Research Expenditure Compliance Review (RECAP) by Internal Audit

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March 2020
https://research.utoronto.ca
RECAP by Internal Audit

- Who we are
- RECAP: objectives and process
- Statistics
- Questions and Answers
RECAP by Internal Audit

Who/What/Why is Internal Audit?

- The University of Toronto supports **Internal Auditing** as an independent and objective assurance and consulting activity designed to add value and improve the University’s operations.

- Internal Audit assists the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the University’s risk management, control and governance processes.

- The Internal Audit Department is established by Governing Council Policy and its responsibilities are defined by this Policy and the Audit Committee of the Business Board as part of their oversight function.

- Visit our newly redesigned website for more information: [https://governingcouncil.utoronto.ca/internalaudit](https://governingcouncil.utoronto.ca/internalaudit)
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What we do and how we do it

- Review, assess, ensure remediation and report on research expenditure compliance;

- Create awareness about central auditing;

- Assist with training & education (e.g. STaR Conference).

Annual Sample Size

- Expense Claims (200)
- Grant Reallocations (100)
- Invoices >$5,000 (100)
- Airfare >$3,000 (sample)

Computer-generated random samples

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Review of supporting documentation and records against the following criteria:

• **Authorization**
  - claims to have grantee’s approval, and be counter-signed where required

• **Eligibility**
  - effective and economical use of funds, and expenses to be essential and beneficial for the research project

• **Completeness**
  - sufficiency of information and/or documentation to verify that expenditures contribute directly to the purpose for which the grant was awarded

• **Accuracy**
  - timing, amount and occurrence of expenditures

Other..
Statistics:

Deviations rates by Transaction Type

<table>
<thead>
<tr>
<th>Year</th>
<th>Expense Claims</th>
<th>Reallocations</th>
<th>Invoices</th>
<th>Airfare</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>39%</td>
<td>14%</td>
<td>58%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>58%</td>
<td>35%</td>
<td>30%</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>2019'</td>
<td></td>
<td></td>
<td>65%</td>
<td>49%</td>
<td>22%</td>
</tr>
</tbody>
</table>
Top 3 categories of deviations

1. Missing direct relevance/purpose of expenditure in relation to the funded research:
   - If not evident, demonstrate, e.g.
     - how the expenditure (e.g. hospitality) is beneficial and contributes to research objectives;
     - how the claimant, other than the grantee, is affiliated to the research;
     - how supplies/equipment are necessary and not generally provided by the University;
     - details and calculations for salary reallocations, etc.

2. Evidence of research-related activities, as they relate to the purpose of expenditure (e.g. travel) not provided:
   - conference program, prospectus, meeting agenda, etc.;
   - copy of email communication for collaboration meeting, invitation letter, copies of examples of published papers, if applicable;
   - receipts (including proof of travel).

3. Eligibility not substantiated:
   - airfare exceeds most economical option (Premium Economy class used extensively under “economy”);
   - Business class delta portion not appropriately allocated to eligible sources of funding.
Statistics: Remediation Results

Remediation Rates by Transaction Type

- Expense Claims: 82%
- Reallocations: 90%
- Invoices: 98%
- Airfare: 58%

Total remediation as reimbursements to the grant funds:

- $46,365; consisting of
  - $31,282 - airfare in excess of most economical option
  - $15,083 – no direct benefits to the grant, alcohol, double-claim (e.g. per diem), etc.