate with RFS to provide department-level documentation associated with audit requests• Collaborate with RFS to implement and document corrective actions• Maintain appropriate documentation of sponsored program activities to detail Rutgers' compliance with regulations.
Research Financial Services	<ul style="list-style-type: none">• Coordinate all audit activities to ensure the University fully responds to audit inquiries, thereby protecting the University against audit risk• Support PIs, department personnel and RSP during audit activities• Provide guidance to PIs, department personnel and other University stakeholders on how to protect the University from audit risk through compliant implementation of sponsored program and maintenance of appropriate documentation
Principal Investigators	<ul style="list-style-type: none">• Immediately notify RFS of any pending audit actions• Collaborate with RFS to provide documentation associated with audit requests• Collaborate with RFS to implement and document corrective actions• Maintain appropriate documentation of sponsored program activities to detail Rutgers' compliance with regulations.
Research and Sponsored Programs	<ul style="list-style-type: none">• Immediately notify RFS of any pending audit actions• Collaborate with RFS to provide pre-award documentation associated with audit requests• Collaborate with RFS to implement and document corrective actions• Maintain appropriate documentation of sponsored program activities to detail Rutgers' compliance with regulations.

Resources

Related Procedures

Accounts Receivable Management on Sponsored programs

Sponsored Programs Invoicing