



Stanford University Memorandum

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Date: 8 January 2007

To: Stanford University Community

From: Rick Moyer, Executive Director of Internal Audit and Institutional Compliance

Subject: Stanford University Procedures for Supplying Information and Documents to Government and Other External Auditors or Inspectors

BASIC PRINCIPLE:

Stanford is subject to numerous regulations and contract provisions which convey to government agencies and private sponsors the right to audit the University's books and inspect our facilities and operations. Stanford is committed to fully comply with its obligations in connection with such audit and inspection rights. On a reasonably timely basis, Stanford will provide external auditors and inspectors (hereafter "External Agents") with access to all documents and data to which they are entitled, except those deemed by the University to be legally privileged or protected.

EXTERNAL REVIEW PROTOCOL:

Before any audit or inspection is begun at Stanford by External Agents, they should contact the Internal Audit Department.

Normally, Internal Audit staff will set up an Opening Meeting, at which will be discussed the goals, scope, and timing for the planned engagement. All relevant personnel will be invited. After an understanding has been reached as to the scope of the proposed review, and presuming it is deemed by Internal Audit to be relevant, the External Agents may initiate activities to seek information and documents from Stanford personnel.

Stanford personnel who are contacted by External Agents should verify with the External Agents that (1) the initial contact with Internal Audit has occurred, and (2) a satisfactory understanding with respect to goals, scope, and timing has been reached. Stanford personnel should ascertain from the External Agents the name of the Internal Audit contact and confirm with Internal Audit that authorization has been given (see contact information below).

UNANNOUNCED INSPECTIONS OR INVESTIGATIONS:

General Rule

In the case of unannounced inspections or investigations by government officials, such officials might not follow the above protocol. Such officials might contact Stanford personnel without first informing the Internal Audit Department or General Counsel's Office. Depending on the circumstances, this contact may or may not be authorized. Under these circumstances, difficult though it may be, Stanford personnel need to take reasonable steps to determine whether the government officials are entitled to receive the requested documents or other information. Stanford personnel who are contacted by government inspectors or investigators also have specific legal rights, including the right to discuss the situation with University management *in advance* of any participation in the surprise inspection or investigation. Anyone receiving an unannounced contact should obtain as much information as possible from the government inspector or investigator regarding his or her affiliation and intent, then **contact the Internal Audit staff or the General Counsel's Office immediately** for guidance on next steps. During the period in which such guidance is being sought, the government inspector or investigator should be treated respectfully, but, except as provided below, generally no access should be provided to University documents, personnel, or facilities until the guidance has been received.¹ The presence of government officials with government identification or badges can certainly be intimidating and perhaps coercive; however Stanford personnel should resist the temptation to comply simply because the requesting parties are government officials, and are within their legal rights in doing so.

Exception

The general rule above might not apply in the case of search warrants or subpoenas issued in connection with certain criminal investigations. If such a situation occurs, the University employee should, to the extent possible, verify that such an investigation is underway and notify the Office of the General Counsel immediately. The employee should request a reasonable amount of time from law enforcement to contact the Office of the General Counsel. If this request is refused, the employee should examine the search warrant or other documentation to determine its validity (e.g., allows the requested documents or information from the location requested), and note any inaccuracies. The employee should also state that the search is not consensual and is only being permitted based on their belief that it is required pursuant to the search warrant/subpoena. Although the search warrant/subpoena may require the production of documents and other tangible things (e.g., computers, CDs or other media), it is not required that the employee submit to an interview or otherwise communicate with law enforcement other than as necessary for the production of the documents or other tangible things. The employee should be polite and cooperative within the scope of the obligations under the search warrant/subpoena; however, as stated above, employees should resist the

¹ Note that some government agencies routinely conduct surprise visits to Stanford offices, and standard operating procedures (SoPs) have been developed within these offices to work with the inspectors from these agencies. The present guidance is not intended to introduce new requirements to these SoPs, but do apply in cases when inspectors' requests depart from standard procedures.

temptation to be coerced into providing information beyond that to which law enforcement is entitled.

Procedures for supplying information to DCAA and other Agents:

Electronically maintained accounting information. The Defense Contract Audit Agency (DCAA), Stanford's cognizant federal audit agency, has been provided with on-line access to relevant University accounting and sponsored projects records, including ReportMart and SPIDERS. DCAA (and other government auditors, in cooperation with DCAA and with notification to the Internal Audit Department) may access these data freely for the purposes of audit engagements that have gone through the appropriate opening procedures. Internal Audit has also agreed to provide government auditors with immediate access to accounting data at the transaction level upon receipt of a written request containing detailed specifications for the data desired. DCAA has SUNet access through which DCAA and other government auditors may freely access the most up-to-date versions of University policy and procedure documents. DCAA and other government auditors, in cooperation with DCAA, may access these documents freely.

Other published University documents. Stanford will provide all External Agents with copies of all published (i.e., available to the general public) University documents upon verbal request. The Internal Audit Department will also endeavor to provide them with hard copies of important published University reports that are not available on-line in a timely fashion. No records need to be maintained of these contacts.

Unpublished University documents. Stanford will provide External Agents with copies of all relevant unpublished University documents, except those deemed by the University to be legally privileged or protected. Questions about whether a particular document (including special data analyses) might be deemed to be privileged or protected should be directed to the General Counsel's Office at 723-9611 before the information is provided.

Written requests for copies of unpublished documents or special analyses, noting needed delivery date, should be provided to Stanford personnel. If the requested date cannot be accommodated, Internal Audit will immediately notify the requestor when the needed information can be supplied. Copies of requested documents or analyses that are supplied to government auditors will generally be retained at Internal Audit, and copies of such documents will be provided to the Office of Research Administration or other University offices, where desired.

Interviews. External Agents may interview University personnel in connection with any reviews that have gone through the protocol described above. Internal Audit staff will set up these interviews upon request. (In the case of audit procedures or inspections that require random selection of interviewees, or surprise visits, Internal Audit will arrange access to selected administrative units but will not notify selected interviewees in advance.) It will not normally be necessary for Internal Audit personnel to be present at such interviews, although they may attend to facilitate information flow.

University personnel should keep notes on and copies of information they provide to External Agents during interviews.

RESPONSIBLE OFFICE:

The Internal Audit Department is responsible for these procedures, in collaboration with the Office of the General Counsel.

**Stanford Internal Audit Department
Contacts for Questions Regarding External Audits or Inspections**

For All University Offices:	Rick Moyer (650-736-1201) Cell Phone (650-575-0762)
Backup to the Above:	Michelle Fortnam (650-725-8692) Cell Phone (650-387-5215)
Internal Audit Departmental General Contact:	Carolyn Johnstone (650-725-0074)

**Stanford Office of the General Counsel
Contacts for Questions Regarding External Audits or Inspections**

For All University Offices:	650-723-9611
Backup to the Above	650-725-7655