STAR | STRENGTHENING ADMINISTRATION OF RESEARCH

2021 Workshop Series

- Welcome! Thank you for joining us. The workshop will begin shortly.
- Please check that you are on mute and your video is off.
- This workshop will be recorded.

Land Acknowledgement

"We wish to acknowledge this land on which the University of Toronto operates. For thousands of years it has been the traditional land of the Huron-Wendat, the Seneca, and most recently, the Mississaugas of the Credit River. Today, this meeting place is still the home to many Indigenous people from across Turtle Island, and we are grateful to have the opportunity to work on this land."

Access Check

Access is a shared responsibility between everyone in this workshop.

- Is there anything (presenter screen, sound) that may affect your participation in this session?

- For any other general access issues, please use the Zoom chat to send a private chat message to *Alexandra Candib*

Research Expenditure Compliance Review (RECAP) by Internal Audit

Who we are

RECAP: objectives, process and practical tips

Statistics

Questions and Answers

Participant Poll 1:

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.

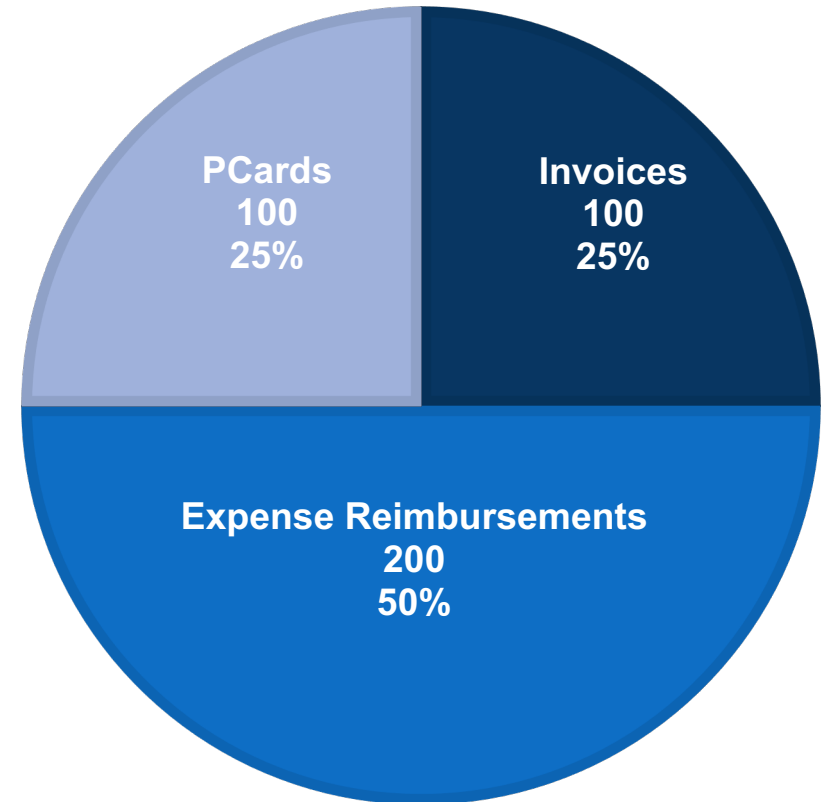Visit our website for more information:
https://governingcouncil.utoronto.ca/internalaudit

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RECAP by Internal Audit

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

■ Invoices　■ Expense Reimbursements　■ PCards

PCards
100
25%

Invoices
100
25%

Expense Reimbursements
200
50%

Analytics/risk-based targeted samples

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RECAP by Internal Audit: Sampling

Risk-based, by targeting <u>transactions</u> / categories of transactions:

- Possible Duplicates or Splits
- Potentially ineligible charges
    - *Vendor name (e.g., PayPal Netflix, PayPal Nintendo, Skype)*
    - *GL category (e.g., furniture)*
    - *Key word search (e.g., teaching)*
- Sub-set of riskier (less known, higher $ value) transactions
    - *GL: Supplies General / Services General*
    - *Vendor: Amazon*
    - *Top claims, top users, >$10k purchases*

RECAP by Internal Audit

Review of supporting documentation and records to ensure:
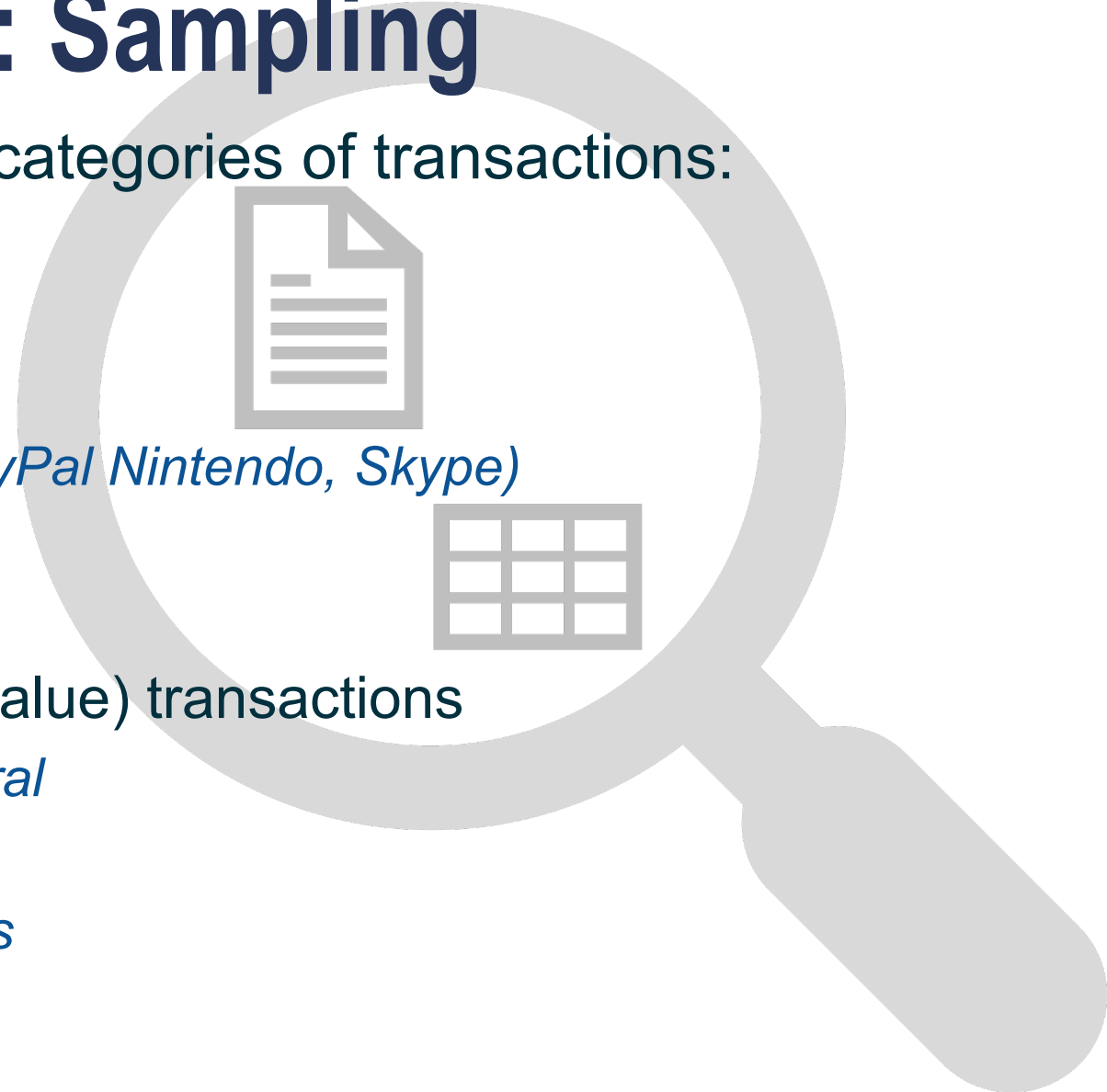
Eligibility

➢ *comply with **TAGFA** principles and directives and UofT policies and procedures (**GTFM**) for appropriate use of grant funds: expenditures to be necessary and directly relevant to research, be effective and economical, not be provided by the University)*

Accuracy

➢ *timing, amount and occurrence of expenditures*

Other

➢ *compliance with **Procurement**, **GTFM** and other requirements*

Authorization

➢ *claims to have grantee's **approval**, and be counter-signed where required*

Completeness

➢ *sufficiency of **a) information/details** to substantiate purpose/relevance and **b) supporting evidence**/documentation to verify that purpose/relevance*

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Participant Poll 2:

Transaction Review Criteria - *Completeness:*

- *Document the information/details as to the purpose/relevance to research*

- ***TAGFA:***
  - "Grant **expenditures** must contribute to the **direct costs** of the research/activities …"
  - "If … the grant-related **purpose** for the purchase is **unclear**, a **justification** must be obtained from the grant recipient."

  GTFM:
  - "The **business purpose** must be **clearly documented** such that the purpose could be **reasonably understood** by an outside party."

Transactions Review Criteria – *Completeness (example)*

Billing address / Adresse de facturation

████████████
40 St. George Stre██ ████████
Toronto, Ontario, M5S 2E4
CA

Delivery address / Adresse de livraison

████████
████████
Toronto, Ontario, M4S 2X3
CA

Sold by / Vendu par

POWERNODE COMPUTER INC
60 INDUSTRIAL PKWY
CHEEKTOWAGA, NY, 14227-2774
US

Order information / Informations la commande

Order date / Date de commande	09 April 2020
Order # / Ordre #	████████
Shipment date / Date d'expédition	09 April 2020
Shipment # / Expédition #	████████

Invoice details / Détails de la facture

Description	Qty/Quantité	Unit price/Notre prix	Discount/Remise	Federal Tax/Impôt fédéral [GST/HST/TPS/TVH]	Provincial Tax/Taxe provinciale [PST/RST/QST/TVP/TVD/TVQ]	Item subtotal/Total partiel d'élément
ASUS Rog Rapture Gt-AC5300 Tri-Band 4x4 Gaming WiFi with 8-Port Gigabit Router ASIN: B074KMM2MP	1	$478.56	$0.00	$62.21	$0.00	$540.77

Invoice Subtotal / Total partiel de la facture — $540.77

- ASUS Rog Rapture (Gaming Router)

- ".. This router is used for research on latency-critical applications, for which minimizing the effect of wireless network latency is very important. A gaming router was selected to support this work because it provides wifi networking with very low latency. Low latency is also critical for computer games which is why wifi routers specially created for gamming are optimized for low-latency communication. We take advantage of this property in our research."
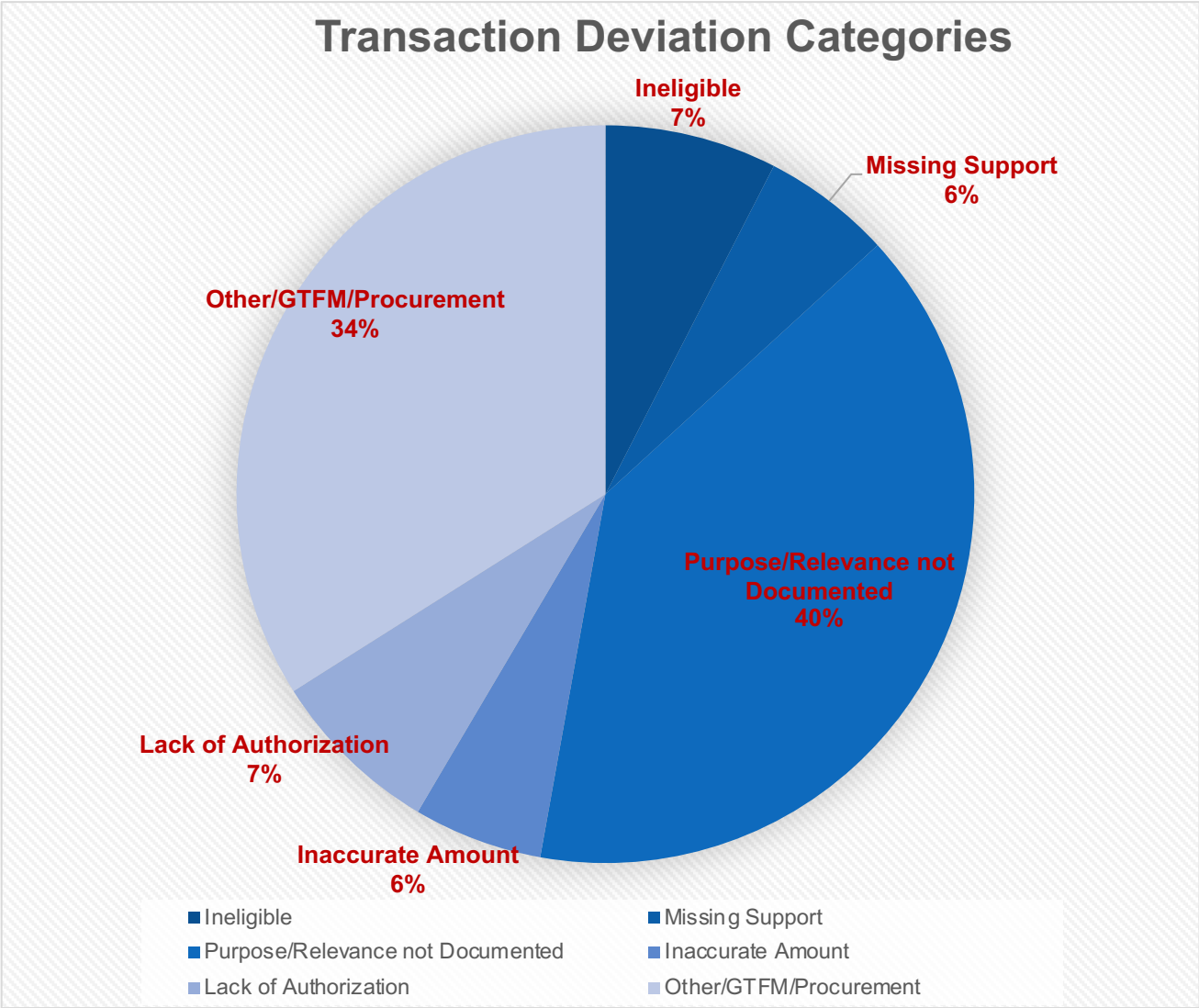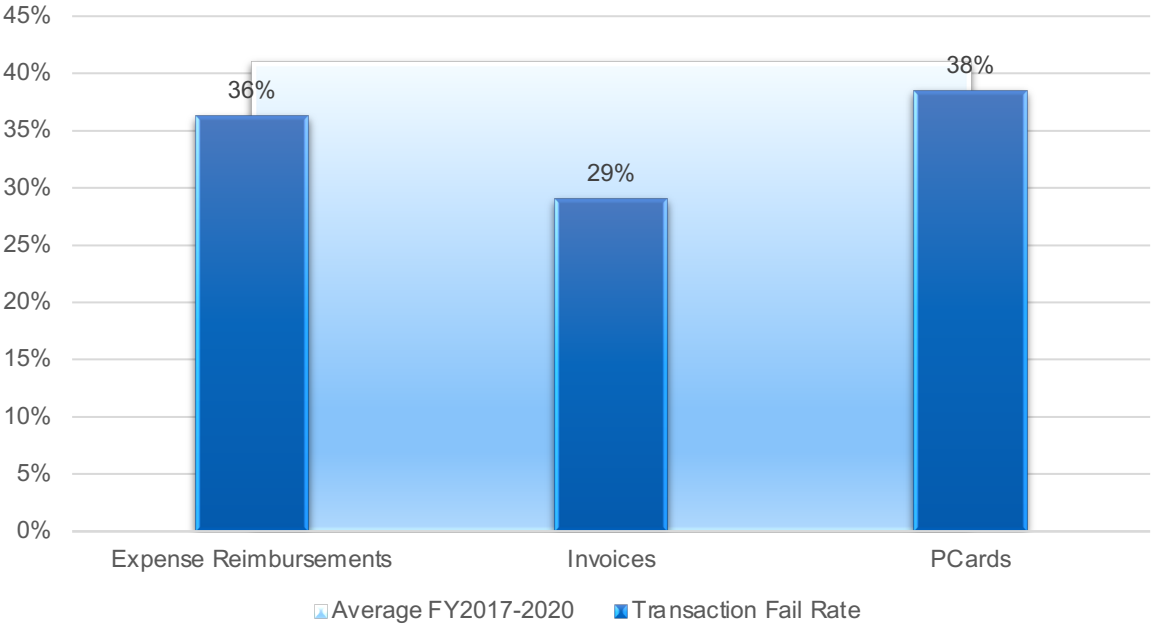
Statistics: FY2021 to date vs. 2017-2020

Affected by:

☑ COVID19

☑ Transition to Principles-Based

☑ Audit Sample population

FY2021 Deviation Rate Statistics

Category	Transaction Fail Rate
Expense Reimbursements	36%
Invoices	29%
PCards	38%

Legend: ☐ Average FY2017-2020 ■ Transaction Fail Rate

Transaction Deviation Categories

- Ineligible 7%
- Missing Support 6%
- Other/GTFM/Procurement 34%
- Purpose/Relevance not Documented 40%
- Lack of Authorization 7%
- Inaccurate Amount 6%

Legend:
■ Ineligible ■ Missing Support
■ Purpose/Relevance not Documented ■ Inaccurate Amount
■ Lack of Authorization ■ Other/GTFM/Procurement

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Summary

Ensure compliance with Tri-Agency principles and University requirements for research expenditures;

Ensure eligibility, accuracy, authorization and support by sufficient information/documentation. **Document** grant-related purpose and relevance of the expenditure, so that it can be understood by an outside party;

The role of Internal Audit in creating awareness about the central auditing of research transactions to assist with mitigating the risk of non-compliance, and other irregularities.

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Question & Answer

The following slides contain a selection of questions and answers given during the live online workshop. Some of the discussion may be paraphrased for clarity.

Question 1: We are attaching all supporting documents to FIS (Financial Information System) transactions. If we receive an email from the audit department to submit documents for review, can we refer to the attachments already in FIS?

Answer 1: That's a great feature in FIS. As long as all the documents and approvals are uploaded to FIS, then letting us know that is where they are stored is very efficient.

Question 2: When it comes to medical notes – is Finance in conflict with how the University manages these? There is the Health & Well-Being office that manages such notes for when staff have health issues – why would Finance be assessing medical notes?

Answer 2: Finance would not be "assessing" a medical note. Per the GTFM when a medical note is required, for example for class of air travel, the approver or one-up must attest that there is a medical justification (at the pre-approval request and the request for reimbursement). In the case of an audit by Internal Audit or a third party, such as a Tri-Agency review, the medical note would need to be provided for review.

Question 3: How frequently do you audit a faculty? We get 2-4 requests for audit documents each month.

Answer 3: We test on a quarterly basis. Internal Audit completes several on-going reviews, such as RECAP testing on Tri-Agency funds, Continuous Audit on operational funds and Department Reviews. Our testing is based on computer assisted samples and the use of analytics. Also, based on the size of the department, the amount of grants, and the dollars, there could be 1 or 2 sample requests in a year, and many the next. We do not pick on or focus on just one department.

Question 4: Based on the data, how would you recommend we change our behaviour to improve our efficiency and compliance with the policies?

Answer 4: Keep current with the policies and the requirements of the granting agencies and the University. Informing the Principal Investigators on an ongoing basis with these requirements can also help with better compliance.

Question 5: To be able to have more complete documentation, this sometimes requires circling back to the PIs (Principal Investigators) for more information. Getting the information can be challenging due to the volume of email and work they have. Do you have any recommendations for facilitating this issue?

Answer 5: We can appreciate how busy the PIs can be with their research and other activities, however, compliance with the funding and University requirements is important for continued eligibility. Providing the PIs with FAQs and or Tip sheets, like the FAST (Financial Advisory Services & Training) Tips, can be very helpful. In addition, it would be helpful let the PIs know to seek out your help in advance if they have larger purchases and/or travel.

For the Tri-Agency Guide on Financial Administration (TAGFA), the Roles and Responsibilities sections of the Directives pertaining to the use of grant funds includes the following responsibilities for grant recipients or their delegate(s):

- …ensuring that the goods and services acquired are eligible expenditures in accordance with the Tri-Agency Guide on Financial Administration and, when applicable, the program/funding opportunity literature and any relevant agency agreements
- ensuring that goods and services expenses are documented, as prescribed by the administering institution's policies and processes…

Please feel free to contact Internal Audit if you would like to discuss an issue; these are handled confidentially by the Department.

Question 6: Will we be required to print all our documents for Purchase Orders, reimbursements, etc. when we return to office? Will we need to continue to print and archive these claims?

Answer 6: We are not sure at this time if departments will be required to print out all the documents generated during the COVID period when we return to campus. Clarification around this requirement would come from Financial Services. Please refer to the communications from Financial Services distributed through their listserv or contact the FAST Team for the most up-to-date requirements applicable at the time.
https://finance.utoronto.ca/fast/fast-team-contacts-and-faculty-representatives/

Question 7: For reimbursements, we have copies of the original receipts. When we return to campus, will we need to get the original copies?

Answer 7: Please refer to the Answer 6 above.

Question 8: Is it possible to request division-level deviation statistics?

Answer 8: Division-level deviation statistics are not publicized currently, however, upon the request/authorization of the division head, Internal Audit may share certain statistics pertaining to their division.

Question 9: Will you be accepting PDF digital signatures after COVID-19?

Answer 9: The post-COVID-19 requirements will be determined by Financial Services. Internal Audit will audit based on those requirements.

Still Have Questions?

Contact Us:

- https://research.utoronto.ca/contact-us
- https://governingcouncil.utoronto.ca/about-internal-audit/contact-internal-audit

2021 STAR Workshop Series: Next Events

Canada Foundation for Innovation (CFI) *(Invitation-only)* **Post-Award Management**	Thurs., April 8 10:30-12:00pm
CFI Fair Market Value *(Invitation-only)*	Tues., May 4 1:30-3:00pm
Tri-Agency Guide on Financial Administration: Part 1	Wed. May 12, 2:00-3:00pm
Tri-Agency Guide on Financial Administration: Part 2	Thurs. May 13, 10:00-11:00am

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Resources

- Internal Audit https://governingcouncil.utoronto.ca/internalaudit

- Division of the Vice-President, Research & Innovation (VPRI) https://research.utoronto.ca

- STAR Program https://research.utoronto.ca/training-resources/research-administration-training-star-program

- 2021 STAR Quick Tips...(starting in late Spring)

THANK YOU!

Questions?

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