Audit Update

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RGUG meeting
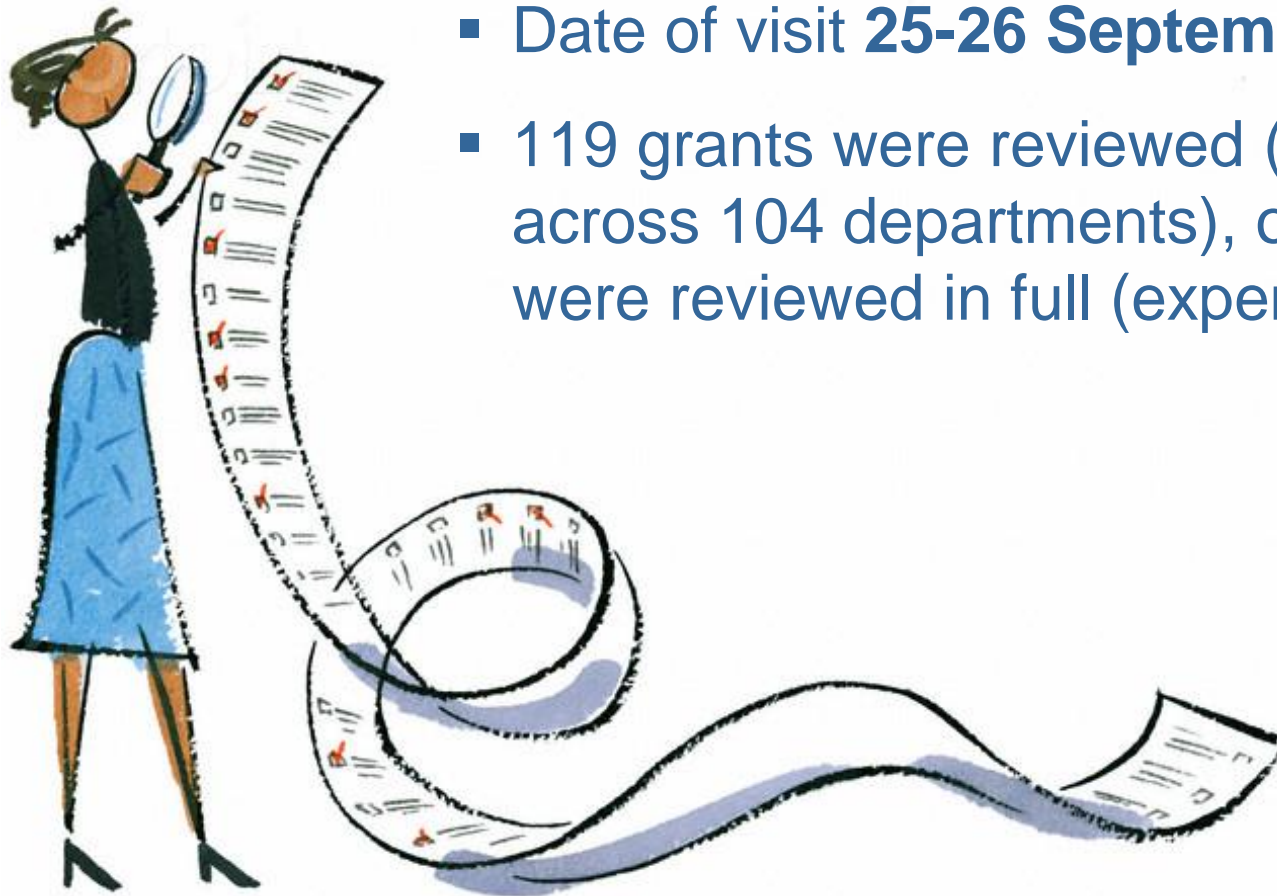26 Feb 19

Research Operations

Agenda

- UKRI FAP visit outcome

- EC grants, audit update

- Innovate UK: strengthening the requirements

UKRI Funding Assurance Programme Background

- Date of visit **25-26 September 2018**

- 119 grants were reviewed (448 projects across 104 departments), of which 48 grants were reviewed in full (expenditure listing)

Overall Report

Moderate Assurance

"Some improvements are required to enhance the adequacy and effectiveness of the Framework of Governance, Risk Management and Control."

- 12 Recommendations

- Findings on expenditure:

  ➢ £15,716.62 ineligible expenditure identified on active projects.

  ➢ £48,220.63 ineligible expenditure where final expenditure summary submitted.

Recommendations

Observation	Action
AR1. Ineligible costs identified where FES submitted (e.g. general consumables, stationary, alcohol, laptop purchased on final date of grant, Insufficient evidence of spend)	The University will liaise with the relevant Research Councils to arrange repayment of the ineligible costs via requesting a SES. ROO will be in touch
AR4. **Ineligible costs charged to current grants**	All ineligible costs should be removed from the projects immediately. Review expenditure on regular basis

Recommendations

Observation	Action
AR2. Directly Allocated costs charged to Directly Incurred budget heading (or general office items (overheads) charged to the grant)	Only cost with clear audit trail can be charged to DI (e.g. estimates is not acceptable for lab consumables). Ensure that all staff are made aware and ensure controls are in place to review all expenditure on a regular basis and any ineligible costs removed.
AR3. Inadequate controls in relation to sign-off of expenses (Expense claim form didn't reconcile receipts, exchange rates unclear, etc)	➢ New expense claim form ➢ Ensure adequate controls are in place for signing off expenses and that back up documentation matches the expense claim

Recommendations

Observation	Action
AR5. Inadequate audit trail	Department should kept an good audit trail (objective, measurable and quantifiable) of amounts charged to Research Grants. Expenditure must be recorded as it is received and where costs are reduced or split between transactions a clear audit trail is provided on the documentation.
AR6. Internal Canteen charges	When charging departments for internal charges, provide a clear backing of charges (e.g. itemised invoicing for internal canteen services to enable reconciliation of charges) We would also recommend implementing a process for checking and approving internal charges within departments.

Recommendations

Observation	Recommendation
AR7. Expenditure outside of the agreed project plan (Vehicle purchased without Research Council approval)	Ensure that all staff/grant holders are aware that significant purchases outside of the agreed project costs must obtain funder approval prior to purchase
AR8. Budgeted costs charged to project instead of actual This was an exceptional circumstance, which emerged due to staff sickness and resource issues at the time within the Department, however it is not unusual	Costs need to be claimed as per terms and conditions of the grant

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Recommendations

Observation	Recommendation
AR9: Collaboration agreement (happened mainly due to resource issue at the time at ROO CS team)	Improve process (action accepted)
AR10: Miscoding of expenditure very common ☹	Funders expect monitoring expenditure at regular intervals throughout the lifetime of a grant with errors corrected promptly Also required by our financial regulations. Record evidence.

Recommendations

Observation	Recommendation
AR.11 Variation against profile *(income vs expenditure is more than £100K)*	Liaise with the relevant Councils to agree whether any further action is required to address the variances
AR12. Master Data Reconciliation	Data in CUFS need to be compared with JES data on regular basis and appropriate action take (ROO action)

Systematic finding on one EC audit

Audit reference: 17-BA332-001

Proposed response:

 UCAM confirms that the auditor's recommendations (Audit BA332001 - 21/12/2018) have been taken into considerations. If required, we can provide detailed information about the measures undertaken to improve the internal system of control and reporting

Innovate UK grant- Staff cost

Timesheet is required for DI staff

booked less than 100% charged on

Innovate UK grants (Similar to UKRI)

Innovate UK
Technology Strategy Board

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