

## **Guidelines for Responding to Sponsor, Regulatory and Investigative Inquiry**

**Effective Date:** July 1, 2012  
**Responsible Function:** Internal Audit  
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### **Definitions:**

Compliance Review: An examination of program procedures and fiscal documentation to ensure adherence to sponsor's administrative and fiscal policies, study protocol, and contract terms.

Operating Location: A Research Foundation office located at a SUNY operating location or other SUNY location supporting the Research Foundation mission and SUNY operations.

Operating Location Liaison: The individual at each operation location that is responsible for coordinating the inquiry or review from external parties of sponsor funds.

Operations Manager: An individual delegated authority to execute the powers and duties necessary to conduct Research Foundation business at an operating location.

Regulatory Agency: Public entity responsible for exercising autonomous authority over research area to ensure adherence to standards and safety procedures.

Regulatory Review: An examination of program procedures and documentation to ensure adherence to restrictions promulgated by government authority or by an industry; such as, through a trade association where actions of conduct could impose sanctions or fines.

Research Foundation or RF: The Research Foundation for The State University of New York.

Sponsor: The organization that provides funding or support for a project or activity.

Sponsor Auditor: Individual or organization solicited to perform an inquiry or review of program procedures and records on behalf of the sponsor.

**Basis for Guideline:** To provide Operating Locations with guidance for responding to inquiries by a Sponsor or Regulatory Agency, as well as, requests for audit or activity documentation in relation to a Compliance or Regulatory review.

**Guidelines Summary:** The RF Internal Audit Charter requires, RF Internal Audit to “coordinate with operating location personnel, audits of grants and contracts performed by external auditors.” This includes coordinating regulatory audits performed by outside auditors, such as various federal inspector general offices, other federal and state agencies, as well as sponsor audits related to funds administered by the RF. Coordination of this activity by RF Internal Audit ensures that information provided is consistent and appropriate and is responsive based on the nature and scope of the request.

All initial requests for documentation related to a review by Sponsor Auditors or Regulatory Agencies should be communicated to RF Internal Audit. This applies for requests received formally, through a written notification letter, or informally (i.e., e-mail or phone call).

RF Internal Audit will be involved in the following phases of the audit, when necessitated at the discretion of RF Internal Audit or upon specific request from the campus:

- Entrance conference;
- Assisting with compiling relevant central office documentation;
- Assisting the campus in drafting responses to findings;
- Status meetings;
- Ongoing discussions of audit findings that may lead to significant deficiencies or disallowances in program costs;
- Coordination with central office responses;
- Exit conference; and
- Findings Follow-up.

**Guidelines:**

1. Once notified of any type of review or campus visit by the Sponsor or Regulatory Agency, the Operating Location must advise RF Internal Audit by forwarding the review notification (or details of notifications made by phone) to the [Internal.Audit@fsuny.org](mailto:Internal.Audit@fsuny.org) mailbox. If the Operations Manager is not the person notifying RF Internal Audit, then he/she must be copied on the notice. All notifications will be tracked.
2. Dependent on the nature of the notification, RF Internal Audit will work with the Operating Location to ensure the Sponsor Auditor or Regulatory Agency provide the following details regarding the extent of their review in a formal notification letter to the location’s Operations Manager:
  - detailed scope of the review and time period to be tested
  - contact information of reviewer
  - specific awards/contracts and/or data to be reviewed
  - specific documents/documentation needed for the review
3. The Operating Location that administers the award is the office of record for documentation that supports expenditures. In some cases, RF Internal Audit may need to obtain data from central office records.

Requested documentation will often include RF policies and procedures, which are available on the RF portal web page (**see Appendix A**). The Operating Location's Liaison will be responsible for collecting documentation requests maintained by that location (**See Appendix B**).

4. Requests for central office records should be sent to [Internal.Audit@rfsuny.org](mailto:Internal.Audit@rfsuny.org) and we will coordinate gathering centralized documents (**See Appendix C**). RF Internal Audit will keep a log of all central office records that were provided for the review.
5. The Operating Location's Liaison will be responsible for distributing all relevant support documentation, including central office records gathered by RF Internal Audit, to the Sponsor Auditor or Regulatory Agency.

If multiple RF Operating Locations are selected for the same review, it may be more efficient for RF Internal Audit to gather all information (operating locations and central office) and forward the entire package to the Sponsor Auditor or Regulatory Agency. RF Internal Audit will work with the various Operating Locations to determine which approach is most efficient.

6. Audit observations must be communicated to RF Internal Audit. This may include having RF Internal Audit attend the exit meeting with Sponsor Auditor or Regulatory Agency.
7. The Operating Location will be responsible for responding to all audit observations. RF Internal Audit will assist the Operation Location with drafting their responses, as needed. Any response must be sent to RF Internal Audit at [Internal.Audit@rfsuny.org](mailto:Internal.Audit@rfsuny.org).
8. The final audit report issued by the Sponsor Auditor or Regulatory Agency must be sent to [Internal.Audit@rfsuny.org](mailto:Internal.Audit@rfsuny.org).

### **Inquiries Related to Investigative Reviews**

All inquiries concerning an activity under investigation from Sponsor, Regulatory Agency, or government body should be directed to Risk Management and Ethics office. Please refer to "[Fraud and Whistleblower Policy](#)" & "[Procedures for Investigating Fraud or Misconduct](#)" for more information.

### **Guideline Steps Summary**

Step	Description	Responsibility
1	Notification of Sponsor or Regulatory Review to RF Internal Audit ( <a href="mailto:Internal.Audit@rfsuny.org">Internal.Audit@rfsuny.org</a> )	Operating Location
2	Request formal notification letter to determine scope of review	Operating Location
3	Gather documentation related to scope of review that is maintained at the operating locations (see Appendix B)	Operating Location
4	Gather documentation related to scope of review that is maintained at the central office (see Appendix C)	RF Internal Audit

5	Provide Sponsor Auditor or Regulatory Agency all relevant support documentation gathered	Operating Location
6	Communication of audit observations to RF Internal Audit	Operating Location
7	Responding to audit observations	Operating Location
8	Send the final audit report to <a href="mailto:Internal.Audit@rfsuny.org">Internal.Audit@rfsuny.org</a>	Operating Location

Related Information: [Fraud and Whistleblower Policy](#); [Procedures for Investigating Fraud or Misconduct](#)

Change History

Date	Change History
July 1, 2012	New Guideline

Appendix A  
RF Policies and Procedures

Item	Description
<a href="#">Accounting Policy Manual</a>	This document provides the table of contents and related links to sections of the accounting manual.
<a href="#">Account Establishment</a>	This document provides an overview of the steps to take and the information required to establish awards, tasks and projects in the RF business system.
<a href="#">AP: Purchasing and Payment Activities</a>	This document provides guidelines for documenting purchasing and accounts payable activity.
<a href="#">AP: Invoice and Payment Processing</a>	This document provides an overview of the steps to process a vendor invoice.
<a href="#">AP: Request for Goods, Service or Payment</a>	This document provides guidelines for how to review a request for goods, service or payment.
<a href="#">Award Renewals</a>	This document describes the process for establishing renewal awards.
<a href="#">Cash Receipts</a>	This document provides an overview of the various activities involved in the RF cash receipt function.
<a href="#">Cost Share Awards</a>	This document provides an overview of the steps on how to create a cost share award in Grants Management. (see Cost Sharing)
<a href="#">Cost Transfer</a>	This document provides an overview of the background for cost transfers and includes allowable circumstances, approvals and documentation needed.
<a href="#">Effort Reporting: Reporting Periods</a>	This document describes the reporting periods for certification of salary distribution reports (effort reports).
<a href="#">Effort Reporting: Exempt</a>	This document describes the process for creating, printing, and certifying effort reports for <u>exempt</u> RF and SUNY employees.
<a href="#">Effort Reporting: Nonexempt</a>	This document describes the process for certifying effort for <u>nonexempt</u> RF employees using the effort reports in the business system or timesheets.
<a href="#">Effort Reporting: Overview</a>	This document provides an overview of effort reporting, including what it is, OMB A-21 requirements and the process.

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<a href="#">Fraud and Whistleblower Policy</a>	This document describes the organization's fraud policy including actions that constitute fraud and responsibilities for the investigation of fraud.
<a href="#">Fringe Benefit</a>	This document describes the RF fringe benefit cost recovery policy. The fringe benefit rates can be found here <a href="#">(Rates)</a>
<a href="#">Income Fund Reimbursable</a>	This document outlines the IFR policy and rules for reimbursement.

## RF Policies and Procedures

Item	Description
<a href="#">Assignments (IFR)</a>	
<a href="#">Income Fund Reimbursable Assignments (IFR)</a>	This document describes the definition of an IFR and the process involved.
<a href="#">Indirect Cost Rate (F&amp;A)</a>	This document explains the indirect cost allocation method for federal projects. The process is similar for calculation of non-federal indirect projects. The F&A rates can be found here ( <a href="#">Rates</a> ).
<a href="#">Insurance Policy (Property)</a>	This document describes the RF property insurance policy.
<a href="#">Moving Reimbursement Request</a>	This document describes the steps operating locations should take when an employee requests reimbursement for moving expenses.
<a href="#">Payroll</a>	This document should be used by operating locations and RF central office staff responsible for the processing payroll.
<a href="#">Processing Expenditures to an Award</a>	This document describes the criteria and processes used for verifying expenditures allowable and funds availability when processing transactions.
<a href="#">Procurement</a>	This document describes the requirements pertaining to bids and proposals for procuring goods and services.
<a href="#">Record Retention</a> <a href="#">Record Retention- Project Administration</a>	This document outlines the RF record retention schedule.
<a href="#">Refunds to Sponsors</a>	This document outlines the process for refund to sponsors including the award number for each location.
<a href="#">Sponsor Required Reports</a>	This document describes reports typically required by federal and other sponsors.
<a href="#">Subcontractor</a>	This document describes requirements/monitoring of sub-recipients.
<a href="#">Time Reporting Policy</a>	This document describes the basis for the time reporting policy, as well as, the forms used and requirements.
<a href="#">Travel Policy: Overview</a>	This document provides an introduction to RF travel policies and links.

<a href="#">Travel Policy: Tax Exempt</a>	This document outlines the tax exempt status of the RF.
<a href="#">Travel Policy: Independent Contractors</a>	This document outlines the RF policy for travel expense reimbursements to independent contractors or consultants.

## Commonly Requested Documentation from Operating Location

Summary of Data Provided from <u>Operating Location</u>		
Data Requested	Source Information	Notes
OTPS Expenditures Detail	<ol style="list-style-type: none"> <li>1. AP Invoices and Payments by Project, Task, Award Report</li> <li>2. Original AP invoice, bills and receipts to support expenditures.</li> </ol>	
Time Sheets	For selected contract and grant employees	
Time Leave Accrual Forms	For selected contract and grant employees	
Effort Reports	Certification of salary distribution reports for selected employees.	
Organization Charts	Organization chart related to the department associated with grant or contract expenditures.	
Lease Agreements	Original signed agreements.	



## Commonly Requested Documentation from Central Office

Summary of Data Provided by <u>Central Office</u>		
Data Requested	Source Information	Notes
Allocation methodology for all shared costs	<ol style="list-style-type: none"> <li>1. F &amp; A Rate Agreement</li> <li>2. <a href="#">Facilities and Administrative (F&amp;A) Rates for Federal Projects</a></li> <li>3. <a href="#">Indirect Cost Recovery Policy</a></li> </ol>	
Annual A-133 Report	<a href="#">Corporate Reports</a>	
Bank Account Reconciliation	<p>Finance Office for corporate checking bank reconciliations.</p> <p>Contact: Debbie O'Connor, Accountant-Cash Supervisor</p>	The date a vendor check clears the bank can be determined on RF Quick View.
Cost Accounting Standards and Disclosure Statements	<ol style="list-style-type: none"> <li>1. <a href="#">Department of Health and Human Services (DHHS) web site</a></li> <li>2. <a href="#">DS-2</a></li> </ol>	DHHS is the cognizant audit agency for the Research Foundation
General Ledger and subsidiary ledger	Grant Sum Report (by award/project for specified time period)	
RF Oracle Application	Document not available off portal	Summary of RF system for sponsored program administration and financial accounting.
Payroll Register for Employee Expenditures	<ol style="list-style-type: none"> <li>1. Salary Sum Report</li> <li>2. Invoice Detail Report (Invoice Detail Report includes AP expenditures and Payroll)</li> </ol>	The RF <u>does not</u> provide cancelled checks or payroll registers.
Payroll proof of payment		
Health insurance invoice and proof of payment (Invoice should detail staff covered under policy)	<p>Subscriber Listing on Request Report</p> <p>Contact: Christa Taylor, Health &amp; Welfare Benefits Manager</p>	Insurance expenditures are not directly charged to contracts, they are part of the Fringe Benefit Rate.

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Payroll Tax summary sheet and proof of payment	<ol style="list-style-type: none"><li>1. Form 941, Employer's Quarterly Federal Tax Return</li><li>2. NYS 45 MN, Quarterly Combined Withholding, Wage Reporting, and Unemployment Insurance</li></ol> Contact: Kathy Shattuck, Payroll Manager	
OTPS Expenditures Payment	<ol style="list-style-type: none"><li>1. AP Invoices and Payments by Project, Task, Award Report</li></ol>	Report showing bank reconciliation of AP checks.