

**UNIVERSITY OF CALIFORNIA, SAN FRANCISCO
AUDIT AND ADVISORY SERVICES**

**International Activities
Global Programs - Namibia
Project #21-035**

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University of California
San Francisco

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SUBJECT: International Activities Global Programs – Namibia

As a planned internal audit for Fiscal Year 2021, Audit and Advisory Services (“A&AS”) conducted a review of the financial and administrative practices at UCSF Global Programs Office in Namibia. The purpose of the review was to determine whether the Namibia Global Programs office has implemented appropriate internal controls and related processes that adhere to UCSF’s policies and procedures.

Our services were performed in accordance with the applicable International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors (the “IIA Standards”).

Our review was completed and the preliminary draft report was provided to department management in June 2021. Management provided final comments and responses to our observations in June 2021. The observations and corrective actions have been discussed and agreed upon with department management and it is management’s responsibility to implement the corrective actions stated in the report. A&AS will periodically follow up to confirm that the agreed upon management corrective actions are completed within the dates specified in the final report.

This report is intended solely for the information and internal use of UCSF management and the Ethics, Compliance and Audit Board, and is not intended to be and should not be used by any other person or entity.

Sincerely,

Irene McGlynn
Chief Audit Officer
UCSF Audit and Advisory Services



EXECUTIVE SUMMARY

I. BACKGROUND

As a planned audit for Fiscal Year 2021, Audit and Advisory Services (A&AS) conducted a review to assess the adequacy of internal controls and related processes over the financial and administrative practices at UCSF Global Programs Office in Namibia.

UCSF Institute for Global Health Sciences (IGHS) has established registered country offices in Kenya, Mozambique, Namibia, Tanzania and Uganda to support UCSF global research projects. These offices support UCSF IGHS, other UCSF global health researchers as well as research projects from other UC campuses. The offices enable IGHS to:

- Better control project activities, including compliance with funders' policies
- Open business bank accounts
- Legally hire local citizens
- Facilitate in-country procurement and vendor contracts

Additionally, the Global Programs office in Namibia performs administrative and financial management services for the South Africa Global Programs since the South Africa office does not have its own management team due to low volume of activity.

Oversight for the Global Programs offices is provided by a Board of Directors consisting of UCSF faculty and staff and in-country academics and researchers. IGHS staff in San Francisco provide support to the Global Programs offices.

Expenses for the scope period (July 1, 2020 – February 28, 2021) for the offices were USD\$967,000 (Namibia) and USD\$250,000 (South Africa).¹ As of February 28, 2021, the Namibia office had 18 employees and the South Africa office had 3.

II. AUDIT PURPOSE AND SCOPE

The purpose of the review was to determine whether the Namibia Global Programs office has implemented appropriate internal controls and related processes that adhere to UCSF's policies and procedures. The scope of the review covered transactions and activities for the period of July 2020 to February 2021 at the Namibia and South Africa offices.

Procedures performed as part of the review included evaluation of financial management, human resources, payroll, and information security and technology practices. Additionally, test samples of personnel records, purchase transactions, independent contractor payments, travel advances, and petty cash reconciliations were reviewed. For more detailed steps, please refer to Appendix A.

Work performed was limited to the specific activities and procedures described above. As such, this report is not intended to, nor can it be relied upon to provide an assessment of compliance beyond those areas specifically reviewed. Fieldwork was completed in May 2021.

¹ At an exchange rate of 1 USD:14.53 NAD (Namibia) and 1:15.03 ZAR (South Africa) respectively.

III. SUMMARY

Based on work performed, controls regarding human resources, petty cash disbursements and information security and technology were functioning effectively.

Opportunities for improvement exist in the areas of travel advances, purchasing and procurement documentation. The specific observations from this review are listed below and detailed in the following section:

1. There are insufficient controls in place to ensure the timely settlement of travel advances and processing of travel expense reports/reconciliations.
2. Management oversight/review of expenditures is not sufficient to ensure misclassifications and duplicate transactions are identified and corrected timely.
3. Expense vouchers are not always supported by the required documentation to demonstrate compliance with procurement policies.

IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS (“MCA”)

No.	Observation	Risk/Effect	Recommendation	MCA
1	<p><i>There are insufficient controls in place to ensure the timely settlement of travel advances and processing of travel expense reports/reconciliations.</i></p> <p>We reviewed 21 (15 Namibia and 6 South Africa) Travel Advances (TA) and related Travel Expense Reconciliations (TER). From our review, we noted the following:</p> <ul style="list-style-type: none"> • One case of a five-and-a half-month delay in posting a TER between submission date and posting date. The TER was submitted 7/15/20, approved 11/12/20 and posted 1/1/21 (Voucher #8051, Namibia office). • Six TERs were submitted late: <ul style="list-style-type: none"> ○ Namibia: Three were submitted up to 32 days after the travel end date. Per office policy, TAs are to be settled within 3 business days from the end date of business travel. ○ South Africa: Three were submitted up to 40 days after the travel end date. Per office policy, TAs are to be settled within 10 business days from the end date of business travel. • Eight TAs for the Namibia Office with travel end dates from October 2020 – February 2021 had not been settled as of 2/28/21. The Namibia Director of Finance and Operations stated that the office faced challenges regarding TA and TER, particularly in the South Africa 	<p>Untimely reconciliation of travel expenses increases the risks that inappropriate expenses may not be identified promptly.</p> <p>Additionally, if travel expenses are not processed timely, these expenses may be disallowed on sponsored awards.</p>	<p>Program Office management should address the outstanding TAs identified and work with employees and study team leads to reduce the time to liquidate outstanding travel advances going forward.</p> <p>Additionally, Program Office management should review and revise their business continuity plans to help ensure that operations could continue with appropriate financial management oversight during work from home directives.</p> <p>Finally, IGHS should evaluate Travel Policy across Global Programs offices and standardize requirements for submitting travel expense reports.</p>	<p>Program Office management is addressing the process and adding resources to resolve outstanding TAs.</p> <p>Responsible Party: Director of Finance and Operations</p> <p>Target Completion Date: June 30, 2021</p> <p>Program Office management is moving to implement Quick Books online to help in processing timing and implement a weekly Quick Books report to identify TAs for follow-up.</p> <p>Responsible Party: Director of Finance and Operations</p> <p>Target Completion Date: August 31, 2021</p> <p>Travel policy will be revised to allow 10 days for the traveler to submit the travel expense</p>

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>office. In addition, work from home directive due COVID-19 contributed to the delays in processing TERs. Personnel could not come in to the office to process TERs. Erratic internet connections from home added to the issue.</p>			<p>reconciliation, as is the standard in other Global Programs offices.</p> <p>Target Completion Date: October 31, 2021</p>
2	<p><i>Management oversight/review of expenditures is not sufficient to ensure misclassifications and duplicate transactions are identified and corrected timely.</i></p> <p>During the financial review of transactions, the following were noted:</p> <ul style="list-style-type: none"> • An expense for an air ticket was posted to salary general ledger account in October 2020 and was not identified by management as of the date of our review (April 2021). The expense should have been posted to Travel Airfare account. • An expense for year-end luncheon was incorrectly recorded to contractor account. • Additionally, we noted a duplicate transaction for laboratory supplies was posted on Namibia’s local accounting ledger (posted once in October 2020 and again in November 2020). Upon further review by UCSF Global Programs into this discrepancy, two additional duplicate charges (three in total) posted in October and again in 	<p>Expenses may not be appropriately categorized and transferred to UCSF projects if they are mis-posted on the general ledger. This may result in expenses being disallowed on sponsored awards.</p>	<p>UCSF Global Programs should develop and implement procedures to periodically review general ledger accounts to help ensure that expenses are appropriately recorded.</p>	<p>Program Office management will correct the noted transactions.</p> <p>Responsible Party: Director of Finance and Operations</p> <p>Target Completion Date: June 30, 2021</p> <p>Program Office management is moving to implement Quick Books online. Management will implement a monthly quality control review of transactions after the move to Quick Books.</p> <p>Responsible Party: Director of Finance and Operations</p>

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>November were noted (Voucher #7090, Travel Expense, NAD 4,164; Voucher #7086, Medical Supplies, NAD 91,813; Voucher #7092, Travel Advance, NAD 3,000.00).</p> <p>The SFCMP ledger is the system of record for reporting to sponsors. Management’s practice has been to correct misclassified charges on the SFCMP ledger (rather than the Local office ledger). Due to the limited staffing in the local offices, the cost transfer process at UCSF has more rigorous internal controls.</p>			<p>Target Completion Date: September 30, 2021</p>
<p>3</p>	<p><i>Expense vouchers are not always supported by the required documentation to demonstrate compliance with procurement policies.</i></p> <p>Review of a sample of 15 purchasing transactions identified the following:</p> <ul style="list-style-type: none"> • One expense voucher for computer equipment was not supported by an invoice; the expense amount was supported by the vendor’s quote only (amount NAD 49,335). • Three expense vouchers for computer equipment and barcode printers did not have documentation of the Tender Committee’s recommendation attached (amounts NAD 144,038, NAD 1,214,685, and NAD 161,087). The committee’s recommendations were 	<p>Appropriate documentation of procurement practices is required to help ensure the integrity of the operations and compliance with policies. Inappropriate procurement activities may result in unallowable expenditures.</p>	<p>UCSF Global Programs should develop and implement appropriate procedures to help ensure that all procurement activities have appropriate documentation to support the transaction and comply with policy.</p>	<p>Program Office Management will reinforce to staff the need to attach tender decisions to expense vouchers. Management will ensure that payments are done on pro-forma invoice and not vendor quote.</p> <p>Procedures for the quality control review will include verification of appropriate support documents attached to expense vouchers</p>

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>completed but were filed separately from the voucher.</p> <ul style="list-style-type: none"> One expense voucher did not contain a reason for collection of fewer quotes than required by policy. Three quotations were required per Procurement Manual but only two quotes were attached to expense voucher. The reason for the policy deviation was reasonable, but the documentation was not included with the voucher. <p>Most vendors do not issue a tax invoice until payment is received in full and for accommodation, invoices are provided on check out.</p>			<p>Responsible Party: Director of Finance and Operations</p> <p>Target Completion Date: September 30, 2021</p>

APPENDIX A

To conduct our review the following procedures were performed for the areas in scope:

- Obtained and reviewed management's responses to an Internal Control Questionnaire and Separation of Duties Matrix.
- Discussed procedures with key IGHS personnel.
- Reviewed the personnel file for a sample of active employees and a sample of employees that separated during the scope period.
- Reviewed payroll management process to determine if payroll is processed accurately and timely.
- Reviewed a sample of purchase transactions and payments for independent contractors.
- Reviewed a sample of travel advances to determine if the expense was appropriate had adequate supporting documentation and was liquidated within policy timeline.
- Reviewed a sample of petty cash replenishments and reconciliations.
- Reviewed the process for new account provisioning and de-provisioning accounts of terminated employees.