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AUDITS – CONTRACTUAL AND FUNDER VISITS

Different research funders operate different kinds of audit types which can be defined as ‘contractual audits’ and ‘funder visits’.

Contractual	Funder Visit
Required by grants Terms & Conditions	Initiated by funder
Normally threshold based	Funder select the auditors
Cambridge appoint the independent auditing firm	Can be project specific or across portfolio of grants

Contractual Audits

As part of the reporting process on some research projects, there may be a requirement to include an independent report prepared by an external auditor of factual findings according to the term and conditions of grant. For such audits, the Research Office appoint the auditors and arrange the audit.

Funders who require this and the audit triggers and associated costs are listed below:

Audits as requested by Funder and Appointed by the Research Office		Recoverability of the Audit Fee
EC FP7	Mandatory for every claim (interim or final) in the form of reimbursement of costs whenever the amount of the EU contribution is equal or superior to EUR 375,000 when cumulated with all previous interim payments.	Yes, with the exception of VAT
H2020	<p>Required by a beneficiary only at the end of a project, where total EC contribution (excluding indirect costs) is equal to, or higher than €325k.</p> <p>However, the University has an audit policy recommending interim audit on any grant exceeding €325k on direct cost.</p> <p>In such cases, the cost of audit is split between interim and final audit.</p>	Yes
Innovate UK	<ul style="list-style-type: none"> ○ Grants over £2m: required for all claims to the funder ○ Grants £500k- below £2m: required with first and last claim to the funder and at each anniversary of the project 	Not recoverable



	<ul style="list-style-type: none"> ○ Grants £100k- below £500k: first and last claims only ○ Below £100k: last claim only 	
Department for Education	For all grants at the end of each financial year.	Yes
US federal funds (A133- Single audit)	Required when an entity is in receipt of federal funds of \$750,000 or more per fiscal year.	Yes

Funder Visits

There are some funders (or their appointed auditors) who conduct audits which cover departmental processes and the financial transactions of specific research projects in order to guarantee that expenditure has been incurred according to their terms and conditions of the particular award.

These visits can span several days and all funders have the right to audit the research they fund. If any Principal Investigator or Departmental Administrator is approached directly by a funder or by the funder’s appointed auditor, they should contact the Audit and Compliance Team at CROCompliance@admin.cam.ac.uk at Research Operations immediately.

Below is a list of funders who have previously conducted project audits on University of Cambridge awards and their audit strategy. Note that all funders have the right to audit the research they fund.

Funder Audits

EC	Annually – the number of sampled grants varied between 1 to 13 between 2014 and 2016
CRUK	At least once every three years for an Institution that receives more than £1m per year.
UKRI	Funder Assurance Programme (FAP) Audit every 3 years for top 50 recipient organisations of UKRI funding.
Wellcome Trust	Used to undertake a grant audit every three years in partnership with UKRI FAP Audit. They retain the right to conduct additional grant-level audit (e.g. for Centres) and to audit the University outside of the UKRI partnership.
Royal Society	Annually- since 2016, the Royal Society runs an annual audit programme on randomly selected grants.
NIH	As of the date of writing this manual, UCAM has not had an audit conducted by NIH; however some other UK universities have been audited by NIH and it is possible that our grants are selected for audit at any point of time.

GUIDANCE FOR ASPIRING AND CURRENT PRINCIPAL INVESTIGATORS
Arts, Humanities and Social Sciences and Non-School Institutions



Financial Audits

Common documents that will be reviewed	Tips to Principal Investigators
Copies of invoices and expense claims	Keep them and pass them in a timely manner to your DA
Billing report and reconciliation with submitted claims	Ensure all expenditure is posted to the grant in a timely manner and include a clear description showing the precise purpose of the expense with regard to the project
Back up for personnel costs, including signed and authorised timesheet, contract of employment and any subsequent contract extension or contract change letters	Timesheet should reflect the actual hours worked and filled in regularly.
Evidence of compliance with Travel Policy	Business flight? Only if flight is longer than 8 hrs, working within 3 hours of landing, prior Head of Department approval is required. Taxis? Need to be justified. US federally funded? Follow Fly America Act for air travel claim.
Evidence of following Procurement Policy	What is the value of purchase? Should it go to tender? Is there a need for 3 quotes?
Evidence of using asset on grant	Estimation is not accepted by most funders. Keep a log of usage of the equipment showing percentage of the use for the grant
Backing calculation for unit price used in internal invoicing For internal invoices, some funders might want to see the backing calculation for the unit price to ensure no mark-up or overhead is included.	Check with the facility manager / internal provides if they have this information.
Evidence of due diligence checks/sub recipient monitoring	Ensure you document evidence of scientific monitoring of sub-awardees

Technical (Scientific) Audits

- Degree of fulfilment of the project work plan and deliverables for the relevant period
- Continued relevance of the objectives
- Management procedures and methods of projects

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The beneficiaries' contributions and integration within the project

Use of resources in relation to the achieved progress

Expected impact of the project with focus on dissemination





BEST PRACTICE GUIDANCE FOR AUDITABLE INFORMATION

A few things to consider when preparing the initial grant budget and how to be prepared for an audit throughout the project:

1. Read and understand the sponsors terms and conditions and ensure that these are adhered to
2. Consistently review expenditure on the grant to ensure costs are eligible; check with your department
3. Keep all the required records: e.g. invoices, quotes, meeting minutes, timesheet, communication of absence records, etc.
4. If you are not sure of the answer - seek support

What costs are allowed?

To ensure the cost you are proposing in your budget is in line with the terms and conditions of your funding, ask yourself:

1. Was it included in the original Justification of Resources/Proposal?
2. Was it subsequently awarded?
3. Is it of direct benefit to the research and proper use of public funds?
4. Is it economic, necessary and solely attributable to the project?
5. Is it not deemed to be an excessive expense?

Time sheets

In many cases a time sheet must be completed by everyone working/employed/paid out of the grant, including those employed 100% of their time - check the specifics of your award Terms & Conditions.

1. Timesheets have to show the 'actual hours' worked on the project and the actual total productive hours worked (across different projects and tasks)
2. Timesheets should also record unproductive time such as leave
3. Timesheets must be reconcilable with the absences for holidays, illness, travels or others
4. Time taken for work-related travel must be supported by appropriate evidence, e.g. conference documentation, project meeting notes etc.

[Timesheet Guidance](#)



When making travel claims

Ensure any travel is necessary, and that it clearly relates to the project. When making a travel claim you will need to follow the relevant section of financial procedure.

1. Be aware of the University guidance on Travel and Subsistence, in particular the additional requirements for business class travel and using taxis
 2. Be aware of funder specific requirements on travel; for example US federal grants, US flagship carrier or those in open skies agreement need to be used
 3. Be specific when accounting for travel expenses (who travelled where and why) and provide adequate receipts
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Expense claims

1. Do not charge alcohol to the award
 2. Credit card receipts are not eligible as evidence of expenditure incurred. An itemised receipt is required with the VAT separated out
 3. List the names those attending the dinner/event, why they are there and how their participation relates to the project
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Procurement

Ensure that you followed the University's procurement policies.

Any project expenses must be directly related to the project and be described in the Description of Work, e.g. if the conference includes dinner, state this in the Description of Work at application stage, or ensure your conference programme and advertising make this clear, and include with the audit documentation. Ineligible costs should be moved off the grant prior to the audit and charged against departmental accounts.
