



Office of Sponsored Research

Audits Related to Sponsored Programs

1. Overview

As a recipient of sponsored funds, Phronetik is subject to audits ensuring that awards comply with sponsor, institutional, and federal regulations. Properly managing sponsored programs helps safeguard Phronetik from audit risks, including findings, potential fines, reputational harm, and risks to future funding. Phronetik's Financial Services (FS) team serves as the primary contact for all financial audits and responses related to sponsored programs. FS works closely with Principal Investigators (PIs), departmental staff, and Office of Sponsored Research (OSR) to ensure compliant program administration and to promptly address any audit actions.

2. Purpose

This document provides guidelines for responding appropriately to audit actions. It does not cover audits related to Institutional Review Board (IRB), Institutional Animal Care and Use Committee (IACUC), Conflict of Interest (COI), Institutional Biosafety Committee (IBC), Environmental Health and Safety, or Export Controls. For questions, please contact FS.

3. Who Must Comply

This policy applies to:

- Department Personnel
- Financial Services (FS)
- Principal Investigators (PIs)
- Office of Sponsored Research (OSR)

4. Definitions

- **External Audit:** Examination of Phronetik's sponsored program activities by an external body to confirm compliance with sponsor and institutional policies. Findings of non-compliance may result in corrective actions, fines, and loss of future funding.
- **Internal Audit:** Review conducted by Phronetik's internal Audit and Advisory Services to assess the presence and effectiveness of compliance controls. Results are reported to senior management with recommendations for improvements.
- **State Audit:** Examination of state-funded sponsored program activities by a state-designated body, determining compliance with state and institutional policies. Findings of non-compliance may lead to corrective actions, fines, and funding risks.
- **Sponsor Audit:** Examination of sponsored program activities by a sponsor-appointed body to confirm adherence to sponsor and institutional policies. Non-compliance findings may lead to corrective actions and funding risks.
- **Single Audit (formerly A-133 Audit):** Annual audit conducted by an external firm, required under federal Uniform Guidance if federal expenditures exceed \$750,000. Non-compliance may result in findings, corrective actions, fines, and funding risks.



5. Procedure

Upon notice of a pending audit action, the PI, departmental personnel, or OSR must notify FS immediately. FS will guide and coordinate Phronetik's response to all audit inquiries. Direct responses to audit inquiries from staff or faculty without FS guidance are not permitted.

FS support will include the following steps:

- **Notification of Pending Audit:** Upon receiving audit notification, FS will inform relevant parties, including departmental leadership and administrative units.
- **Entrance Conference:** FS will arrange an entrance conference with auditors to introduce key contacts and review audit scope.
- **Audit Fieldwork and Responses:** FS will collaborate with PIs, departmental staff, and OSR to gather documentation requested by auditors. FS submits the compiled response directly to auditors; departments and PIs should not submit documents independently.
- **Audit Interviews:** FS will help prepare PIs, departmental staff, and OSR for interviews and accompany them during the process.
- **Exit Conference:** FS will manage the exit conference to review preliminary findings.
- **Phronetik's Response:** FS will review the auditor's draft report, formulate Phronetik's official response, and, if necessary, incorporate feedback from the PI, department, or OSR.
- **Corrective Actions:** If corrective actions are required, FS will coordinate implementation guidance across Phronetik to ensure compliance with documentation and monitoring requirements.

These procedures apply to all audits of sponsored programs, including:

- Internal Audits
- External Audits (State Audits, Sponsor Audits, Single Audits)

6. Responsibilities

- **Department Personnel**
 - Notify FS immediately of any audit actions.
 - Provide department-level documentation as requested by FS.
 - Collaborate with FS on implementing and documenting corrective actions.
 - Maintain documentation of sponsored program activities to verify compliance.
- **Financial Services (FS)**
 - Oversee and coordinate audit activities, ensuring full response to inquiries.
 - Support PIs, department staff, and RSP during audits.
 - Advise on best practices for compliance to minimize audit risk.
- **Principal Investigators (PIs)**
 - Notify FS immediately of any audit actions.
 - Provide documentation as requested by FS.
 - Support FS in implementing and documenting corrective actions.
 - Maintain thorough documentation to demonstrate program compliance.
- **Office of Sponsored Research (OSR)**
 - Notify FS of any audit actions promptly.



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- Provide pre-award documentation requested for audit purposes.
- Collaborate with FS to implement corrective actions.
- Maintain documentation to verify program compliance.

By adhering to these guidelines, Phronetik ensures comprehensive support and compliance during audits, mitigating risks and protecting future funding opportunities.