CALIFORNIA INSTITUTE OF TECHNOLOGY
Office of Research Administration

<u>Protocol for External Auditor Interaction with Caltech</u>

The following protocol sets forth general guidelines for all external auditors, both government and private, to follow when performing audits at the California Institute of Technology.

- Audits should be coordinated through the Audit Coordination Manager in Project Accounting, Office of Research Administration with the following exceptions:

    Audits coordinated by Cost Studies and Property Services:
    - *Audits pertaining to Caltech's indirect cost rates (e.g., Forward Pricing, Incurred Cost)*
    - *Audits pertaining to the JPL Lump Sum Award*
    - *ONR (or other) Property Reviews*

    Audits coordinated by the Controller:
    - *Audits of financial statements by independent auditors, (e.g. Annual Financial Statements, 403(b) Retirement Plan)*

    For all audits coordinated by the Cost Studies, Property Services, and the Controller, the person performing the Audit Coordination functions will advise the Audit Coordination Manager of the audit and will provide status updates as appropriate.

- Following the initial contact from the Auditors, the Audit Coordination Manager will schedule a formal entrance conference and will name a Caltech Lead for the audit.[1] Audit Services and Institute Compliance (ASIC) will be informed of the entrance conference. Attendance is at their discretion. The Lead and other significantly affected Caltech staff will be in attendance. The entrance conference may be held over the telephone, if all parties agree. Everyone participating in the meeting should be made aware that it is intended as an entrance conference.

    At the entrance conference, Caltech requests that, at a minimum, the Auditors make Caltech aware of the following:

    - Scope of audit[2]
    - Audit Assignment Number, if applicable
    - Requestor (agency), if applicable
    - Auditors who will be involved in the project, including contact details and work schedule (i.e., what days are they normally scheduled to be at Caltech)

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[1] A separate Caltech Lead may not be necessary or appropriate in every situation. The decision about when a Lead is necessary will be made by the Audit Coordination Manager.

[2] In case of an expansion or other modifications to the scope of an ongoing audit, a new audit assignment number and schedule may be requested by the Audit Coordination Manager.

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- o Timing of the audit – estimated start and anticipated completion dates
- o Type of deliverable/report
- o Caltech's opportunity to review or comment on the deliverable

The Caltech Audit Coordination Manager and the Caltech Lead may designate additional contact personnel for specific parts of the audit, as appropriate. The Auditors will channel all questions and requests for information in writing through the Caltech Lead, copying the Caltech Audit Coordination Manager.

Depending on the complexity and length of the audit, weekly status meetings/phone conferences may be scheduled. The Caltech Lead will notify all interested parties of the status meetings.

- All formal requests for information should be in writing to the Caltech Lead, with a copy to the Caltech Audit Coordination Manager and must include a date by which the information is needed. If the request is "informal," the Auditor may contact the Caltech Lead and/or departmental contact. However, Caltech may still require the request be followed up in writing. Caltech will inform the Auditors if responding to their additional audit requests will require additional time.

- A Caltech representative assigned by the Audit Coordination Manager and the Caltech Lead will accompany Auditors on all visits with Caltech faculty, researchers, and/or staff, including walkthroughs of Caltech locations outside of the Office of Financial Services. The Auditors will contact the Caltech Lead or Audit Coordination Manager to facilitate this.

- Requests for Oracle downloads/reports may take more than one day. Every effort should be made to provide Caltech with at least five business days to respond to a request for downloads/reports.

- Potential findings should be communicated to the Caltech Audit Coordination Manager as soon as possible, with copies to the Caltech Lead and the Director of Project Accounting.

- The Caltech Lead and the Audit Coordination Manager should be made aware immediately of any known changes in audit deadlines that will impact Caltech.

- If the Auditors encounter any delays from Caltech or have a concern about turnaround times and/or responsiveness of Caltech staff, they should make either the Caltech Lead or the Audit Coordination Manager aware of this concern immediately. If the Auditors do not receive a timely response, they should contact the Director of Project Accounting and copy the Associate Vice President for Research Administration.

- Upon notification from the Auditors, the Audit Coordination Manager will schedule an exit conference. Again, this meeting may be held over the telephone if all parties agree. There should be no "surprises" at the exit conference, i.e., if the protocol is followed, all issues/concerns/findings will have been discussed prior to the exit conference.

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