University of Leeds grants

Service Level Agreement – 23 September 2015

University of Leeds responsibility (all information to be reviewed by the research team prior to providing to Deloitte)

Weekly audit plan

Note that 'Week 5' of the previous audit month will sometimes be the same week as 'Week 1' of the current audit month

Week 1

- List of grants to be audited to be provided (name, ref no, type of grant), including:
  - details of the periods to be audited
  - details of the precise report format required
  - whether paper or electronic signatures on engagement terms and report are required
  - who will be our contact for each audit
  - who will be signing the engagement terms and letter of rep for each audit
  - signed copies of the grant agreements (including all Annexes), and also offer letter and the value of the claim (as this is required in the engagement letter) in the case of TSB grants
- Purchase order numbers for each grant to be provided
- Engagement letters drafted and sent to correct contact/Sue for Alan’s signature

Week 2

- For EU grants staff names will be known by the department prior to the finalisation of the transaction lists – this information (and therefore the employment contracts) to be requested in advance by the research team, as this is often one of the last bits of information to be received
- Detailed grant information (note some information applicable to EU grants only)
  - Audit cover sheet to be sent by Faculty when returning list to EU team – this will include PO number and declaration that all items have been checked and are correct
  - Transaction listings, including a breakdown of personnel costs by individual reconciled to the transaction list
  - Transaction lists to net off contra’d items where possible, for example VAT and airport taxes, so false sample items cannot be picked
  - Transaction lists to show the categorisation of costs as to be submitted to the EC, eg only equipment items over £2,500 to be labelled as equipment, no items to be labelled sub-contractor costs unless will be reported under this category to the EC
  - Confirmation of whether any income was received in relation to the grant (receipts)
  - Confirmation of whether there was any pre financing income/interest
Week 2 (continued)

- Management representation letters drafted and e-mailed to correct contact/Sue for Alan’s signature.
- Sample selected from transaction lists and returned to the research team. Sample will include the ‘Deloitte sample number’ (to be used on the referenced supporting information provided to Deloitte) and also the line ref. no which identifies the sample on the original transaction list.
- Confirmation of any additional information requirements (eg support for the pre-financing income/interest)
- Confirmation of who will be completing the audit work.

Week 3

- Research team to collate and check all information, especially for VAT, airport taxes and larger exchange rate differences. Copies of paper expense claims and purchasing card backup to be obtained if not previously scanned.
- All Form Cs to be drafted and/or revised if errors noted by research team when checking information, so that updated Form Cs are available on day 1 or week 4 for audit visit.
- If errors are noted with the supporting documentation research team to inform Deloitte, and [Keri] to instruct whether an exception will be reported or if extended testing is required by UoL. There is an option to extend testing to 100% of the cost category (eg consumables) and adjust for errors found in order to obtain a clean audit report. An additional fee will apply for extended testing.
- Note that if any items selected for testing are reversed out of the transaction list the auditor is to be informed as soon as possible, so that an alternative sample can be selected.
- Note if errors or amendments are noted in items not selected by Deloitte for testing we will not report an exception.

Week 4 - Audit week

All information for all audits to be available for first thing on Monday morning – see below for details of expected information. Depending on the number of audits to be performed the auditor may not need to be on site for the full week. Note that where information is not available, has not been correctly checked by the research team or is of poor quality then the audit will need to be postponed to the following month.

- Handover meeting on day 1 for research team to go through supporting documentation, list of errors found in Week 3, latest Form C and reconciliation (including Form C amended for errors found in Week 3) with auditor. Research team to advise auditor in which order to audit grants if any take priority etc.
- Referencing
  - All supporting documentation to be referenced up to Deloitte’s sample number.
- Supporting documentation TSB
  - To ensure that in addition to the supporting documentation proof of payment is also attached where applicable.
Week 4 audit week (continued)

- Supporting documentation requirements (‘other costs’)
  - All ‘other costs’ supporting documentation to be compared by the research team to the value on the transaction list, and explanations requested for differences prior to giving to the auditor. For items denominated in foreign currencies the exchange rate used is to be marked on the supporting documentation. For costs with a number of supporting receipts (for example expense claims) the relevant figures are to be clearly highlighted so that the auditor should simply be able to add these up.

- Supporting documentation requirements (‘personnel costs’)
  - Studentships
    - where we have selected a single cost it can be difficult to reconcile the value posted to the value on the award notice – therefore please can we have the award notices covering the full period for each student
  - Investigators and salaries
    - Payroll journals available showing the total cost for an employee for the month, as well as the journal showing the specific element apportioned to the specific grant
    - Authorised timesheets – to be reviewed for staff signature, authorisation signature, and that the hours recorded agree to the DACs reconciliation or allocated payroll percentage prior to giving to the auditor
    - Contracts – contract period to be compared to the claim period, and followed up with HR if necessary, prior to giving to the auditor
    - Confirmation required of productive hours for each employee

- Supporting documentation requirements (miscellaneous)
  - Depending on the type of claim, and the categories of costs being claimed, we may have further information requirements (for example in relation to subcontracting costs). We will advise you of what additional information we will require at the time of picking our sample

- Deloitte auditor to record errors found in audit Week 4 separately to errors identified in sample by UoL in Week 3.

Week 4 – Friday morning (or earlier if finish on-site prior to Friday)

- Deloitte auditor to agree adjustments noted during audit with the research team, obtain and agree amended Form C and reconciliation, and to provide an outstanding information list if there is any information / explanations not received.
- Research team to ensure all queries addressed and outstanding information provided to Deloitte by the end of Friday when auditor leaves site.

Week 5 - Tuesday
• Deloitte manager review to be completed, any additional information requirements / queries to be advised to the research team, and any additional known adjustments to be communicated.

**Week 5 – Wednesday**

• Research team to answer queries and to provide updated transaction list which clearly reconciles from the original transaction list, and which clearly shows Deloitte’s audit adjustments. Budget spreadsheet and Form C to also be provided.

**Week 5 – Thursday-Friday**

• Deloitte to draft reporting exceptions and send to research team.
• Research team to review and confirm satisfactory
• Scanned signed letter of rep to be received (dated at time of scanning, not dated pre audit)

**Week 6 – by Tuesday**

• Deloitte final internal review processes to be completed

**Week 6 – by Thursday**

• Invoices to be raised (note that signed reports will not be released until valid purchase order numbers have been received)
• Reports to be signed off and scanned and posted to the research team
• Deloitte manager to provide summary of the month’s audits and issues to Keri by way of tracker copy from the audit file

**OTHER MATTERS**

Re-issuing reports

• Revised report to be provided with explanation for revision. If values amended then supply rational for adjustment and supporting working papers and/or correspondence.
• Preference is to confirm text revisions by email rather than issue a revised signed report.

**Fee framework (as from 14 July 2015)**

• FP £1,200 per period
• TSB £1,200 per period
• Re-issue report with values amended £500 per period
• Re-issue report with no values amended – no fee provided minimal time input required, to keep under review
• Re-issue report due to Deloitte omission/ error – no fee
• Extended testing at the request of UoL £400 per period or by agreement if extensive