I. Responsibility for Project-Specific External Audit Costs

Every year, U-M conducts a single institution-wide audit as required by Title 2, Section 200 of the Code of Federal Regulations, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." Occasionally, however, a non-federal sponsor will require that U-M hire an external auditor to conduct a separate audit specific to the project funded by the sponsor, and U-M's acceptance of the sponsor's award is conditioned upon agreeing to this requirement.

Because separate external audits usually cost over $15,000 and can exceed that amount by thousands of dollars, Principal Investigators and their Project Teams are advised to include at least $20,000 for audit expenses in their proposal budgets when such a sponsor requirement is known in advance.

If the requirement of an external project-specific audit was not known at the time of proposal submission, and therefore was not included in the proposal budget, ORSP will attempt to negotiate the removal of the separate audit requirement from the final award terms and conditions.

If the sponsor will not agree to forego its project-specific audit requirement, then the Principal Investigator's department, school or college must agree to cover the cost of the audit or the award will be declined.

The decision whether to cover the cost of the project-specific audit must be explicitly documented via a posted comment to the Proposal Approval Form in eRPM by the unit(s) agreeing to cover the cost of the audit.

VII. Contact Information

Questions regarding this policy should be directed to Andrea Anderson, Associate Director, Research & Sponsored Projects (anandrea@umich.edu) or Debora Talley, Director of Sponsored Programs (dtaley@umich.edu).