

September 11, 2024

PIERRE OUILLET  
Chief Financial Officer  
0007

**Subject:            *Financial Information System (FIS) Post-Implementation Review  
Report 2024-01***

The final report for *Financial Information System (FIS) Post-Implementation Review, Report 2024-01*, is attached. We would like to thank all participants for their cooperation and assistance during the review.

The findings included in this report will be added to our follow-up system. We will contact management at the appropriate time to evaluate the status of the actions taken and/or planned in response to the recommendations in the report.

UC wide policy requires that all draft reports be destroyed after the final report is issued. We also request that draft reports not be photocopied or otherwise redistributed.

Christa Perkins  
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Audit & Management Advisory Services

Attachment

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# UC San Diego

## AUDIT & MANAGEMENT ADVISORY SERVICES

Financial Information System (FIS) Post-Implementation Review  
Report No. 2024-01  
September 2024

### FINAL REPORT

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## TABLE OF CONTENTS

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I.	EXECUTIVE SUMMARY .....	1
II.	BACKGROUND.....	4
III.	AUDIT OBJECTIVE, SCOPE, AND PROCEDURES .....	5
IV.	CONCLUSION.....	6
V.	OBSERVATIONS.....	9
	A. FIS Impact – Staff Workload, Mitigation Strategies, and Research Administration.....	9
	B. Business Intelligence & Reporting.....	15
	C. Governance and Oversight .....	17
	D. Training & Support .....	19
	E. Financial and Performance Measurement .....	20
VI.	AUDIT RECOMMENDATIONS AND MANAGEMENT RESPONSES .....	21

ATTACHMENT A – Stakeholder Interviews

ATTACHMENT B – FIS Roadmap

ATTACHMENT C – Enhancement Flowcharts

ATTACHMENT D – FIS Governance Structure

ATTACHMENT E – Financial Training Roadmap

ATTACHMENT F – FIS Role Based Training Strategy

ATTACHMENT G – SNOW Tickets

ATTACHMENT H – FIS Survey Results

ATTACHMENT I – Default Project Balances – Finance Stabilization Metrics

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## I. EXECUTIVE SUMMARY

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Audit & Management Advisory Services (AMAS) has completed a review of Financial Information System (FIS) Post-Implementation as part of the approved audit plan for Fiscal Year 2023-24. The objective of our review was to evaluate the status of FIS post-implementation issue remediation and optimization efforts, and residual financial risk.

Based on our review, we concluded that while significant measures have been taken towards FIS stabilization and enhancement, the goals of modern efficiencies and streamlined reporting needs have not been fully realized, which continues to be most challenging for academic departments and the financial support of the University's research mission.

We noted that a Governance structure, system enhancement process, and Business Intelligence (BI) and reporting function have been formed and stabilized, and a comprehensive role-based training strategy is underway. Most of the tracked FIS issues have been resolved, and the few that remain have been transitioned under the FIS Governance structure for monitoring and resolution.

However, further effort is needed in selected areas to fully achieve the stated goals of the new system. In our observation, central offices have experienced some efficiencies with increased automation, but have also experienced increased workload and staff turnover, requiring restructuring and the need to leverage consultants to assist with work. However, these efficiencies or inefficiencies are not readily quantified due to lack of metrics. Academic departments continue to experience significant challenges related to managing the increased complexity of work in the new system and reporting challenges, which have all substantially impacted workload and staffing and have particularly impacted reporting and management of sponsored research. While academic departments are accountable for managing staff workload, training, and performance, they are in many respects dependent on the tools and structure currently available. In some cases, we also observed a disconnect in communication of user needs, and how that communication was received by central personnel.

We acknowledge that UCPATH implementation has contributed to the impacts described in this report. Staffing increases, financial cleanup efforts, and increased workload experienced by departments have basis in issues related to both UCPATH and FIS, and in some cases are difficult to separate. While UCSD leadership continues to advocate for the campus related to UCPATH issues, there are opportunities specific to FIS and reporting which can be addressed locally, and can have significant impact on efficiency and user experience. We noted several key business processes related specifically to FIS, and not UCPATH, which were significant pain points, such as reconciliations, new Internal Control policy and processes, and issues with limitations on reports. Taking steps to reconsider current tools and user needs may identify solutions which can better allow employees to focus their time and effort on fiscal analysis in support of the University's mission.

### Opportunities for Improvement

We noted the most significant organizational pain points and opportunities for improvement in the following areas:

#### **A. FIS Impact – Staff Workload, Mitigation Strategies, and Research Administration**

FIS implementation has increased the complexity of transactions and processes, resulting in increased workload, financial reconciliation and remediation efforts which have most significantly impacted

academic departments. In several areas, staffing has been increased or redirected to these efforts. The current processes and tools have most significantly impacted departments' ability to support research administration, suggesting that additional strategies should be explored by the CFO area in partnership with academic areas to better support the research mission of the University.

#### **B. Business Intelligence (BI) and Reporting**

The BI and Reporting function has continued to mature since go-live, and significant effort has been expended to create and publish many reports that end-users are requesting, and additional report enhancements underway. However, the current tools do not meet all department needs for efficient reporting and financial analysis. In some cases, data access restrictions have limited departmental ability to develop reports that are more efficient and effective in addressing business needs.

#### **C. Governance and Oversight**

The Governance structure has largely stabilized, however, there is a disproportionate representation of central offices in the FIS Steering and workgroups. More balanced FIS workgroups and Steering that include faculty and department business office representation could promote a better sense of engagement and assurance that all perspectives and business needs are considered as the campus continues to optimize processes and systems.

#### **D. Training and Support**

Training content and delivery to date have not fully met end user needs. A Finance Training program as part of a long-term Role-Based Training strategy was just launched in March 2024, however in some areas, the roles and responsibilities for the overall training strategy, and the individual partners were not well defined.

#### **E. Financial and Performance Management**

While some metrics are tracked in the organization, there is currently no formal organizational endorsement of acceptable finance performance standards or metrics to monitor the health of the system and underlying processes. Further, although outcomes related to enhancements and issue remediation were overseen by FIS Steering, it did not appear that there has been regular communication on key SNOW metrics/trends to FIS Steering to provide adequate oversight over resolution of FIS related concerns.

### Management Action Plans

In response to Audit recommendations, management developed various Action Plans which are briefly summarized below. Management's Action Plans and Response to each Audit Recommendation are provided in their entirety in Section VI.

- A new tool, Anaplan, has been procured which will enhance existing reporting tools to provide more flexibility for the financial management of projects.
- An Internal Control Checklist has been developed and streamlined based on user feedback.
- A workgroup has been formed to work with fund managers to identify areas of improvement.
- Additional tools have been implemented which support reconciliation efforts that are not reconciled in Oracle.
- The BI & Reporting function has been re-aligned to report directly to the Controller, strengthening and prioritizing the BI strategy.

- Management has engaged the UCPATH Center leadership in regular dialogues with fund managers with the goal of addressing the issues in UCPATH which adversely impact processes and hinder the efficiency and accuracy of reporting.
- The Process and Systems Optimization (P&SO) workgroup presented to FIS Steering Committee meeting a process for identifying enhancements. P&SO also has scheduled regular outreach meetings with campus partners to assure that they are focusing on their needs and concerns.
- Sponsored Project Finance (SPF) has initiated specific outreach to departments and the Business & Financial Services (BFS) Associate Controllers will establish a regular meeting series with financial leads and central fiscal management offices.
- FIS Steering will add to the regular agenda a reminder for any relevant topics for coordination with the Council Of Data Stewards.
- A faculty member was added to the FIS Steering Committee in 2024, and recommendations have been requested to add a faculty member from Academic Affairs and Scripps Institution of Oceanography, respectively. The FIS Governance Workgroup will discuss membership/ composition to explore whether any other constituencies need representation.
- Discussions are occurring within BFS regarding the optimum alignment of internal training-related resources. Additionally, representatives of the BFS Finance Training and other campus training initiatives meet regularly to share updates and define roles and responsibilities. Training related to research administration will be tightly integrated and cross-referenced between these.
- Two new training courses are slated for release in Fall 2024, Accounting in Oracle for UCSD Fiscal Staff and Intermediate Concepts in PPM. Work on an Award Management course is just beginning, and additional courses will be produced following that. Surveys will be conducted to measure long-term effectiveness of training.
- In January 2024, P&SO started to identify and define financial Key Performance Indicators (KPIs) starting with General Ledger and subledgers, and KPIs for the campus have been proposed.
- FIS Steering will add to the regular agenda, a review of ServiceNow tickets, trends, and dashboards.
- The Executive Vice Chancellor Academic Affairs and Vice Chancellor Health Sciences, and Chief Financial Officer areas have each developed strategies to address continued high default project balances.

Observations are described in greater detail in Section V, with Audit Recommendations and Management Response in Section VI of this report.

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## II. BACKGROUND

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Audit & Management Advisory Services (AMAS) has completed a review of Financial Information System (FIS) Post-Implementation as part of the approved audit plan for Fiscal Year 2023-24. This report summarizes the results of our review.

Prior to July 2020, UCSD utilized a mainframe financial system, IFIS (Integrated Financial Information System), which was developed in the 1990s and no longer met the University's needs. To achieve modern efficiencies and streamline reporting needs, UCSD implemented a new Financial Information System (FIS), including Oracle Financials Cloud (OFC) and Concur, on July 1, 2020, under the Enterprise Systems Renewal (ESR) program. According to the project webpage, "the new financial system provides a comprehensive, modern solution for the university's business needs, freeing employees to focus their time and effort on advancing the education, research and public service mission of UC San Diego." The Financial Information System (FIS) project provided a new information system for the general ledger, expense and revenue management, financial reporting and budget governance, and Travel & Expense (Concur) for the general Campus, UCSD Health, and UCSD Foundation.

FIS integrates with other systems, including UCPATH, University of California's system-wide payroll, benefits, human resources, and academic personnel system, which went live on June 1, 2020. Local campuses are responsible for maintaining position management, funding entries, and processing payroll cost transfer entries in UCPATH. Payroll data posts to the UCPATH labor ledger (Distribution of Payroll Expense Report, DOPE), and automated payroll integration then imports data into Oracle general ledger for projects (through Oracle Project Portfolio Management) and non-projects. The implementation of UCPATH in June 2020, then FIS in July 2020, represented a substantial change in core systems for the campus as a whole.

In the months following the FIS system launch, central offices and end users struggled to adapt to the new systems. The challenges experienced post go-live caused significant end user dissatisfaction and frustration in many sectors of the campus community and raised questions regarding the system implementation approach, its capabilities, and post go-live support and stabilization strategies. Consequently, a review was performed by AMAS as part of the FY2022 audit plan to identify gaps in the implementation approach and planning that led to some of the implementation issues post go-live and to identify lessons learned to help the organization for future initiatives. The review identified successes, challenges, and opportunities for improvement that impacted the various phases of implementation, which were shared with campus and Health finance leadership to inform future initiatives.

Nearly four years after the implementation of Oracle, several initiatives have been launched to identify and alleviate the post-implementation issues. An FIS governance structure was established in February 2021, and there has been significant progress made to address system issues, enhance reports, and provide support to department staff. Central finance groups sought to gather campus community feedback through a combination of meetings, local town halls, and surveys. Subsequent communications from the Chief Financial Officer (CFO) and Controller recognized the challenges of the FIS launch to the campus community, frustration for the complexity and additional time needed to perform financial transactions, and empathy for the long stabilization period. In July 2022, a support strategy which incorporated providing support teams for financial cleanup, optimizing processes and systems, and investing in staffing and training was communicated by the CFO/Office of the Controller.

Separately, the CFO and Controller have led efforts to address UCPATH system issues, and advocate for campus needs to the UCPATH Center, systemwide leadership, and other stakeholders.

A Chancellor ESR Advisory Committee was also instituted to advise the Chancellor on the status of the financial system implementation, and a comprehensive list of FIS issues was compiled for tracking and resolution. A sub workgroup worked on tracking resolutions, and updates were posted on a Blink page. Additionally, “hypercare” support teams were set up to assist department business office staff and research administrators with system cleanup efforts. Several measures have been taken to address FIS support strategy, and projects are underway to optimize the system to streamline processes and achieve efficiencies.

From January to May 2023, the Office of Strategic Initiatives (OSI) conducted a review of finance systems with end users and captured remaining opportunities to be addressed as part of the stabilization efforts as follows:

- Optimize processes and systems: Prioritize on-going system refinement and optimization based on the process review recommendations and end user feedback.
- Develop more effective training: Although a lot of training content existed, it was recognized that it was delivered in less optimal formats or disconnected from the broader financial management framework. The goal was to develop comprehensive training for fiscal staff.
- Document and communicate best practices: Focus was to document best practices for fiscal management, and communicate them to fiscal staff.

This AMAS review was requested to evaluate the status of the various post-implementation efforts and identify areas where further focus may be needed to achieve the intended goals of the FIS implementation.

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### III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES

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The objective of our review was to evaluate the status of FIS post-implementation issue remediation and optimization efforts, and residual financial risk. In order to achieve our objective, we performed the following:

- Reviewed documentation and notes in FIS Governance space (Confluence), regarding Steering and Workgroup meetings, and updates;
- Evaluated available documentation, online content, and resources in relation to FIS training, measures, and support;
- Discussed FIS updates, governance, post-implementation impacts, financial metrics (as applicable), and strategies with the various stakeholders (list of interviewees in **Attachment A**);
- Conducted and analyzed results of an FIS Survey (**Attachment H**) to Management Service Officers (MSOs), and Department Business Officers (DBOs) campus wide to get feedback on financial management and reporting, FIS support, metrics, internal control policy, and strategies; and
- Analyzed selected financial metrics, including overdraft balances, default project balances, cost transfers (payroll and non-payroll), and grant management financial reports.



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## IV. CONCLUSION

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Based on our review, we concluded that while significant measures have been taken towards FIS stabilization and enhancement, the goals of modern efficiencies and streamlined reporting needs have not been fully realized, which continues to be most challenging for academic departments and the financial support of the University's research mission.

We noted that a Governance structure, system enhancement process, and Business Intelligence (BI) and reporting function have been formed and stabilized, and a comprehensive role-based training strategy is underway. Most of the tracked FIS issues have been resolved, and the few that remain have been transitioned under the FIS Governance structure for monitoring and resolution.

However, further effort is needed in selected areas to fully achieve the stated goals of the new system. In our observation, central offices have experienced some efficiencies with increased automation, but have also experienced increased workload and staff turnover, requiring restructuring and the need to leverage consultants to assist with work. However, these efficiencies or inefficiencies are not readily quantified due to lack of metrics. Academic departments continue to experience significant challenges related to managing the increased complexity of work in the new system and reporting challenges, which have all substantially impacted workload and staffing and have particularly impacted reporting and management of sponsored research. While academic departments are accountable for managing staff workload, training, and performance, they are in many respects dependent on the tools and structure currently available. In some cases, we also observed a disconnect in communication of user needs, and how that communication was received by central personnel.

We acknowledge that UCPath implementation has contributed to the impacts described in this report. Staffing increases, financial cleanup efforts, and increased workload experienced by departments have basis in issues related to both UCPath and FIS, and in some cases are difficult to separate. While UCSD leadership continues to advocate for the campus related to UCPath issues, there are opportunities specific to FIS and reporting which can be addressed locally, and can have significant impact on efficiency and user experience. We noted several key business processes related specifically to FIS, and not UCPath, which were significant pain points, such as reconciliations, new Internal Control policy and processes, and issues with limitations on reports. Taking steps to reconsider current tools and user needs may identify solutions which can better allow employees to focus their time and effort on fiscal analysis in support of the University's mission.

### Notable Areas of Stabilization and Continued Enhancement

The FIS Roadmap (**Attachment B**) includes planned enhancements projected through FY2025, including account reconciliation, sponsored project billing, and Oracle Planning and Budgeting (EPBCS). Project teams are diligently continuing work on the planning, requirements gathering, development, and testing of these various projects, which will continue to augment and streamline FIS functionality. An enhancement process (**Attachment C**) has been established for reporting, system, and process requests, and appears to be functioning effectively. System enhancements are endorsed by FIS Steering to add to the FIS configuration roadmap.

Nearly 60 items tracked by the Chancellor's ESR Advisory Committee have been resolved, and the remaining were transitioned under the FIS Governance structure for tracking and resolution. End users

also continue to submit Service and Support (SNOW) tickets for any finance questions and potential problems.

The FIS Governance structure (**Attachment D**) has largely stabilized, with a Steering Committee and six FIS workgroups. Key workgroups such as the Business & Finance User Group (BFG) comprise staff who are engaged, provide feedback on financial reporting requirements and enhancements requests, and appear to function effectively for reporting enhancement needs for campus. In addition, the Process and Systems Optimization (P&SO) workgroup was recently formalized and staffed, which is intended to continue work that was initiated by the Office of Strategic Initiatives on behalf of the Chancellor ESR Advisory Committee for process improvements, including conducting time studies and gap analysis as appropriate.

The BI and Reporting function has continued to mature since go-live, and significant effort has been devoted to create and publish many reports that end-users are requesting, with additional report enhancements underway. Efforts toward improving end user training have resulted in the recent launch of a Finance Training program (**Attachment E**) as part of a long-term Role-Based Training strategy (**Attachment F**), and although it is still in its early phases, the approach appears to be holistic and collaborative. Oracle Guided Learning (OGL), launched in February 2024, with real-time, step-by-step task and activity completion, and the Finance Training Program was launched in March 2024, with multiple modules to be developed and released over two years.

#### Organization Pain Points and Opportunity for Improvement

We noted the most significant organizational pain points and opportunities for improvement in the following areas:

- **FIS Impact – Staff Workload, Mitigation Strategies, and Research Administration:** FIS implementation has increased the complexity of transactions and processes, resulting in increased workload, financial reconciliation and remediation efforts which have most significantly impacted academic departments. In several areas, staffing has been increased or redirected to these efforts. The current processes and tools have most significantly impacted departments' ability to support research administration, suggesting that additional strategies should be explored by the CFO area in partnership with academic areas to better support the research mission of the University.

According to our survey of fiscal staff, 25 of 31 respondents (81%) indicated there was a lack of time or resources to achieve finance data cleanup efforts given other competing priorities. Health Sciences' financial staff increased by 80% from January 2020 (166 to 299), with an additional 24 open positions. Academic Affairs indicated an overall increase of 33% in their research administrators and financial analysts. Marine Sciences indicated that they had a high fund manager retention rate, and substantial institutional knowledge to help mentor fund managers to support reliable reporting for their faculty with existing resources. There are multiple factors that have driven the increases in financial staff in addition to the additional complex workload of FIS, such as UCPATH issues and research growth. Management could not identify precisely how much of the additional staffing was the result of any one factor. However, the complexity of new processes in FIS is a key contributing factor.

We analyzed several financial metrics which demonstrate the impact of the above issues on research administration, which includes:

- Default Account balances continue to be problematic, particularly in some departments, and have an impact on accurate financial reporting and indirect cost recovery. Over \$9.2M (~30%), of total payroll charges on default accounts in Health Sciences, Academic Affairs, and Marine Sciences were originally intended to route to active sponsored projects and (\$113K) for closed projects. We also noted that \$5.1M total default balances as of March 2024 were for expenditures originating from FY2022 or prior, indicating a backlog of transactions which had not yet been resolved. Default account balances could include payroll expenses being redirected due to either UCPath funding errors or new Oracle controls. Therefore the issue of default balances is related to both UCPath and FIS implementation.
- Pending expenses<sup>1</sup> have more than doubled from FY2020 to FY2023 (\$13.9M to \$29.3M), which may be indicative of the financial processes, and cleanup issues that departments have been facing to ensure accurate reporting at the end of an award. Through March 2024, this figure was \$12.96M, which may be indicative of either improvement in this area, or increased SWAT and Hypercare team efforts.

There are opportunities for efficiency and exploring automated tools to perform fiscal work, reconciliation, and document internal control activities, given the increased workload and the challenges faced by departments in absorbing the workload impact of more complex processes.

- **Business Intelligence (BI) & Reporting:** The current tools do not meet all department needs for efficient reporting and financial analysis, particularly having a single automated financial summary report for fund management. Responses to our survey indicated that faculty receive reports at varying cadences depending on the support their Business Office is able to provide (monthly (32%), quarterly (10%), ad-hoc/risk-based (23%), other/combo of cadences (35%). While faculty have the ability to run a Faculty Researcher Dashboard directly, these reports are considered to be difficult to digest, and do not allow for some of the financial analysis functionality that was available in the legacy system. Our survey of business administrators indicated that only 16% of departments surveyed are using BAH reports fully without additional customization or augmentation, 32% of those surveyed are using the BAH tools with other tools, 10% use custom reports, and 3% use Research Service Core reports. Also, a report cadence less frequently than monthly to principal investigators (PIs) increases risk with respect to adequate oversight to sponsored projects. Based on our review, there is need for advanced reporting that the current campus toolset (primarily Cognos and Tableau) is not suited to meet.

Also, a concern related to reporting that some departments have raised is the need for broader data access to data activity hubs to develop reports that are more efficient and effective in addressing business needs. This need has been communicated to central offices who have been attempting to resolve the issue, but it appeared that this had not been routed through the appropriate governance channels.

- **Governance and Oversight:** There is a disproportionate representation of central offices in the FIS Steering and workgroups. The Steering Committee and the workgroups decisions regarding the FIS system processes and optimization strategies ultimately impact the end users, and the weighted representation for central offices gives the appearance that end-user needs are not

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<sup>1</sup> Pending expenses are anticipated expenses that have not yet been charged to the award (usually cost transfers that need to be processed).

adequately considered. More balanced FIS workgroups and Steering that include faculty and department business office representation could promote a better sense of engagement and assurance that all perspectives and business needs are considered as the campus continues to optimize processes and systems.

- Training and Support:** Training content and delivery to date have not fully met end user needs. Most departments depended on peer-to-peer communication as the most effective finance support medium to conduct their fiscal responsibilities. A Finance Training program (as part of a long-term Role-Based Training strategy) was just launched in March 2024, however in some areas, the roles and responsibilities for the overall training strategy, and the individual partners were not well defined. Although Campus Human Resources (HR) facilitates the overall training approach, the strategy is fragmented across several campus partners, and there could be better clarity on the roles and responsibilities for the overall training strategy, and the individual partners.
- Financial and Performance Measurement:** While some metrics are tracked in the organization, there is currently no formal organizational endorsement of acceptable finance performance standards or metrics to monitor the health of the system and underlying processes. Further, although outcomes related to enhancements and issue remediation were overseen by FIS Steering, it did not appear that there has been regular communication on key SNOW metrics and trends to FIS Steering to provide adequate oversight over resolution of FIS related concerns.

These opportunities for improvement are discussed further in the balance of this report.

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## V. OBSERVATIONS

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<b>A.</b>	<b>FIS Impact – Staff Workload, Mitigation Strategies, and Research Administration</b>
<p>FIS implementation has increased the complexity of transactions and processes, resulting in increased workload, financial reconciliation and remediation efforts which have most significantly impacted academic departments. In several areas, staffing has been increased or redirected to these efforts. The current processes and tools have most significantly impacted departments’ ability to support research administration, suggesting that additional strategies should be explored by the CFO area in partnership with academic areas to better support the research mission of the University.</p>	

The FIS implementation has resulted in increased complexity in performing financial administration tasks, and the workload impact of this was not fully understood before implementation. As decentralized departments have come to better understand the workload impacts, a variety of strategies have been implemented. However, representatives from many areas indicate that there are insufficient resources to handle fiscal administration duties in their current state and with current tools, in addition to tasks required to identify and remediate errors.

Most FIS Survey responses indicated that they require more staff, and higher skilled financial analysts as a result of FIS implementation. Some commented that nearly 50% more staff are needed to manage the additional workload and key controls, as more time is needed to perform tasks, which also require a higher level of critical thinking.

The implementation of additional system and financial controls, changes in financial processes, inadequate or delayed understanding of the systems and processes, and delays in the availability of financial reports post go-live resulted in a build-up of financial reconciliation activity for departments, that has resulted in a substantial effort for departments to cleanup. The FIS Survey results identified that nearly 74% of the departments were more than or 50% complete in their financial cleanup efforts, but approximately 81% mentioned that there was inadequate time and resources to get all the cleanup and extra workload completed.

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*81% of survey respondents indicated inadequate time and resources for financial remediation activities.*

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### Staffing Impacts

In some cases, the additional workload impact has required increased staffing. A separate analysis by Health Sciences Administrative leadership indicated that they have had an increase of 80% in financial staff since January 2020 (from 166 to 299 as of March 2024), with an additional 24 open positions that need to be filled. Academic Affairs financial leadership indicated an overall increase of 33% in their research administrators and financial analysts. Marine Sciences indicated that their staffing impact risks were mitigated due to a high fund manager retention rate, and they had substantial institutional knowledge to help mentor fund managers to support reliable reporting for their faculty with existing resources.

There are multiple factors that have driven the increases in financial staff, which cannot all be attributed solely to FIS. Additional factors included increased growth in research awards and proposals, accompanied by an increase in the number of expired research awards requiring cleanup and inactivation, UCPATH issues and timeliness of resolution, and a historically lean staffing model in some areas. Management could not identify precisely how much of the additional staffing was the result of any one factor. However, the complexity of new processes in FIS is a key contributing factor.

We noted several key business processes related specifically to FIS, and not UCPATH, which caused additional workload or were significant pain points, in particular GL-PPM reconciliation, new Internal Control policy and processes, and issues with limitations on responsiveness and usefulness of reports, limitations on revenue and cost projections, and challenges with managing commitments.

In addition, some areas lost functionality of customized automation that had been built with legacy systems, and departments that relied on automation and could effectively operate with an extremely lean staff in the legacy environment could no longer do so in the new environment.

Central offices also indicated increased workload with the implementation, and several steps were taken to alleviate risks with increased workload on staff. For example, processes were introduced or revised that required additional central office intervention/approval (e.g., for contract creation, purchase order closures, project validation, etc.). Existing resources were repurposed, Business & Financial Services (BFS) divisions were restructured, and some new divisions were created (for example, the Central Reconciliation team), and consultants were used to assist with workload. In some cases, integrations and automated solutions were developed (e.g., Padua tool for updating project/task attributes in Project Portfolio Management (PPM) subledger, integrations with service portals and application programming interfaces, etc.) to streamline processes. However, there were also areas of improved efficiencies, for example, the fiscal close process was efficient and provided more confidence in the financial reports. Integrated Procure to Pay Solutions (IPPS) also shared some process efficiencies with central office involvement for

change orders, and automated restricted party screening checks and taxpayer identification numbers with Payment Works.

### Mitigation Strategies (Tiger Teams, SWAT Teams, and Hypercare)

Academic Vice Chancellor areas have implemented various strategies to assist departments with best practices, training, and error resolution efforts. The various teams formed assisted with addressing a variety of issues related to both FIS and UCPath implementation.

Within Academic Affairs, the Center of Operational Excellence (COE) unit within the Office of the Executive Vice Chancellor for Academic Affairs partners with Deans and Assistant Deans of Academic and Professional Schools, and Academic Affairs administrative units to develop resources for best practices. COE provides the infrastructure and escalation channels for SMEs to collaborate, explore and refine administrative processes, and troubleshoot ESR issues. Tiger Teams, such as the Fiscal Tiger Team, assist with direct retros, default day, and revamping financial reports. The COE also encompasses the Role-Based Training Center (mentioned under Training and Support Section).

Like the Tiger Teams for Academic Affairs, Health Sciences (HS) initiated an HS SWAT team soon after FIS implementation, utilizing temporary and contracted staff (with 1-4 staff). However, in 2023 this team expanded to 12 FTEs as they realized the need for increased transactional support for cost transfers and default account management. The HS SWAT team was also established to help process transactions to correct issues identified by Hypercare teams, including assisting with default account cleanup. Although their goal for hypercare organization was to reduce in size over time as fund managers gain experience, the SWAT team continues to be overwhelmed with the demand as the team is finding large gaps in knowledge and training within the departments, and continues to uncover unresolvable deficits resulting in faculty frustration and financial loss. Recharge core centers' financial management and unclaimed cash deposits are other key risk areas where resources are being dedicated.

In addition, in the last year, Academic Affairs and Health Sciences have created "Hypercare" teams (split sponsored by the Chancellor since July 2023) to conduct a portfolio analysis, help alleviate the burden on existing fund managers for financial data cleanup, and mentor fund managers to effectively manage their fund portfolio going forward. The HS has a mobile financial hypercare team (in addition to the HS SWAT team) as part of their hypercare organization with 6.5 FTEs to assist with cleanup efforts for complex and neglected portfolios. Even so, the FIS Surveys indicated that cleanup for even the smallest financial variances can take significant time and effort, and processing corrections is often hindered by issues with UCPath.

### Impact to Research Administration

We analyzed several financial metrics which demonstrate the impact of the above issues on research administration:

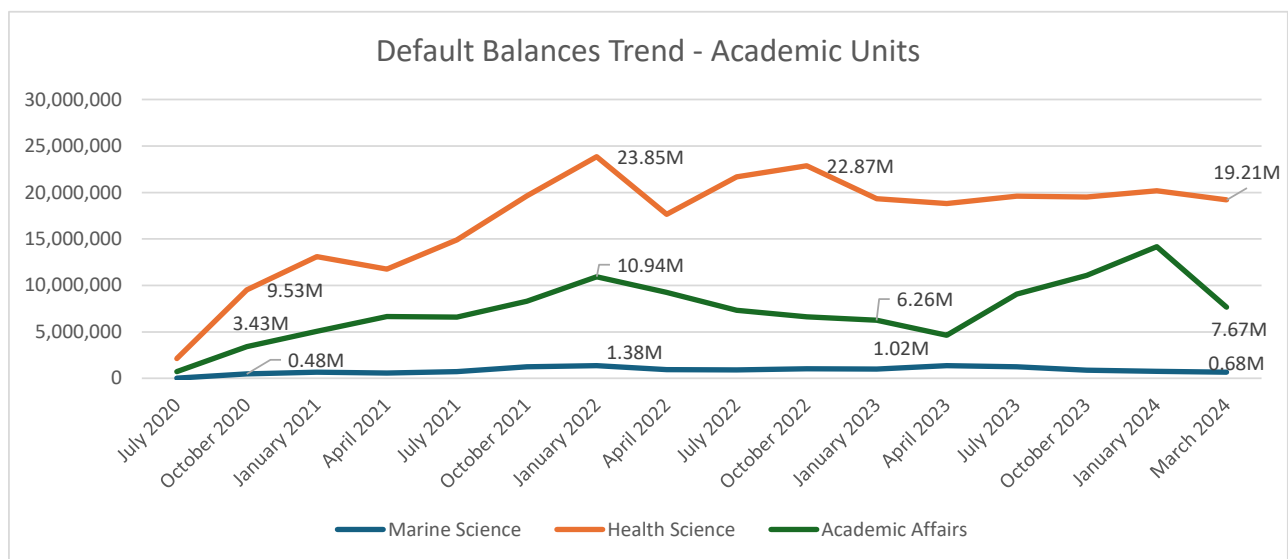
#### **Default Balances**

Default Balances continue to be problematic and have an impact on accurate financial reporting and indirect cost recovery. Unreconciled default balances that relate to charges for sponsored projects represent a higher risk for the institution as they may result in unrecovered costs (direct and indirect) if the charges are not transferred to the correct fund source timely.

Transactions may route to a Default account for a variety of reasons. Default account balances could include payroll expenses that were redirected to a UCPATH department default account (which could be the same as Oracle Financial Unit Default project) if certain funding errors<sup>2</sup> were present in the position in UCPATH. In addition, with the implementation of Oracle, a control was implemented which prevents expenses from posting to a sponsored award if certain criteria are met, such as if the expenditure date is outside the project period of performance, or the award is closed. Position funding errors, in addition to the Oracle control, result in charges being redirected to default accounts, which would then require cost transfers to correct charges that did not route to the appropriate fund source. Therefore the issue of default balances is related to both UCPATH and FIS implementation.

The BFS Central Reconciliation Team monitors default account balance metrics, and provides detailed reports to department hypercare teams to assist with reconciliation efforts, but it is a department responsibility to manage the corrections required. The BFS Reconciliation Team indicated they periodically hold discussions on the default balances with the VC areas, the CFO Chief of Staff, and other relevant groups to assist with resolving the default balances, however there is not an organizational enforcement of default balance cleanup. In late 2023, \$1,257,291 of default balances were written off in Oracle for FY2021/22 payroll charges for closed projects, and FY2021/22 in NGN/Telecom charges. However, there remains a significant dollar value of aged transactions on default accounts which were intended to be directed to sponsored projects.

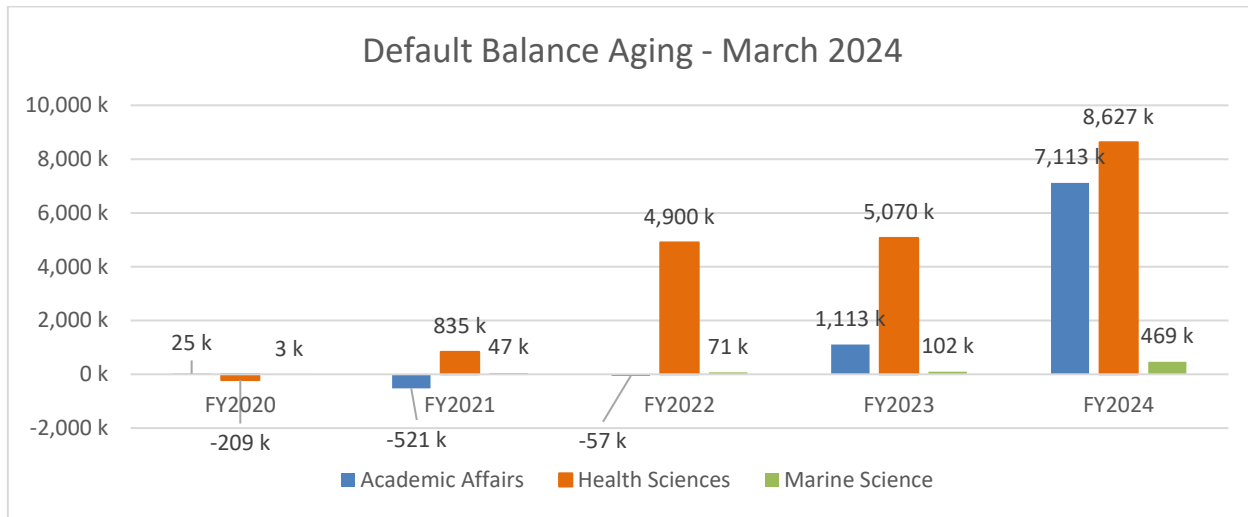
As of March 2024, there was a total of \$27.6M in Default accounts (\$7.7M for AA, \$19.2M for HS, and \$693K for MS). While departments continue to spend significant effort on default cleanup, the overall balance appears to be similar to balances from 2021. This suggests that departments are having difficulty gaining traction on timely and proactively addressing these expenditures. We noted that there were certain departments (e.g. Medicine, Pediatrics, Division of Biological Sciences, among others) that have historically struggled with larger default project balances, as depicted in **Attachment I**, and could benefit from tailored strategies to alleviate the balances.



Source: Finance Stabilization Metrics as of March 11, 2024

<sup>2</sup> Payroll expenses post to default in UCPATH Labor Ledger when no position funding was entered (error code FND), UCPATH funding end date was exceeded (END), and/or funding chart string entered was no longer valid (CMB).

Our review of default balances aging identified nearly \$5.1M (\$5.9M positive, and \$788K negative overall balances) total default balances as of March 8, 2024, for expenditures originating from FY2022 or prior.



Source: Business Analytic Hub Custom Cognos Report

A separate report (generated by central offices) of default balances (as of January 2024 close) provided additional information on the original chart string that was entered into UCPATH for the payroll charge but ended up routing to the default account due to system controls. This report identified \$9.2M total of payroll charges (UCPATH only) sitting in default accounts that were originally set up in UCPATH to route to sponsored projects, primarily for projects that are still active, with a total of (\$113K) for closed projects. Default balances that were intended to be routed to sponsored projects that are approaching their end date for priority in reconciliation. Negative balances potentially represent duplicate cost transfers that were processed and would require correction to avoid erroneous charges on projects.

Project Status for Sponsored Projects	Academic Affairs	Health Sciences	Marine Sciences	Total
Active Status	\$ 751,425	\$ 8,303,038	\$ 270,070	\$ 9,324,532
Closed Status	\$ 95,338	\$ (332,808)	\$ 124,002	\$ (113,467)
<b>Total</b>	<b>\$ 846,763</b>	<b>\$ 7,970,230</b>	<b>\$ 394,072</b>	<b>\$ 9,211,065</b>

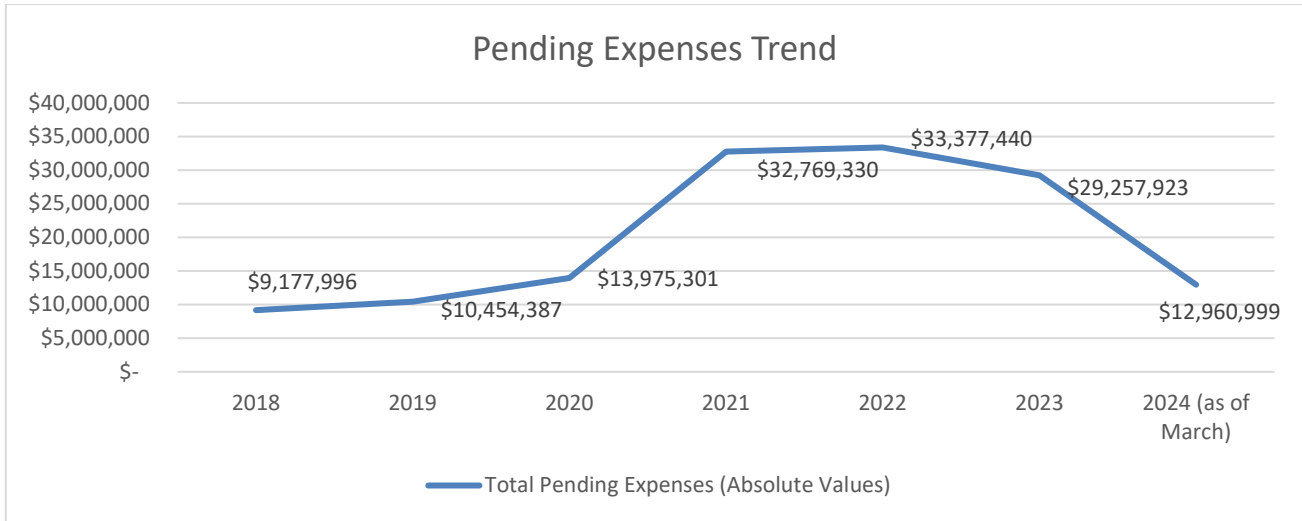
Source: Central Reconciliation Team

**Pending Award Balances**

The difficulties in timely administering sponsored research funds is also seen in the increasing trend in pending costs since go-live. Pending expenses<sup>3</sup> have more than doubled from FY2020 to FY2023 (\$13.9M to \$29.3M), which may be indicative of the financial processes, and cleanup issues that departments have been facing to ensure accurate reporting at the end of an award. Through March 2024, this figure was \$12.96M, which again may be indicative of either improvement in this area or increased SWAT and Hypercare team efforts.

<sup>3</sup> Pending expenses are anticipated expenses that have not yet been charged to the award (usually cost transfers that need to be processed).





Source: SFS SPARCM Report (Final FERs only)

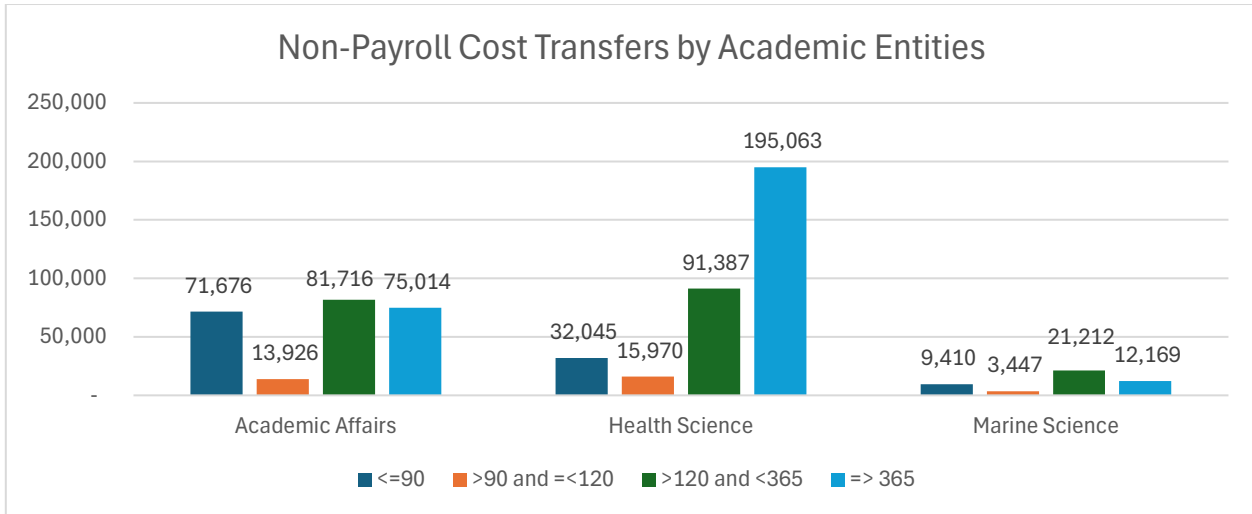
We also noted that 4,152 expired awards remained active in Oracle as of March 2024, with 3,570 since go-live. The award close-out process involves reconciliation of the account balances to resolve any pending expenses, and potentially identify any discrepancies. Delays in award close-out could be an indication of de-prioritization of award close out due to workload impacts as focus is on active awards management.

**Cost Transfers**

Another indicator of inefficient processes and workload issues is timeliness of cost transfers. Federal agencies dictate varying timeframes by which cost transfers must be made. UC Business and Financial Bulletin Policy, BFB-47, Direct Costing Procedures, requires cost transfers to be processed within 120 days from the original charge for federal and federal flow-through awards, or detailed explanations for late adjustments. At UCSD, cost transfers made 90 to 120 days beyond the date of the original expense are considered higher risk, and require further justification.

We reviewed the cost transfer by count of total transactions and aging. Analysis of payroll cost transfers since go-live identified 97,716 cost transfers (79,544 for academics) have been processed, with 58% of transfers being for expenditures incurred over 120 days, representing a higher risk. The frequency of transferring expenses aging over 120 days peaked in FY2022 and FY2023, which could reflect the efforts of SWAT and other departments for financial cleanup. However, the area of payroll cost transfers is highly related to UCPath issues, and not solely FIS.

For non-payroll cost transfers, our analysis identified 777K total cost transfers, but there continues to be a high volume (73%) of cost transfers being processed after 120 days, which represents high risk transactions. Costs in this area include non-payroll expenditures that are aligned with payroll charges, such as network recharges, as well as other expenditures. In general, the lack of timely and proactive ledger review and error correction leads to longer timelines for processing the high volume of cost transfers, increasing risk of disallowance for these expenditures.



Source: AMAS Analysis of Data provided by BI and Reporting Team.

**Internal Controls**

An Internal Control Policy (PPM 300-15) was finalized in February 2024 which identifies department administrators as responsible for ensuring that internal controls are established, properly documented, and maintained for activities within their jurisdiction and areas of responsibility. Evidence of review must be retained by departments and available for audit review. Prior to Oracle implementation, Control Tracker, a web-based application, was used to document performance and certification of control activities. With the new policy, an internal controls checklist (spreadsheet) has been provided as a resource for departments to document performance and certification of internal control activities. There are nearly 14 reports for the control activities required on a monthly basis, many of which were not needed in the prior financial system, for example, GL-PPM reconciliation report, default project payroll, funding issues reports, etc.

Department administrators expressed concerns with the practicality of completing all control activities given the current workload and financial cleanup activity, and the need for better tools to complete the activities. Several commented that the internal controls checklist activities are overwhelming and cannot be easily accommodated into the existing staff workload, and the requirements are more than in legacy systems. Given the current department efforts focused on current workload and financial remediation efforts, there is increased risk that routine internal controls will be de-prioritized, increasing overall financial risk. During our review, Internal Controls & Accounting (ICA) initiated a workgroup including departments representatives to evaluate the practicality of the checklist and number of reports. Consideration should be given to whether additional tools, other than Cognos and Excel-based reports, or automation may help users achieve these internal control tasks with more efficiency.

<b>B.</b>	<b>Business Intelligence &amp; Reporting</b>
<p>The BI and Reporting function has continued to mature since go-live, and significant effort has been expended to create and publish many reports that end-users are requesting, and additional report enhancements underway. However, the current tools do not meet all department needs for efficient reporting and financial analysis. In some cases, data access restrictions have limited departmental ability to develop reports that are more efficient and effective in addressing business needs.</p>	

Centralized report development is structured under the BFS BI and Financial Reporting unit, and reports are published through the Business Activity Hub (BAH). New reports are periodically developed and released, and current reports are enhanced as needed through a formal process. A Blink page details the enhancement request process, current and future report development, bugs impacting financial reports, etc. BI and Financial Reporting continue to evolve, and several future report enhancements are underway, including graduate student funding projections, recharge operations, and billing summary. Training grant and clinical trials reporting are planned for FY2025. Central offices indicated that there have been improvements in reporting to the CFO with consolidated financial information across campus.

The FIS implementation has resulted in departments requiring additional or specialized BI support and reporting needs. However, the lack of robust campus-wide tools that meet end user needs has resulted in separate VC and department-level BI reporting roles and functions. Areas are either utilizing existing staff with this skill set, partnering with the central BI and Reporting team (for Academic Affairs), or have hired a dedicated BI Director (as in Health Sciences).

While the BI and Reporting team have worked diligently to create and publish reports, current reporting and analysis functionality does not fully support faculty and fund manager end user needs for reporting. The FIS Survey results generally indicated some regular reporting to faculty, or ad-hoc requests, but the cadence appeared to vary depending on the support their Business Office is able to provide. Most indicated they use BAH dashboards to some extent, but could not rely on them fully and several still utilize customized department reports.

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*Only 16% of departments surveyed are using BAH tools fully, without additional customization or augmentation. 32% of those surveyed are using the BAH tools with other tools.*

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Our survey of business administrators indicated that only 16% of departments surveyed are using BAH reports fully without additional customization or augmentation, 32% of those surveyed are using the BAH tools with other tools, 10% use custom reports, and 3% use Research Service Core reports.

While faculty have the ability to run a Faculty Researcher Dashboard directly, these reports are considered to be difficult to digest, and do not allow for some of the financial analysis functionality that was available in the legacy system. Some ongoing concerns are reports running slowly and the lack of a single report that provides the complete faculty portfolio for fund management, which necessitates running multiple reports to present data meaningfully. The output is generally displayed in Excel format, with multiple interrelated tabs, which can be confusing and cumbersome to navigate and difficult to reconcile. Other gaps identified were the inability to add anticipated costs within the report and the lack of expense projections tool – although payroll projections were considered useful to a certain extent, some users needed shadow systems for reporting and to keep track of projected expenses that do not appear in the system commitments. In summary, departments indicate need for advanced reporting that the current campus toolset (primarily Cognos and Tableau) are not suited to meet.

As a result, some faculty members are not receiving financial reports for their sponsored and other funds in a timely manner, which might be due to some of the issues with reports noted above. Responses to our survey indicated that faculty receive reports monthly (32%), quarterly (10%), ad-hoc/risk-based (23%), other/combo of cadences (35%). UCSD Policy and Procedure Manual (150 - Contracts and Grants (Research) states that the PI has a responsibility to ensure that expenditures made are appropriate, allowable, and within budgetary limitations of the contract or grant. In addition, (UC IA-101: Internal Control Standards: Departmental Payrolls), requires monthly reconciliation of total salaries on the Distribution of Payroll Expense Report as approved, especially for sponsored projects. Report cadence of

less frequently than monthly to PIs increases risk with respect to adequate oversight to sponsored projects.

Health Sciences is exploring utilizing an external vendor tool as their budget solution, and extending it to bridge the gap for a single automated financial summary report to address their fund management needs. This tool will allow compilation of data from multiple sources into one single report with the ability to model payroll/non-payroll projections, add notes, track sub-award invoicing, and monitor PI effort compliance with sponsor requirements. There may be need for broader data access to data activity hubs to effectively develop this tool. However, utilization of this or similar, tools would substantially improve the organization’s ability to deliver financial analysis to faculty as it would eliminate the time needed by fund managers to run and combine multiple Cognos reports, allow analysis to be performed in a system rather than a spreadsheet, and allow them to focus on the analysis of the full faculty portfolio to better support faculty needs.

Data Access

With the ESR implementation, due to rising cybersecurity risks and to help maintain data integrity, the data model was revised from a large data warehouse approach that allowed users to download data and build reports, to a central data warehouse with decentralized data repositories. The current approach includes Activity Hub data repositories comprised of five primary domains: employee, facilities, financial, research, and student data. Access to the Activity Hubs is provided differently across each data domain. The Business Intelligence and Analytics team supports reporting and analysis by building views in coordination with ITS. The data steward of that domain defines the workflow for requesting and granting access. Once permission to access is granted, report developers use the Cognos or Tableau reporting and analysis tools to view and report on the data.

ESR has a Data Analysis Governance Committee (DAGC) that defines the institution’s policies and priorities for how institutional data is used, shared, and secured and can be leveraged to make decisions concerning broader data access concerns. However, based on our interviews, issues relating to FIS data access have not been escalated to the DAGC for discussion and resolution because users were not familiar with the process, but had been discussed with ITS management. This has resulted in delayed and inefficient processes for report development, and in some cases limited end user’s ability to develop dashboards and reports to fully meet their business needs.

<b>C.</b>	<b>Governance and Oversight</b>
<p>The Governance structure has largely stabilized, however, there is a disproportionate representation of central offices in the FIS Steering and workgroups. More balanced FIS workgroups and Steering that include faculty and department business office representation could promote a better sense of engagement and assurance that all perspectives and business needs are considered as the campus continues to optimize processes and systems.</p>	

FIS Governance

A FIS Governance Structure (**Attachment D**) was established in February 2021, which consists of a Finance Steering Committee (FIS Steering) and six FIS Workgroups, whose responsibilities are summarized in the FIS Governance Structure. The FIS Steering Committee met frequently in the early years post-

implementation, primarily to address financial reporting concerns, but the frequency has reduced in the last year as the Governance workgroups have stabilized. FIS Steering continues to meet periodically to lead the FIS workgroups in developing policy and guidelines across business units, receive updates from workgroups on decisions, and approve recommendations made by workgroups as needed. During this review, the Chancellor's ESR Advisory Committee was sunset as most of the FIS issues (nearly 60) had been closed, and the remaining open issues were transitioned under the FIS Governance structure. As part of the sunset of this group, a faculty member was added to FIS Steering.

The FIS Steering Committee is chaired by the UCSD Controller and Health System Chief Financial Officer (CFO), and has representation from Campus and Health central offices, Foundation Finance, BFG Chair (Marine Sciences), Academic Affairs Budget and Financial Management, Health Sciences Business Affairs, ITS Service Owner, and recently a faculty member was added. While there is at least one representative from each respective academic area, the FIS Steering Committee is disproportionately weighed to central office representatives. The faculty member representation in Steering is based on one Chair only, with the expectation to represent the voice of all faculty on campus. There could also be consideration of adding representation through Administrative Vice Chairs to provide broader perspectives on the impacts from FIS decisions and who are closer to current financial processes.

One workgroup, the Business & Finance User Group (BFG), is a group of end users who gather input, help establish best practices, support user training, provide feedback on financial reporting requirements and enhancement requests, advocate for user needs, and make recommendations to Finance Steering on the future financial roadmap for UCSD. BFG meets weekly to review enhancement requests, and the overall health of FIS modules, including Concur (UCSD's application for managing Travel & Expense), and ancillary financial applications. This group appears to be functioning effectively for reporting enhancement needs.

Another workgroup, the Process and Systems Optimization (P&SO), was formalized in October 2023, and the primary structure of the workgroup is under Financial Operations with partners across campus constituents, including Foundation and Health, and extending to subject matter experts (SMEs) from central offices as needed. P&SO will continue work that was initiated by Office of Strategic Initiatives on behalf of the Chancellor ESR Advisory Committee for process improvements, including conducting time studies and gap analysis work. P&SO work is critical to help address continued concerns conveyed by end-users regarding inefficient processes that result in increased fund management workload. The workgroup will coordinate closely with BFG to facilitate implementation with end-users. As with the FIS Steering Committee, this group is weighed to central office input.

The P&SO workgroup was formed a few months ago, and recently hired an analyst who will be tasked with conducting outreach, time study gap analysis, and cost assessments. Some of P&SO's upcoming/in progress projects include:

- Evaluating research administration process (including proposal workflow, award setup, roles and responsibilities matrix for Fund Managers, and central offices, etc.),
- Identifying KPIs and benchmarks,
- Prioritization of business processes and system requests based on return on investment,
- Evaluating cost transfer process inefficiencies, identifying, and implementing improvements, and
- Improving communications through monthly publishing of enhancements on Blink, quarterly consolidation of releases, and updates to FIS Steering.

Incorporating end user perspective will be critical for the above initiatives to be successful in addressing process and workflow issues.

<b>D.</b>	<b>Training &amp; Support</b>
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<p>Training content and delivery to date have not fully met end user needs. A Finance Training program as part of a long-term Role-Based Training strategy was just launched in March 2024, however in some areas the roles and responsibilities for the overall training strategy, and the individual partners were not well defined.</p>
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A variety of training efforts have been initiated since FIS implementation, such as online content, fund management office hours, service and support portal (SNOW), Finance Help Line, Communities of Practice, and specialized workshops through central offices. However, this training has not fully met end user needs in terms of organization and relevance. We conducted a survey of department business officers which indicated that peer-to-peer support is the most effective support medium, followed by office hours hosted by central units, and Service and Support Tickets. Other top strategies to improve support were identified as sharing best practices and process improvement opportunities; updating online content; and providing on-demand targeted training for fiscal staff.

The lack of role-based training was a high-risk FIS issue identified by the Chancellor’s ESR Advisory Committee, which is being addressed, in part, by the rollout of the Finance Training program (**Attachment E**) led by BI and Financial Reporting under the CFO and Controller. The Finance Training Program was launched in March 2024, with multiple modules to be developed and released over two years. The program is offered through UC Learning courses to give Oracle users a conceptual understanding, knowledge checks, and assessments. The program is complemented by Oracle Guided Learning (OGL), launched in February 2024, with real-time, step-by-step task and activity completion. The FIS Steering is informed on the progress of the finance training roadmap, concurrent training efforts, and training communication plans. Periodic evaluation of these efforts should be performed to determine their effectiveness in meeting end user needs.

As part of the overall initiative, content management project is underway under BFS to review FIS-related content landscape to identify outdated information, inconsistencies, and develop a plan to maintain the content going forward. For example, as part of the transition to OGL, traditional knowledge base ‘how-to’ articles are currently being converted into the new On-Guide Learning format. Some of the concurrent training efforts by other campus partners include development of best practices (led by the Health Sciences Hypercare/Research Service Core team), and a Role-Based Training Center (led by Academic Affairs) to organize existing content by role and processes on a website with training catalog, learning roadmaps, and training calendar.

The Finance Training Program and concurrent training efforts are part of the overall role-based training strategy (**Attachment F**) for end-users. Campus Human Resources is leading the development of the enterprise approach to role-based training, and HR partners with relevant “hubs” for each role cluster (for example, Office of Contracts & Grants Administration (OCGA) for Research Administration, Campus HR for HR training, and BFS for Finance, etc.) to facilitate development of cohesive and collaborative training for the user’s role. A Training Advisory Council was launched in early 2024, and a role-based training workgroup (including leads for Finance Training, OGL, content management, Role Based training Center, etc.) is under this umbrella to coordinate and share communications to help ensure that training/content is congruent across the role-based landscape. However, within BFS, we noted misalignment in reporting structure with key training leads (e.g., training modules, content management), which could have potential impact to the effectiveness and efficiency of rolling out Role Based training strategy in terms of

effort priorities, and clarity of responsibilities. It would be beneficial to formalize the roles and responsibilities for the overall training strategy, and the different training partners to help achieve a coordinated and efficient approach.

<b>E.</b>	<b>Financial and Performance Measurement</b>
<p>While some metrics are tracked in the organization, there is currently no formal organizational endorsement of acceptable finance performance standards or metrics to monitor the health of the system and underlying processes. Further, although outcomes related to enhancements and issue remediation were overseen by FIS Steering, it did not appear that there has been regular communication on key SNOW metrics/trends to FIS Steering to provide adequate oversight over resolution of FIS related concerns.</p>	

The prior legacy system, IFIS, generally did not track metrics on financial performance or processes to help measure the success of the FIS implementation. Some FIS project measures were developed pre go-live for budget, cash management, accounts receivable, financial management, grant management, project portfolio, accounts payable and procurement processes. However, it was indicated that some target or baseline measures were developed arbitrarily and need to be reevaluated to determine whether these are relevant measures for the new system; therefore, these metrics were not operationalized.

There were other isolated areas where performance measures were provided. For example, IPPS analyzed metrics on the impact of the FIS implementation for their area, with increased efficiencies in change orders and supplier reviews resulting in reduced number of payees that required manual IPPS review. However, there were also metrics on invoice holds, number of purchase order closures, and cost corrections that reflected inefficiencies resulting from the implementation, with an estimated workload impact. Academic Departments generally did not have metrics that they tracked to monitor their financial activity, although felt that FIS has resulted in additional workload and longer process cycles for staff, but do not have specific metrics to help support that conclusion. The central offices have certain dashboards on BAH and Tableau dashboards (for OCGA) on proposal to award setup cycle times. There are also dashboards for FinOps on project volume, open receivables by account class, accounts receivable turnover, top delinquent customers, and Financial Units by aging, etc. The Client Relationship Management system (Service and Support portal/SNOW) also has details on the BFS volume of SNOW tickets, the average days of resolution, and aging of tickets over 30 days old (**Attachment G**), and many others, that is actively monitored by BFS team and it was indicated that there is a formal process to follow up with the BFS Service Owner leadership to ticketing trends and explore options to improve processes, training, and communications to alleviate the concern, and reduce the volume of tickets. However, to date, it did not appear that there have been updates to FIS Steering on the SNOW tickets key performance dashboards, which could highlight insightful trends, and identify at-risk areas (e.g., backlogged tickets).

The P&SO workgroup is developing key performance indicators for all process areas that they plan to monitor/trend for significant fluctuations, benchmark with other institutions, and keep FIS Steering informed. Such efforts should be performed in coordination with leadership to ensure that metrics appropriately reflect standards or metrics to monitor to provide insight into the health of the financial system and underlying processes.

## VI. AUDIT RECOMMENDATIONS AND MANAGEMENT RESPONSES

We recommend the CFO, in coordination with the Controller, ITS, and Academic Vice Chancellor area representatives as appropriate:

1. **Audit Recommendation:** Prioritize and support enterprise-wide reporting, reconciliation, and fund management solutions beyond the existing tool set. This could include external vendor tools across campus, and/or exploring the use of automated tools for reporting, fund management, and internal controls reconciliation.

*CFO Management Response/Action Plan:*

*There are many initiatives underway to address this recommendation:*

- a) *Anaplan is a new tool that has been procured and we are in final negotiations with the outside implementation team. This tool is specifically focused on enhancing existing reporting tools to provide more flexibility for the financial management of projects.*
- b) *An Internal Control Checklist has been developed and distributed to provide a guide to financial managers. Using feedback from the preliminary distribution, the process has been streamlined.*
- c) *A workgroup has been formed consisting of membership from SPF, OCGA, and Research Affairs. This group is working with fund managers to identify areas of improvement.*
- d) *We have implemented a tool called FloQast which support reconciliation efforts that are not reconciled in Oracle. Its functionality includes auto-matching.*
- e) *The BI & Reporting function has been re-aligned to report directly to the Controller, strengthening and prioritizing the BI strategy.*
- f) *We have engaged the Path Center leadership in regular dialogues with our fund managers with the goal of addressing the issues in UCPath which adversely impact our processes and hinder the efficiency and accuracy of our reporting as well as creating forums with Path Center leadership to discuss priority issues with our senior leaders in finance, human resources, and IT.*

2. **Audit Recommendation:** Ensure the FIS Steering Committee and P&SO work with campus partners to prioritize process improvement with the highest impact to help manage employee workload, fiscal administration, and research administration.

*CFO Management Response/Action Plan:*

*P&SO presented their process during the 5/30/24 FIS Steering Committee meeting. The intake procedure and resourcing for process enhancements was shared. P&SO provides updates to FIS Steering and FIS Governance Workgroups in scheduled meetings. P&SO also has scheduled regular outreach meetings with campus partners to assure that they are focusing on their needs and concerns. Additionally, BFG which is the group that is composed of departmental representatives initially reviews concerns and requests from the departments.*



3. Audit Recommendation: Establish a regular cadence of meetings with Academic Vice Chancellors and/or their budget/finance personnel to periodically discuss status of continued enhancement efforts and ongoing departmental needs.

*CFO Management Response/Action Plan:*

*SPF specific outreach to departments began when the change in SPF leadership became effective on July 1. Currently that outreach is reactive to existing issues and problems. Beginning in Q3 FY2025 BFS Associate Controllers will establish a regular meeting series with financial leads and central fiscal management offices across Vice Chancellor areas. Topics will include financial, controls, audit, optimization, and general operational updates.*

4. Audit Recommendation: Ensure the FIS Steering Committee coordinates with appropriate Data Governance to resolve data access decisions, as applicable, to meet end user data needs for reporting. This should include reevaluating any access concerns that prevent efficient report development.

*CFO Management Response/Action Plan:*

*The School of Medicine Associate Dean for Business Affairs, and BFS ICA Associate Controller, are members of both the FIS Steering and the Council Of Data Stewards (CDS). During 2023, the Operational Data Committee was repurposed into the CDS. In January 2024, the Senior Associate Registrar and BI and Financial Reporting Director volunteered as co-chairs. Meeting cadence is every other Tuesday. FIS Steering will add to the regular agenda a reminder for any relevant topics for coordination with the CDS.*

5. Audit Recommendation: Review the composition of the FIS Governance representation and workgroups to ensure that representation reflects appropriate consideration of end user needs. As part of this effort, consideration should be given to adding representation to FIS Steering through additional Administrative Vice Chairs to provide broader perspectives on impacts from FIS decisions.

*CFO Management Response/Action Plan:*

*This was discussed during the 5/30/24 FIS Steering meeting. BFG has department representation and BFG Chair is on FIS Steering. We do not believe that having duplicative membership in FIS Steering is desirable. We will continue to rely on Academic Affairs Director of Budget and Financial Management, SIO Director of Budget and Finance, School of Medicine Associate Dean for Business Affairs, and Medical Center Controller to represent departments in their areas. We will have a BFG update from the BFG Chair at every meeting. Although we added a faculty member from HS in February, we have asked the Academic Affairs Director of Budget and Financial Management, and SIO Director of Budget and Finance to recommend a faculty member from AA and SIO, respectively. The FIS Governance Workgroup will discuss membership/composition at their next meeting as we explore whether any other constituencies need representation.*

6. Audit Recommendation: Ensure that roles and responsibilities for the overall role-based training strategy, and the campus partners are clarified, streamlined, and documented.

*CFO Management Response/Action Plan:*

*As of July 1, the BI and Financial Reporting Director has been re-aligned to report directly to the Controller in order to strengthen and prioritize finance training. Currently there are discussions within BFS regarding the optimum alignment of internal training-related resources. Additionally, representatives of the BFS Finance Training Program, OCGA Research Administration Training Program, VCHS Hypercare, and VCAA Role-based Training Center meet regularly to share updates and define roles and responsibilities. Training related to research administration will be tightly integrated and cross-referenced between these.*

7. Audit Recommendation: Continue the training & support efforts, including conducting regular assessments of training effectiveness.

*CFO Management Response/Action Plan:*

*Two new courses are slated for release in Fall 2024. Accounting in Oracle for UCSD Fiscal Staff and Intermediate Concepts in PPM. Work on an Award Management course is just beginning, and additional courses will be produced following that. Learners provide feedback via a survey at the end of a course to measure training effectiveness. An additional survey will be sent 6-9 months post-completion to measure long-term effectiveness of training. We also expect ticket submissions to decrease after people complete training, and this will be measured as well. The development of Fund Manager Coach/AI is currently in Beta but is expected to supplement other training efforts. FM Coach is set to go live the week of August 12th for all campus users.*

8. Audit Recommendation: Identify and define, with buy-in from relevant stakeholders (i.e., departments/VC areas), financial performance metrics relevant to provide indication of financial health and risk for the University. This could include certain metrics, for example, default balances (with emphasis on balances potentially for sponsored projects that have ended/are approaching end date), cost transfer aging, and metrics indicative of financial cleanup activity.

*CFO Management Response/Action Plan:*

*In January 2024, P&SO started to identify and define financial KPIs starting with GL and subledgers. Additionally, with the change in SPF leadership, internal KPIs for the unit's performance are in development. KPIs for the campus have been proposed and we are working with OCGA to determine a comprehensive view for research support.*

9. Audit Recommendation: Consider regular updates to FIS Steering on key performance dashboards and trends for SNOW tickets.

*CFO Management Response/Action Plan:*

*FIS Steering will add to the regular agenda, a review of ServiceNow tickets, trends, and dashboards*

We also recommend that:

10. **Audit Recommendation:** The Executive Vice Chancellor Academic Affairs and Vice Chancellor Health Sciences develop strategies for units with continued high default project balances, with a goal to improve management accountability and reduce volume of transactions posting to default accounts.

*Academic Affairs Management Response/Action Plan:*

*For Academic Affairs, we are committed to addressing the challenges related to default project balances through a multi-faceted approach. Our Hypercare teams are actively involved in alleviating backlogs and identifying process improvements to enhance management accountability. Additionally, our Tiger Team is ready to reprioritize necessary actions to ensure that our units receive the support they need. Despite huge effort, the overall default balance remains high, showing some limitation of systems integration. The Tiger Team meets monthly to monitor default balances and help departments that struggle. Because the increase of default balance seems to be directly related to vacancies that occur in departments, we are considering adding a floater in our Hypercare team to reduce the impact of temporary departmental vacancies.*

*We are also expanding our training efforts by providing role-based online access, ensuring that our staff have the targeted resources and knowledge to manage their responsibilities effectively. Furthermore, in October, we will be launching our third listening tour, where we will not only gather valuable feedback but also provide a preview of the new features in Anaplan through screenshots, helping to familiarize our team with the upcoming enhancements.*

*Health Sciences Management Response/Action Plan:*

*Health Sciences strategies for monitoring default balances for all schools and units:*

- *New Point of Contact: Assign the monthly monitoring of the Health Sciences default report to the Health Sciences Director of Research Administration, currently Brianne Decker, who also oversees the Health Sciences Hypercare Team. Director will present default report totals at the monthly business officer meetings to maintain momentum toward resolution.*
- *Monthly Meetings: Monthly 1:1 engagement with the Health Sciences business officers to ensure there is awareness of the balances and require action plan for accountability.*
- *Transactional Support: Continue to support the Hypercare Team who processes significant default cleanup transactions for all of Health Sciences.*
- *Formal Training: Hypercare Team to hold "best practices" training sessions with each Health Sciences unit, starting with the units with the largest balances.*
- *Ongoing Engagement to Resolve UCPath Issues: Continue to work with HR/UCPath teams to address unresolved challenges beyond the control of fund management staff that lead to increased default balances.*

- *Anaplan: Build a default balance manager/tracker into the FSR tool that is currently under construction within the Health Sciences Business Intelligence team.*

*CFO Management Response/Action Plan:*

*We continue to provide metrics on default balances and positions with funding issues in UCPATH, which can help the EVCAA and VCHS determine units that continue to struggle. We are supporting those units with Hypercare teams to relieve them of backlogs and to help assess where there may be process issues. Additionally, we are supporting the following initiatives:*

- *SPF/OCGA/Research Affairs workgroup*
- *Increased involvement and support for engagement of UCPATH leadership in addressing the issues in their software*
- *Huron post-implementation review which includes process reviews, configuration reviews, integration reviews, review of reporting and training, and departmental interviews*

**Attachment A – Stakeholder Interviews**

The following individuals participated in interviews related to this review:

- UCSD Controller;
- Deputy Chief Information Officer;
- Assistant VC, and Chief of Staff to VC-CFO;
- Assistant VC – Health Sciences (HS) Administration, Associate VC – Resource Admin, Assistant VC - Scripps Institution of Oceanography (SIO);
- Chancellor Advisory Committee co-chairs, select CAC and sub-group members;
- Former Academic Senate Chair;
- VCHS BI Director; and
- VCHS Research Service Core Director.
- Business and Finance Services (BFS) Division leaders and staff, including:
  - Internal Controls and Accounting (ICA);
  - Integrated Procure to Pay Solutions (IPPS);
  - Human Resources/Organizational Development;
  - Financial Operations (FinOps);
  - Sponsored Projects Finance (SPF);
  - Business Transformation and Optimization; and
  - BI and Financial Reporting.
- Budget and Finance User Group (BFG) Chair, and select members;
- Hypercare team leads (HS and Academic Affairs);
- Fund managers from Department of Medicine, and Chemistry and Biochemistry;
- FIS Information Technology Services (ITS) Finance Service Owner, and Integrations Lead;
- Biological Sciences Consultant group (Huron);
- Office of Strategic Initiatives (OSI) Director;
- Enterprise Planning and Budgeting Service (EPBCS) Lead;
- Campus Budget Office Executive Director;
- Sponsored Projects Office (SPO) Assistant Director; and
- Campus Human Resources Director, and Chief HR Officer (CHRO).

### FIS Configuration Roadmap (October 2023)

## ATTACHMENT B

MAJOR PROJECTS	FIS Resources	Office of Record/Lead	FY24				FY25					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
			Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun		
Fixed Assets	Erika/Anne	ICA/Linda Gao, EQM/Dan Clipson		Hypercare								
Fixed Assets - UCOP Reporting	Anne/IM	ICA/Linda Gao		Development								
AR Lockbox	Irene	AR Team		Testing								
ARCS - AP/GL	Erika/IM	AP/Kevin Wong		Promoted								
ARCS - Letter of Credit	Erika/Irene/IM	PPM/Marissa Prough		Requirements								
ARCS - AR/GL Accounts	Erika/IM	AR/Bashair Alazadi			Projected							
ARCS - EPBCS Commitments	Michael	CBO/Amanda David			Projected							
ARCS - AP Concur Accounts	Erika/IM	AP/Kevin Wong				Projected						
ARCS - Misc Receipts	Erika/IM	AR/Sussy Virgil, PPM/Marissa Prough								Projected		
Sponsored Project Billing	Irene/Erika	PPM/Marissa Prough, SPF/Wella Garcia		Planning								
Oracle Person Load	Chris/Erika	ICA/Nick Lekovish		Planning			Projected					
EPBCS BY25 Enhancements	Michael	CBO/Amanda David		UAT								
EPBCS Budget Adjustment Transactions	Michael	CBO/Amanda David		Development/Testing								
EPBCS BY26 Enhancements	Michael	CBO/Amanda David					Projected					
Quarterly Release 23D	All			Scheduled								
Quarterly Release 24A	All				Scheduled							
Quarterly Release 24B	All					Scheduled						
Quarterly Release 24C	All						Scheduled					
Quarterly Release 24D	All							Scheduled				

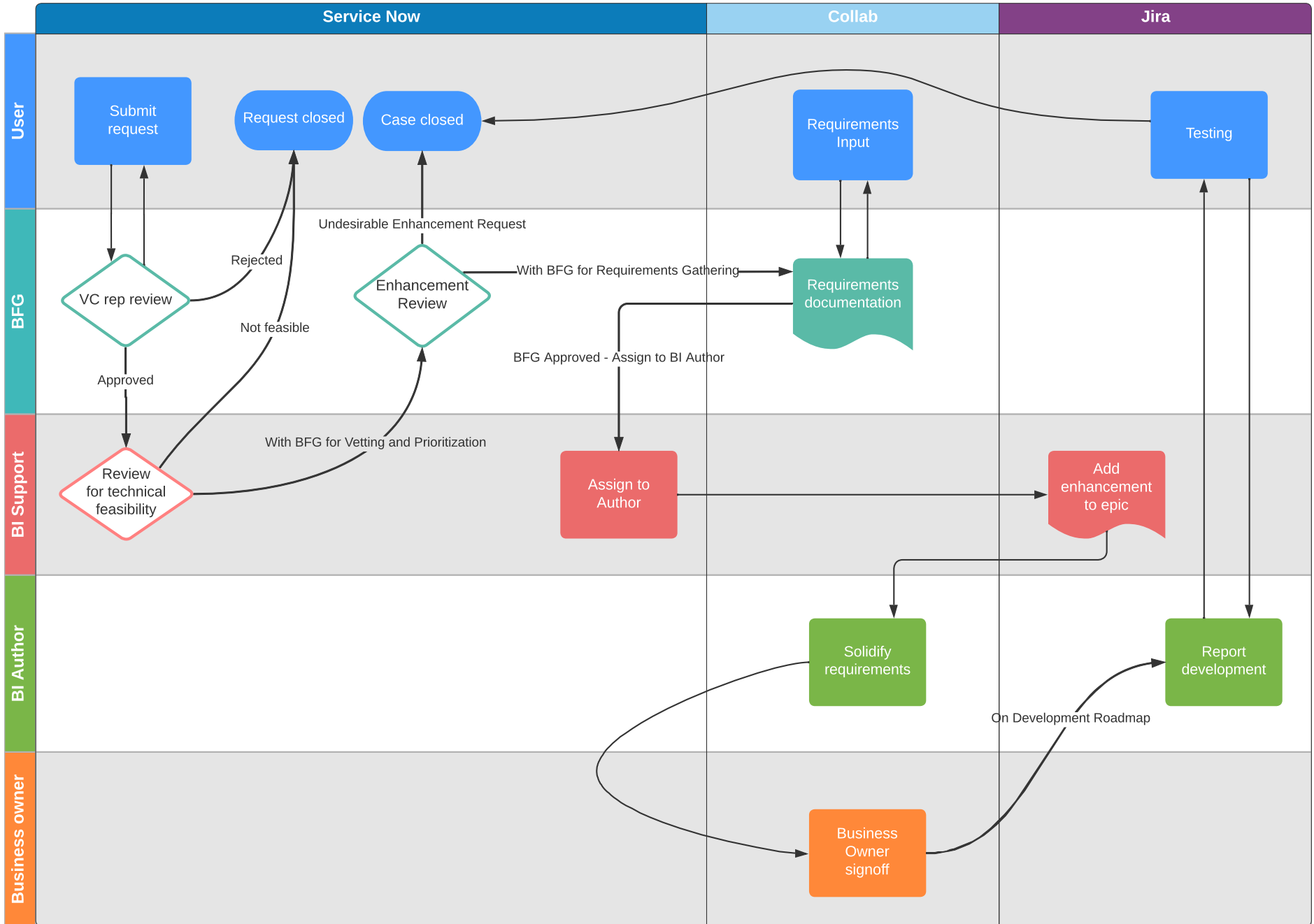
**Not on Timeline**

ARCS - PPM Clearing 773046 (FY25-26)	Erika/IM	
ARCS - PIP Clearing 232200 (FY25-26)	Erika/IM	
ARCS - Foundation	TBD - Pending Request/ROI	
GRC Enhancements	TBD - Pending Request	
Medical Center P2P	TBD - Pending Charter/Prioritization	
Financial Close and Consolidation	TBD - Pending Charter/Prioritization	
Narrative Reporting	TBD - Pending Charter/Prioritization	
Oracle Accounting Hub	TBD - Pending Charter/Prioritization	
Oracle Labor Distribution	TBD - Pending Charter/Prioritization	

**PARRALLEL WORK**

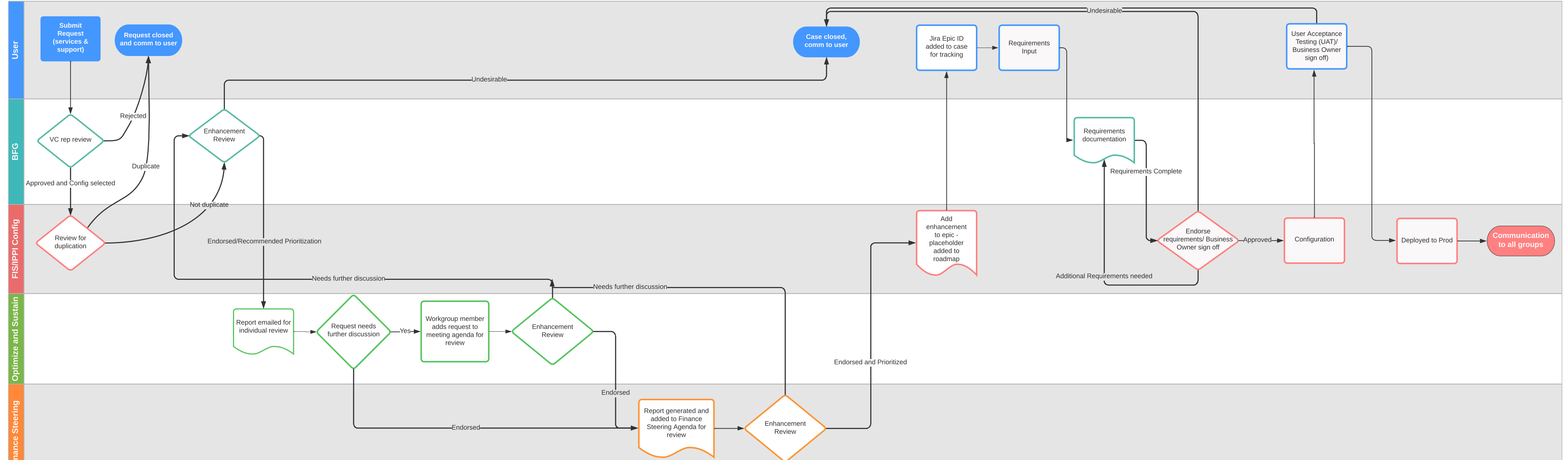
Maintenance/ Production Support (~50% Per FTE Per Week)  
 ~40 Enhancements (Allocations, Workflow Updates, PPM Program Management, etc.)

## Enhancement Flowcharts Reporting



## UC San Diego FIS System Enhancement Request Process Map

ckaino | March 7, 2024

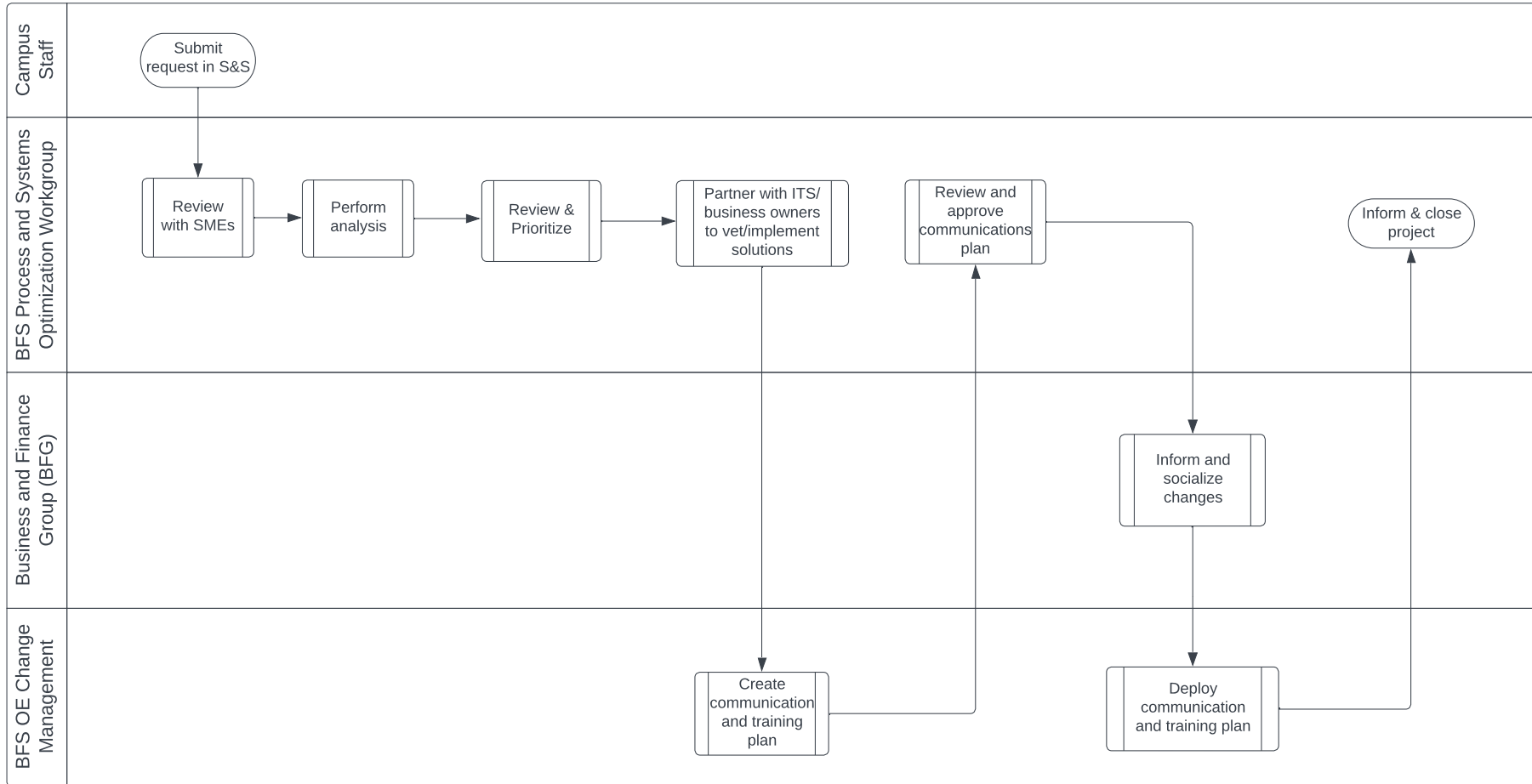




## Enhancement Flowcharts Process

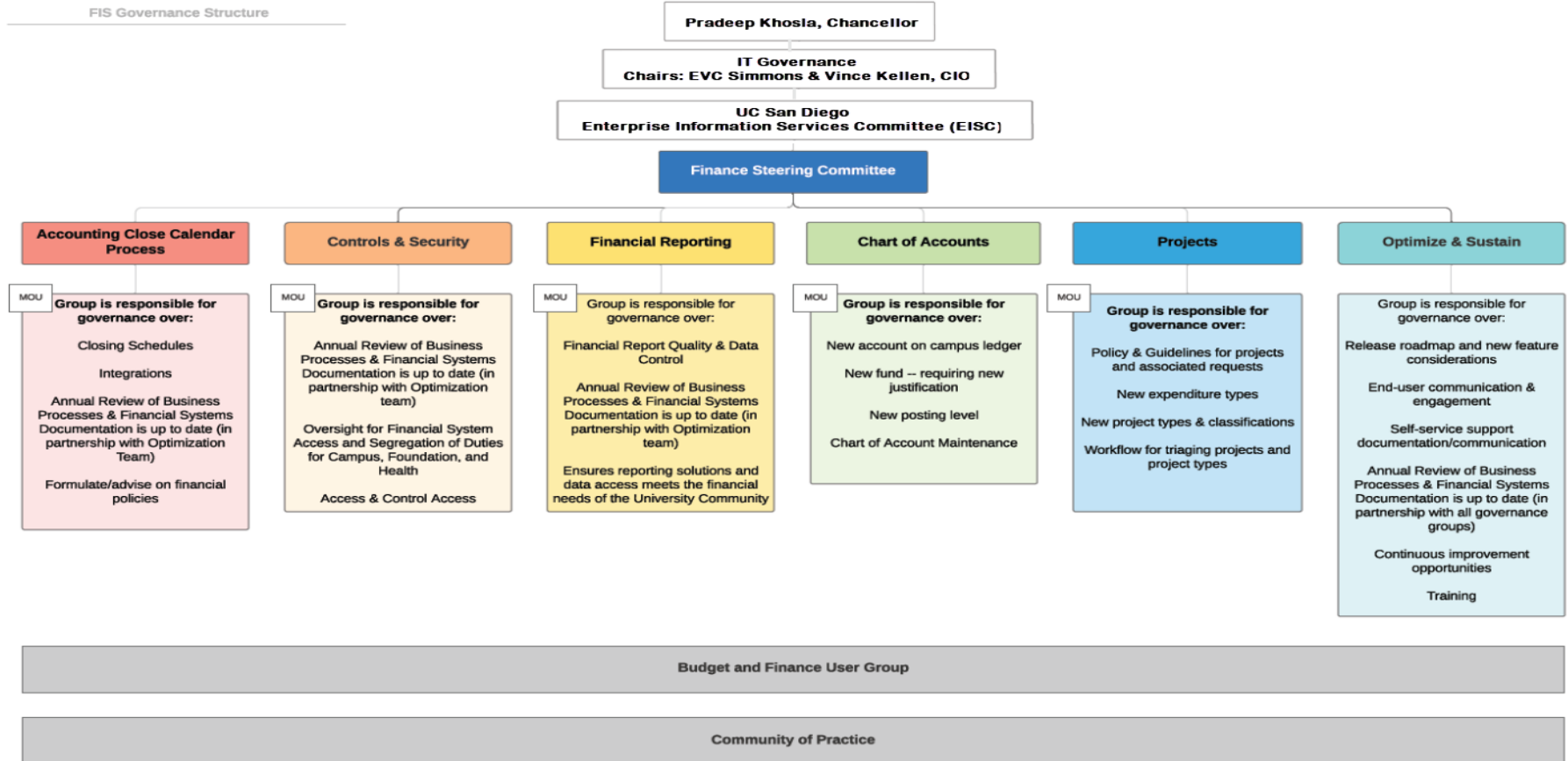
**ATTACHMENT C**

Budget & Finance Enhancement Request Flow Chart



FIS Governance Structure

ATTACHMENT D



# Financial Training Roadmap 2024

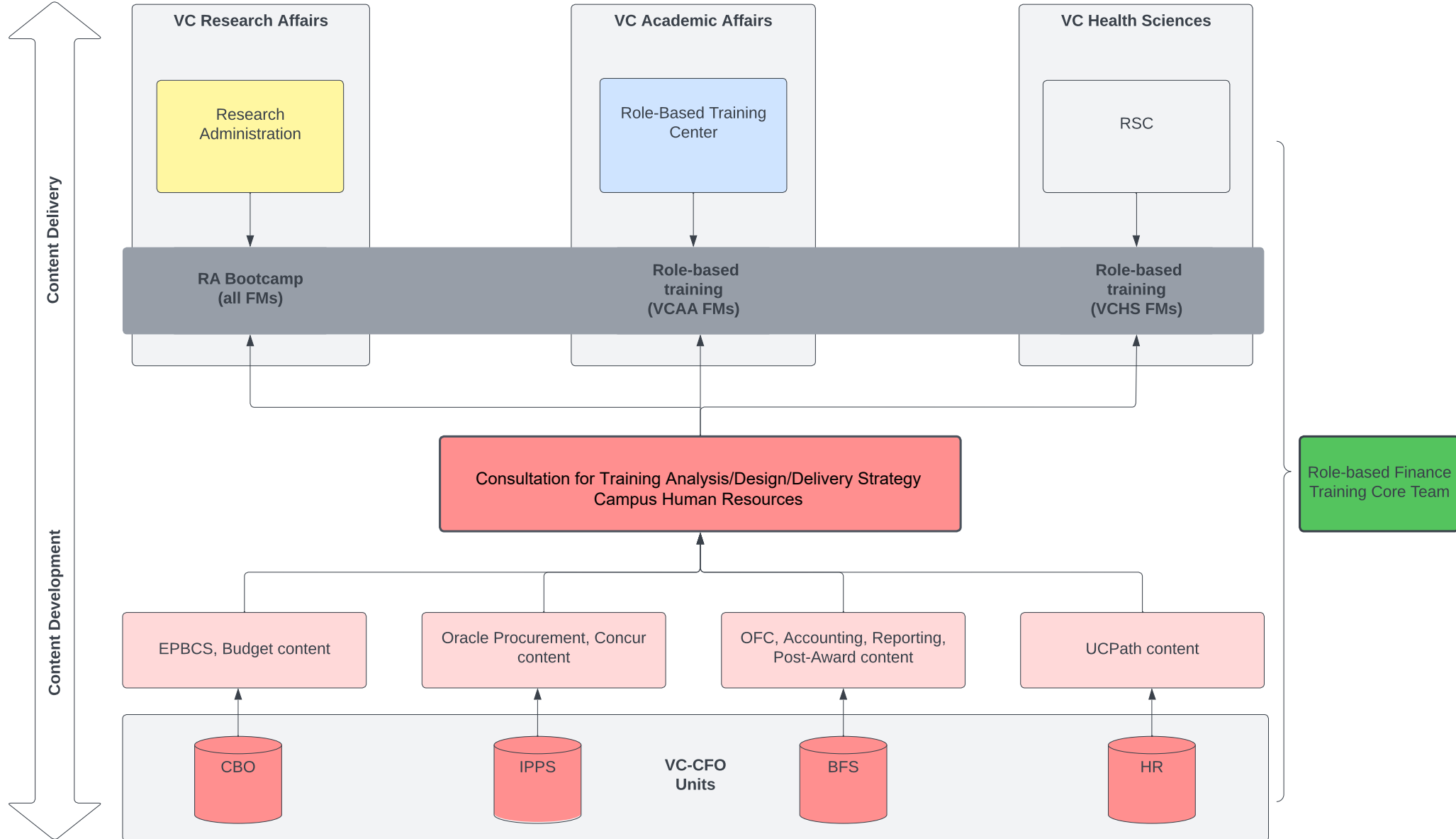
Course	Modules/Topics	Tentative Release
Introduction to Oracle	General Ledger and Subledgers GL Chart of Accounts Introduction to PPM (POETAF) Navigating Oracle and reports Basic Accounting for Oracle	March 12, 2024
Intermediate Concepts in PPM	Costs and Commitments Cost Transfers PADUA Managing General Projects	August 2024
Award Management	Federal Guidance Award Setup Special Topics: Cost Share, Program Income Sponsored Project Reporting Award Closeout	October 2024

# Financial Training Roadmap 2025

**ATTACHMENT E**

Course	Modules	Tentative Release
Intermediate Concepts in GL	Journal Entries Understanding GL Balances Understanding Accruals Period Close	December 2024
Billing and Receivables	Introduction to Billing and Receivables PPM Contract Billing Receivables Billing Receiving Payments	June 2025
Advanced Topics and Special Considerations	Service Agreements Recharge Centers Internal Controls and Monthly Reconciliation	December 2025
Cash Management	Introduction to Cash Management Payment Card Industry Federal Letter of Credit	March 2026

# FIS Role Based Training Strategy

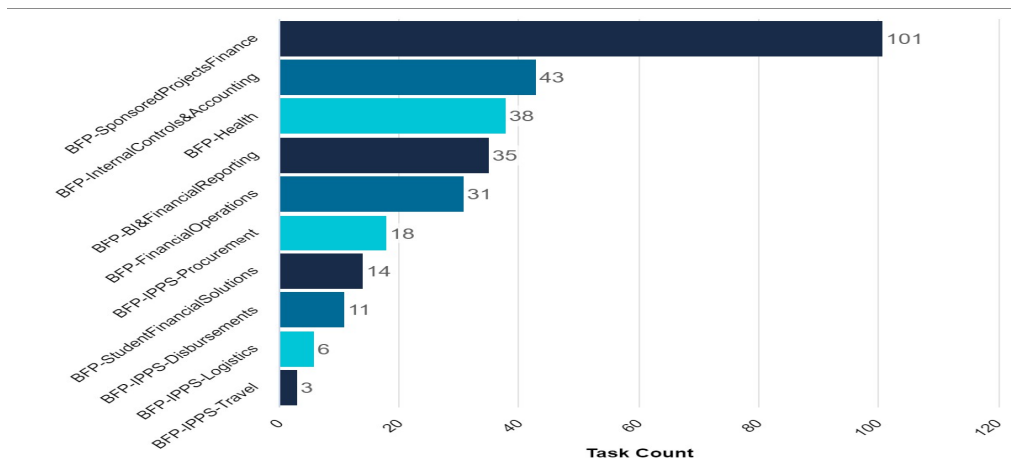
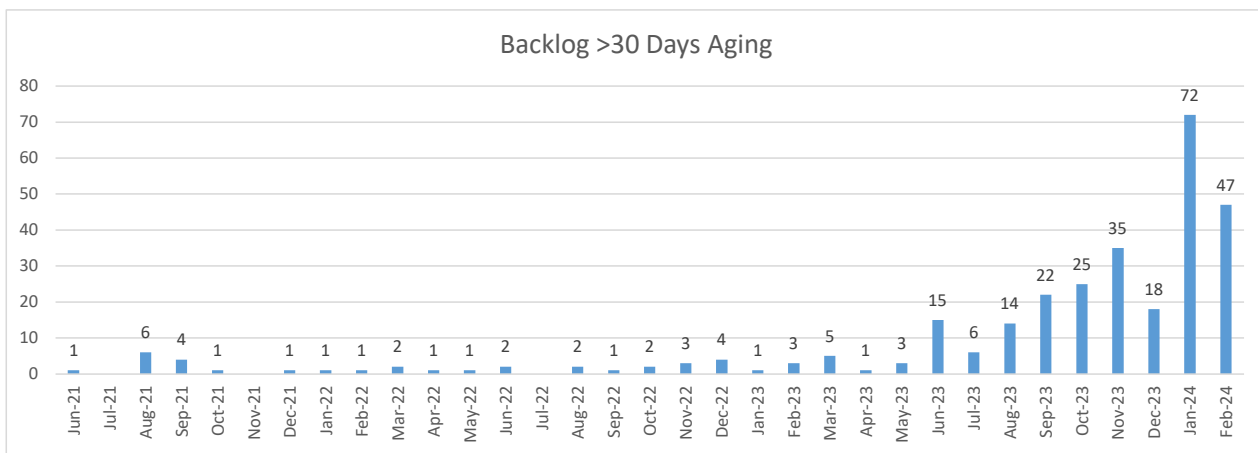


Source: SNOW Portal

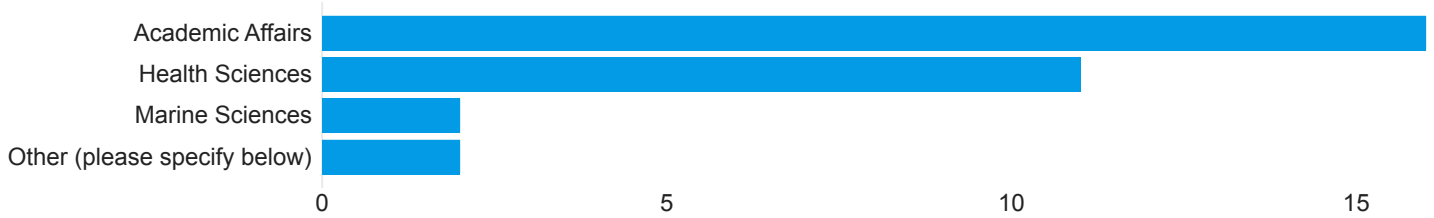
**ATTACHMENT G**

**SNOW Tickets**

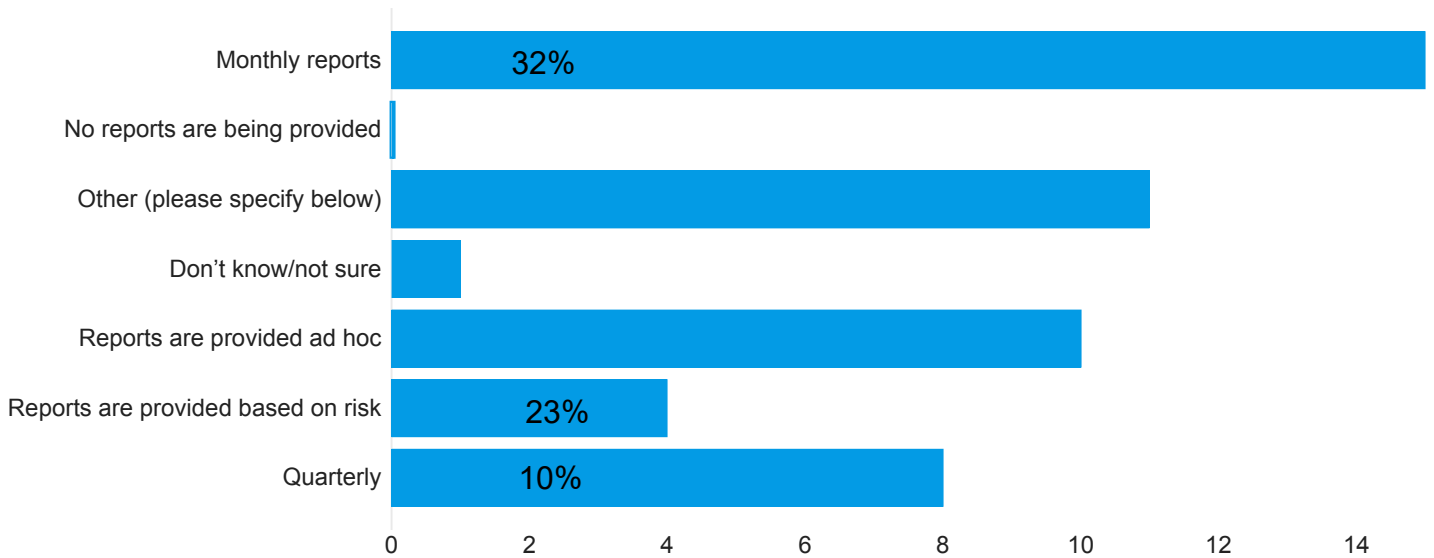
Open Tickets by Service Area	As of June 30, 2021	As of June 30, 2022	As of June 30, 2023	As of March 12, 2024
IPPS - Disbursements	1085	567	420	288
Sponsored Project Finance	175	122	179	190
Financial Operations	239	66	81	175
Student Financial Solutions	231	78	78	107
Internal Controls and Accounting	484	208	67	89
IPPS Logistics	55	30	48	76
IPPS Procurement	153	37	50	76
IPPS Travel	88	195	153	70
BI and Financial Reporting	-	95	67	58
Costing Policy and Analysis	46	29	11	3
<b>Total</b>	<b>2556</b>	<b>1427</b>	<b>1154</b>	<b>1132</b>



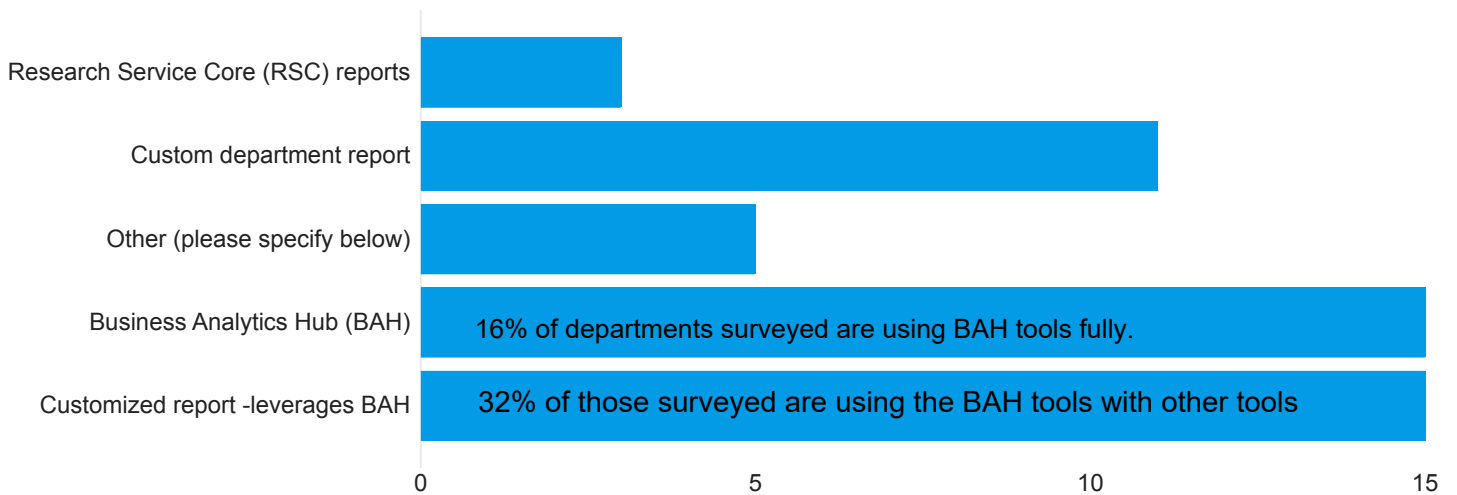
1. Please identify your VC Unit



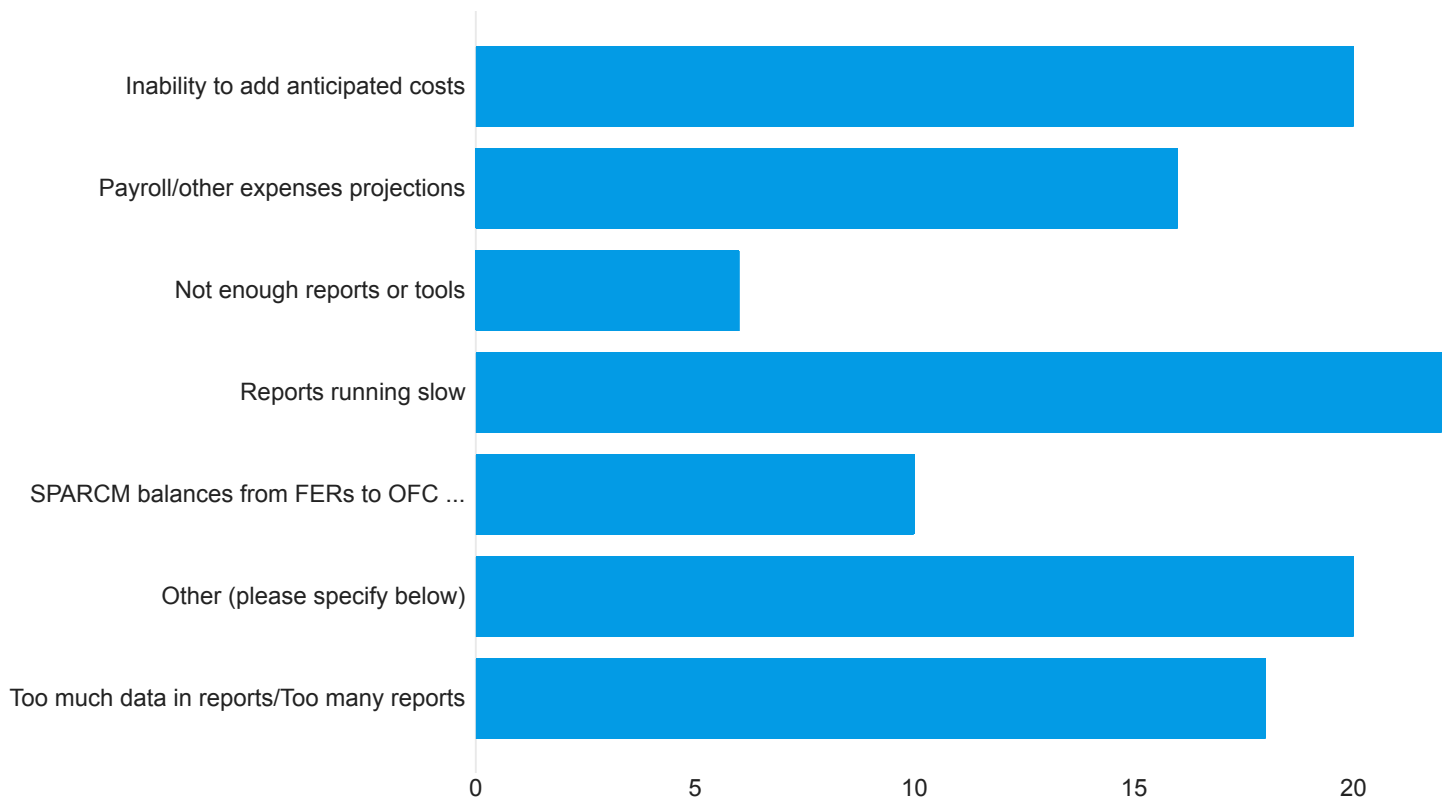
2. How frequently are faculty/researchers receiving financial reports for their portfolio of funds?



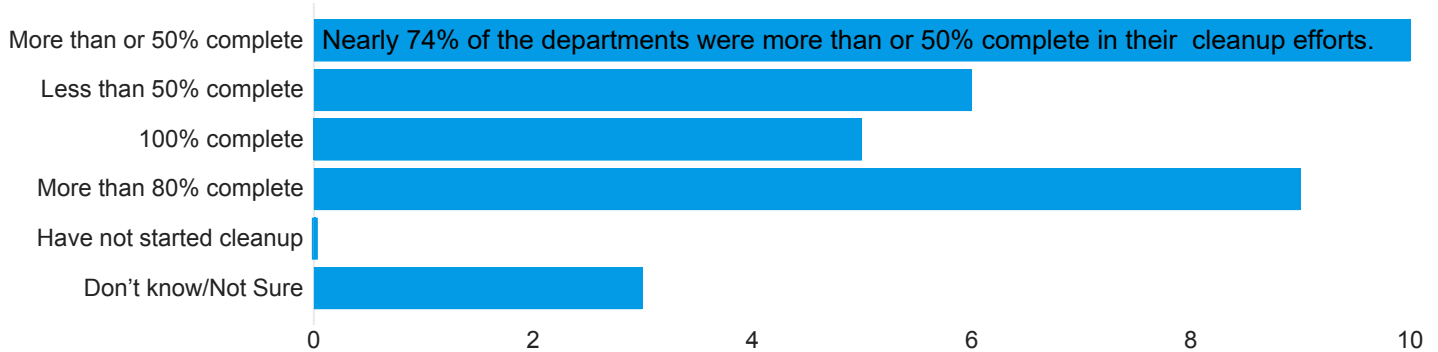
3. Please indicate the method to provide financial reports.



4. What gaps do you see with BI and Reporting for your department?

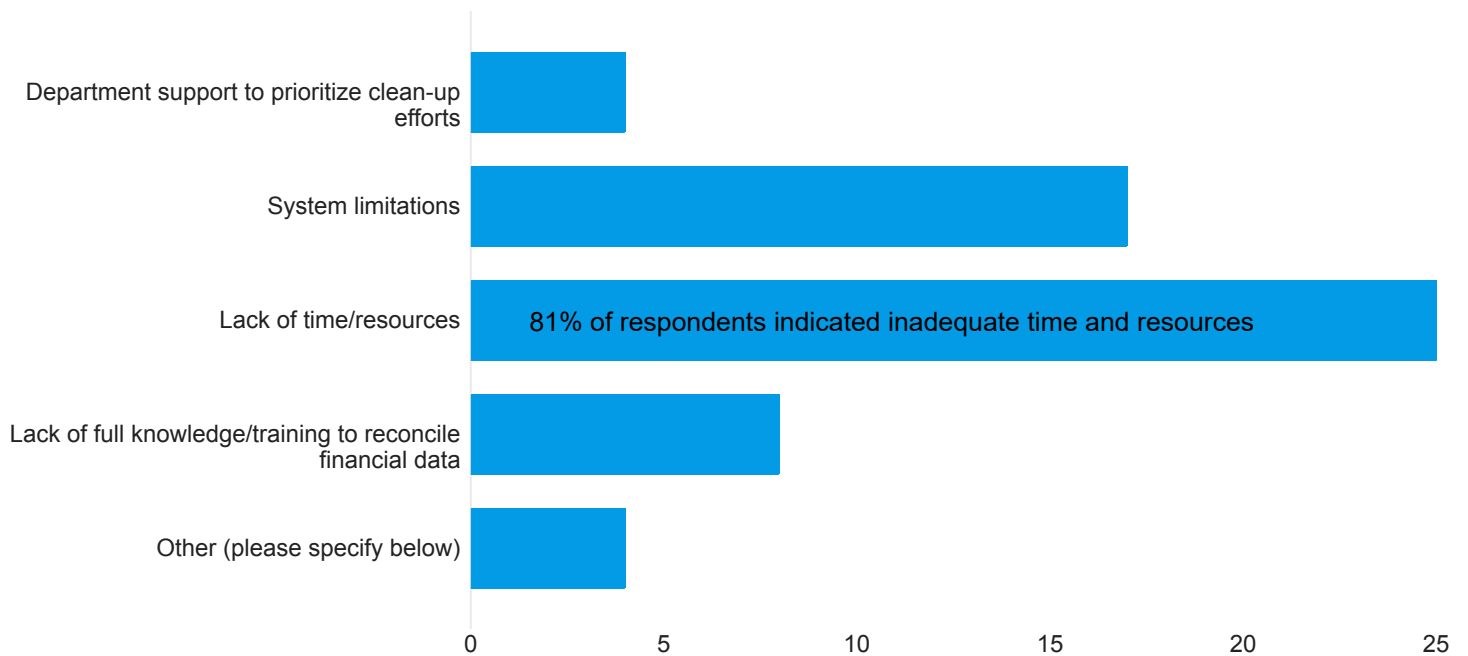


5. Please indicate current percentage (%) of completeness with the following finance data clean-up efforts? (i.e., default accounts, project zero balances, closing expired awards in OFC, etc.), for prior Fiscal Years (i.e. FY2020-21 through FY2022-23).

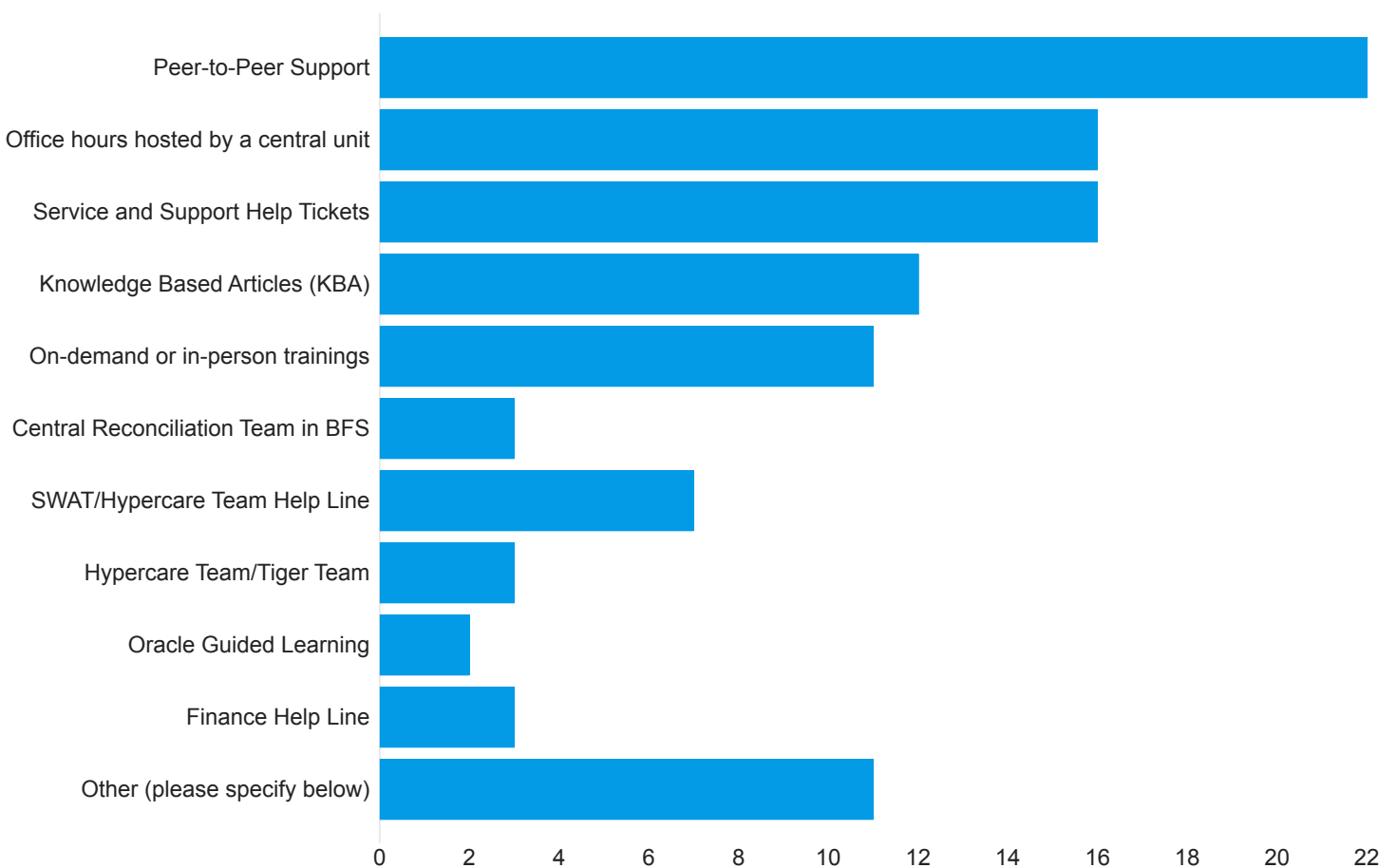




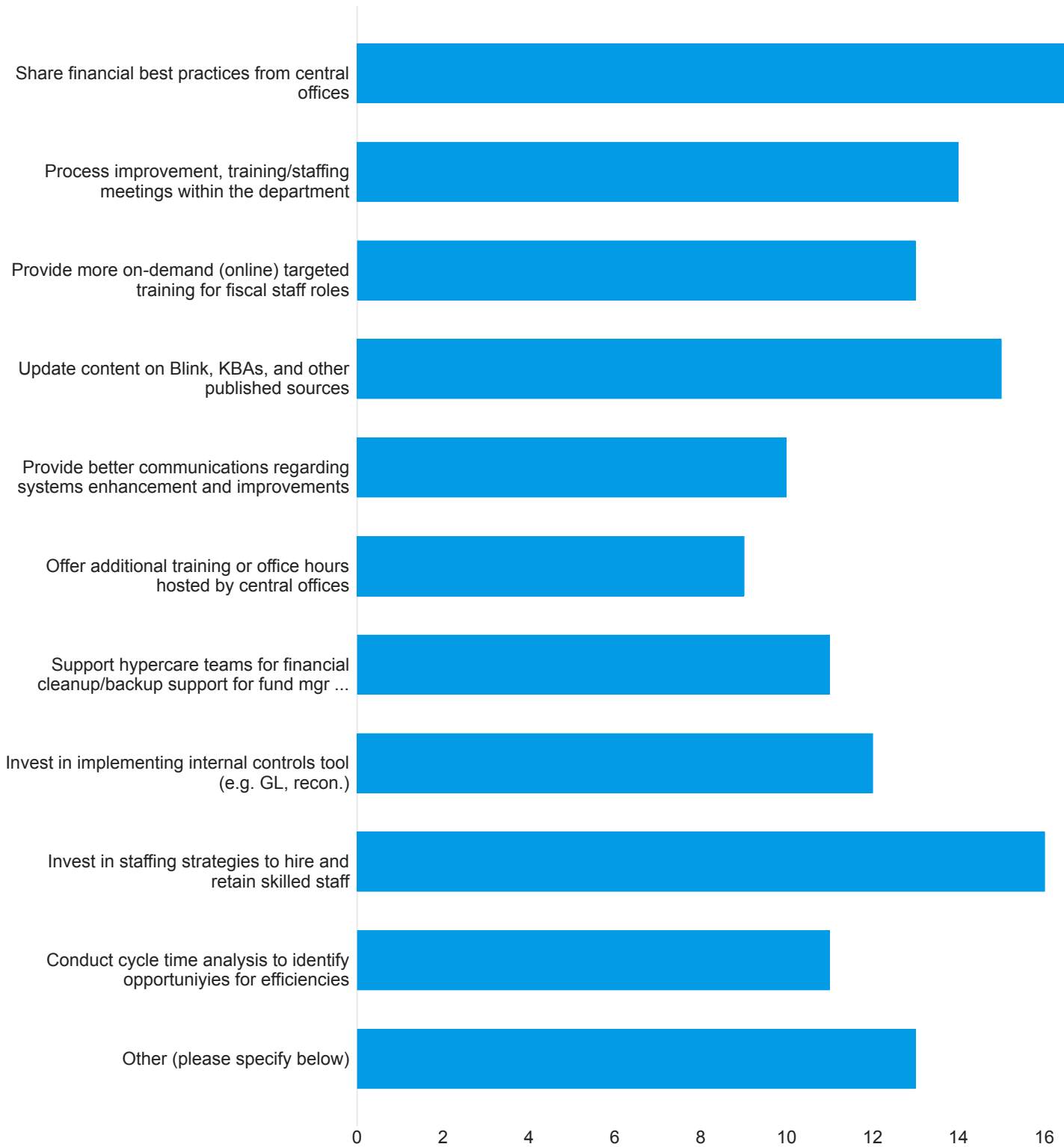
6. What are the issues/roadblocks in achieving finance data clean-up efforts?



7. What support/assistance do you or your department find effective when you need help?

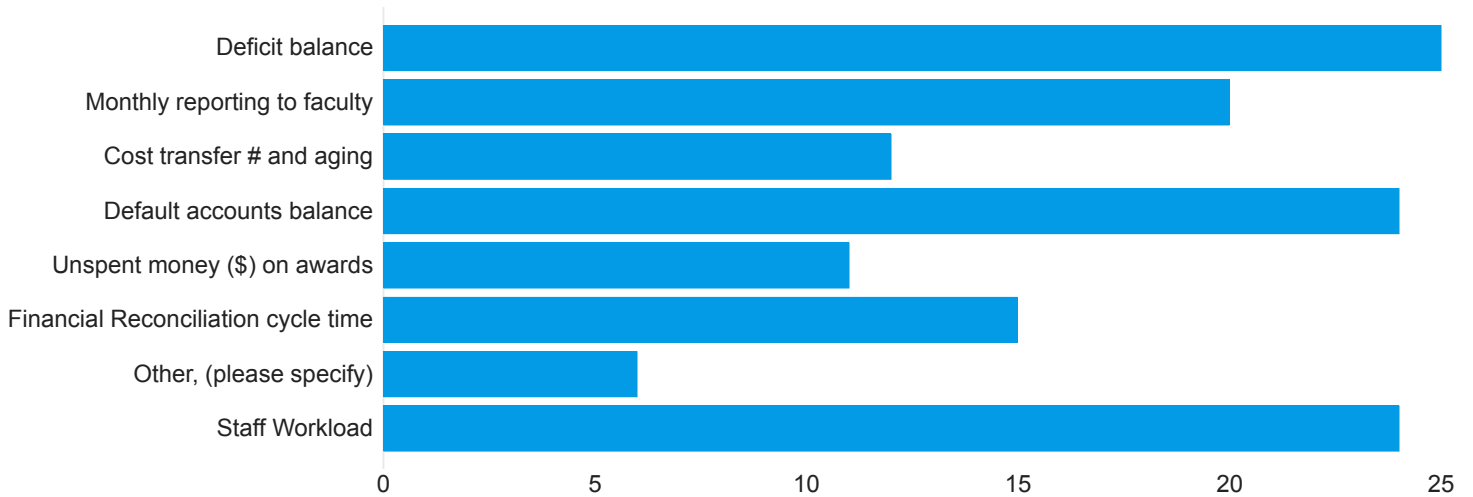


8. How could the University improve support/assistance and optimize business processes?

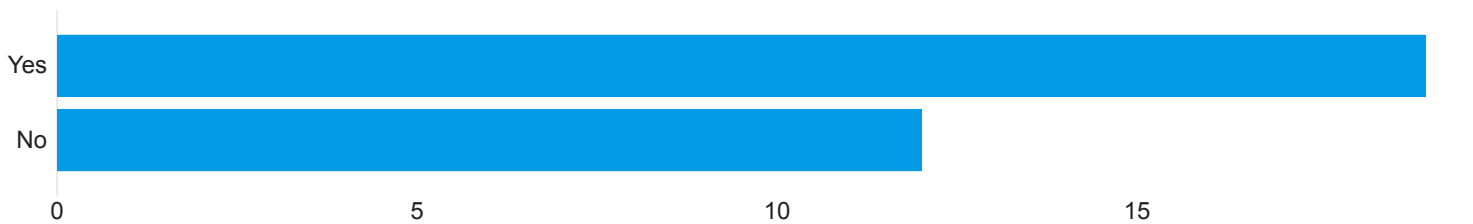


9(a). What metrics do you consider to be important measures for financial monitoring/success in your department?

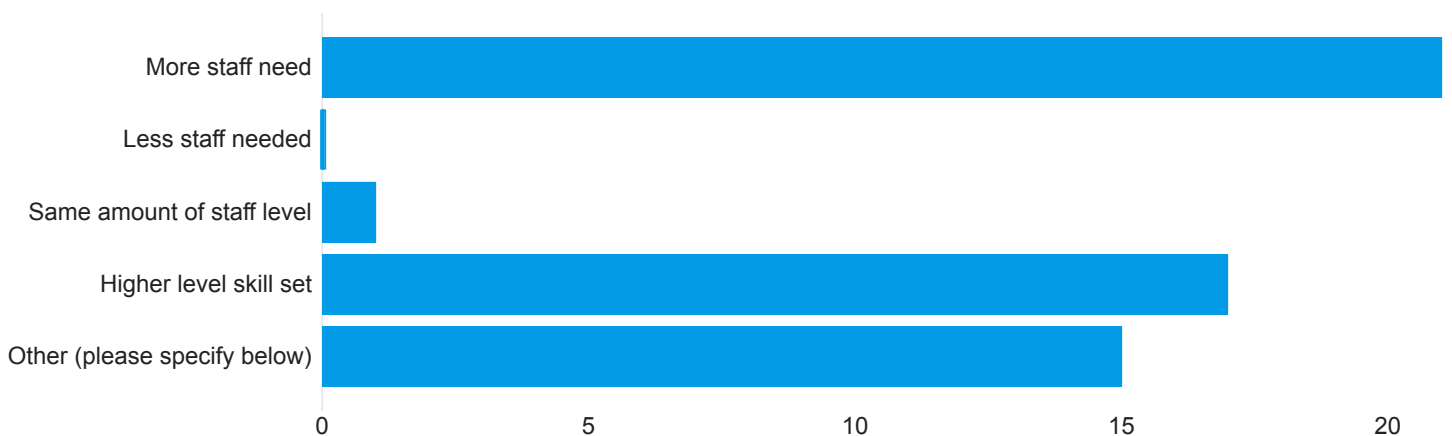
- Selected Choice



9(b). Do you have metrics of staff workload before and after OFC implementation?

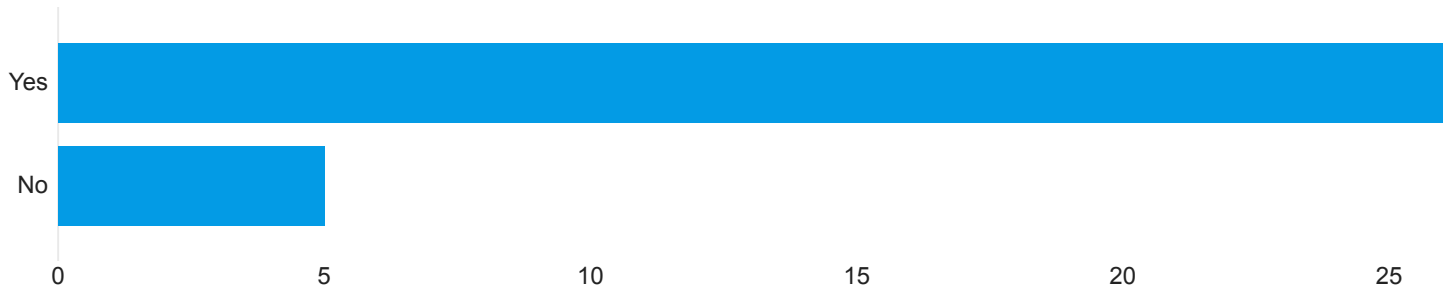


9(c). If you answered yes for 9b (metrics of staff workload), what has been the impact of OFC implementation to date? - Selected Choice



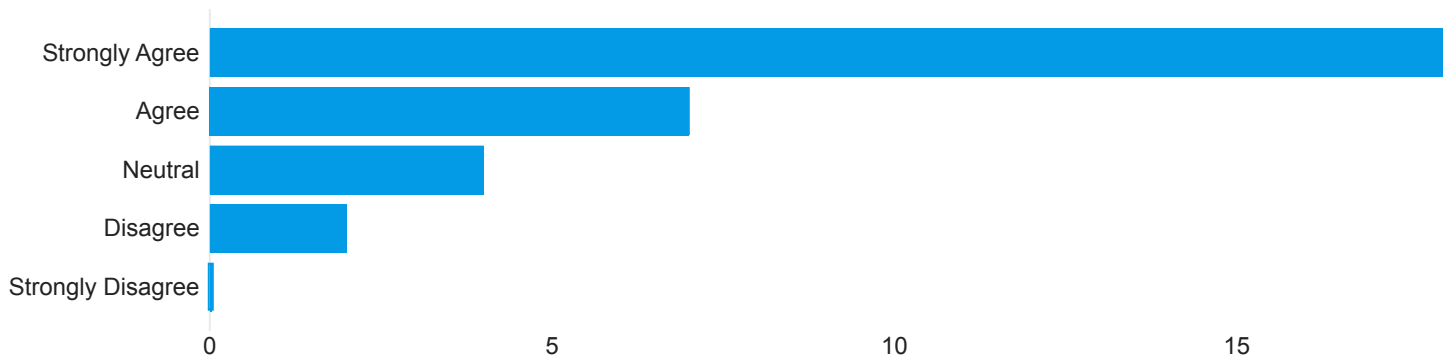
10(a). The next three questions are regarding draft internal controls policy and checklist of internal controls. 10a.

Are you aware of Draft internal controls policy and checklist of internal controls.

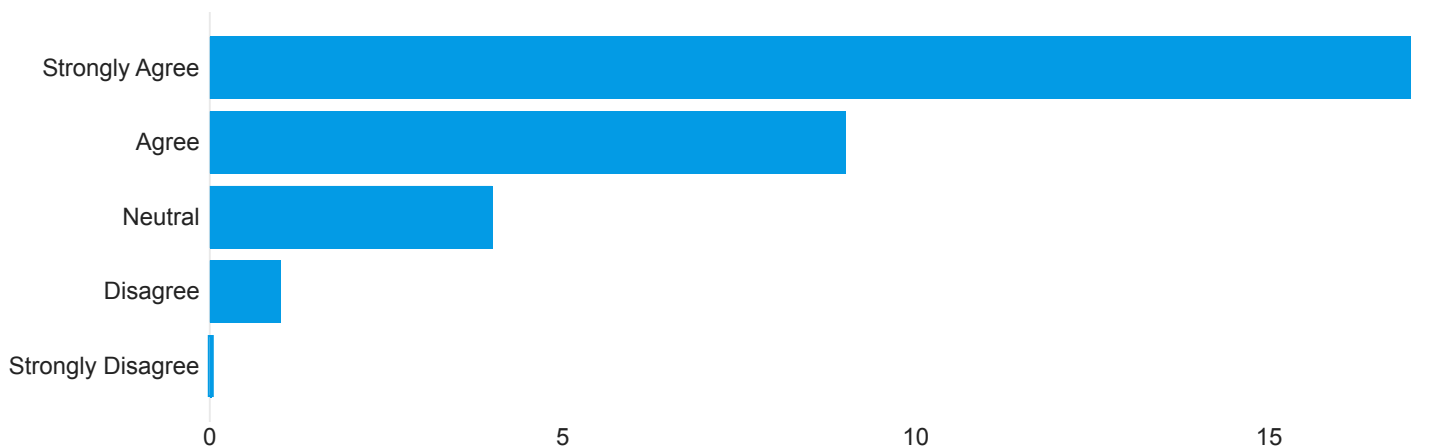


10(b). Do you have any concerns with implementing the Draft internal controls policy and checklist of internal controls.

(i) That it may not be practical to complete all control activities given current workload and financial clean up.



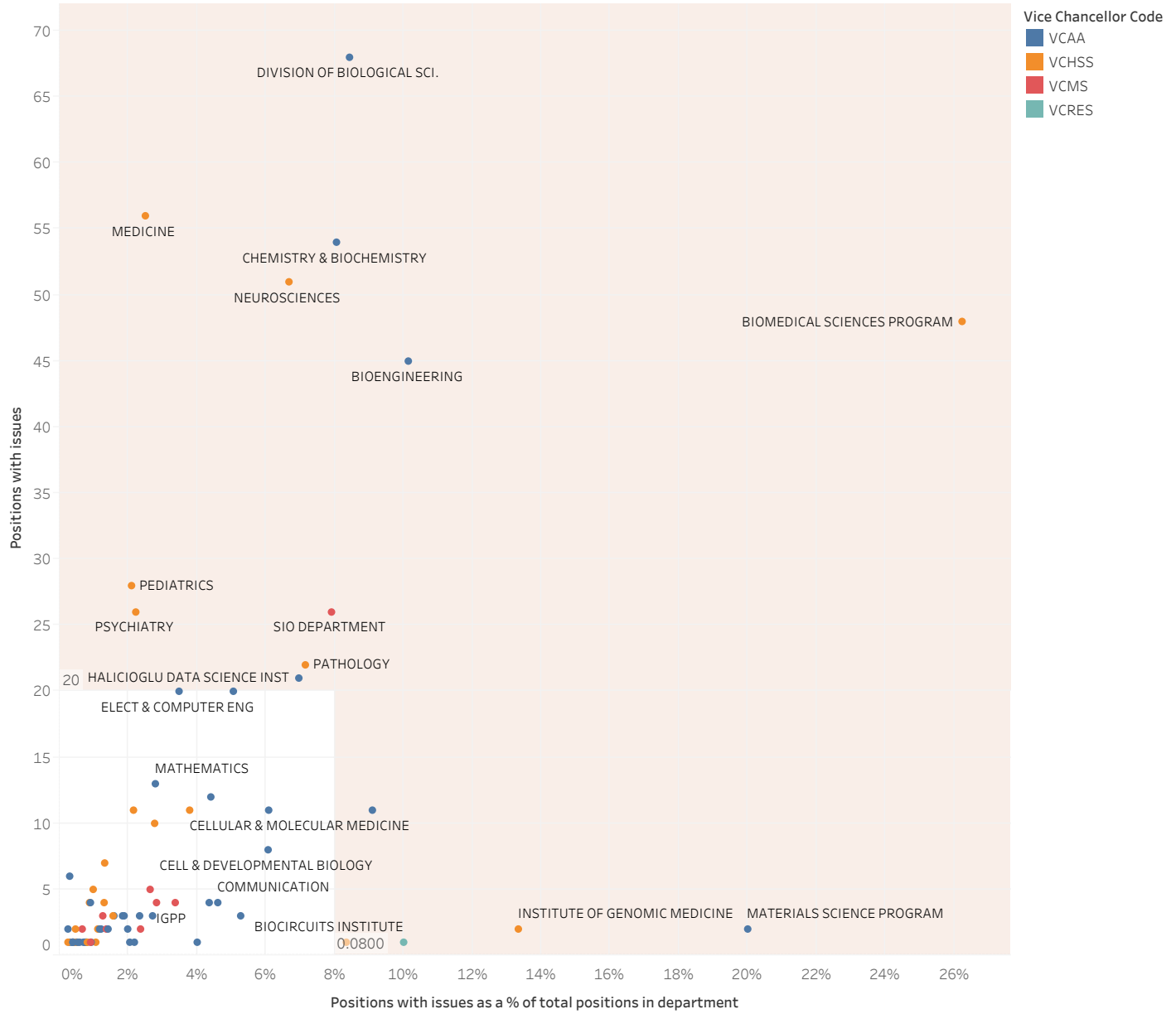
(ii). Better tools to monitor/complete internal control activities are needed.



**ATTACHMENT I - Default Balances\_Finance Stabilization Metrics**  
 UCPATH Positions with Funding Issues

**ATTACHMENT I**

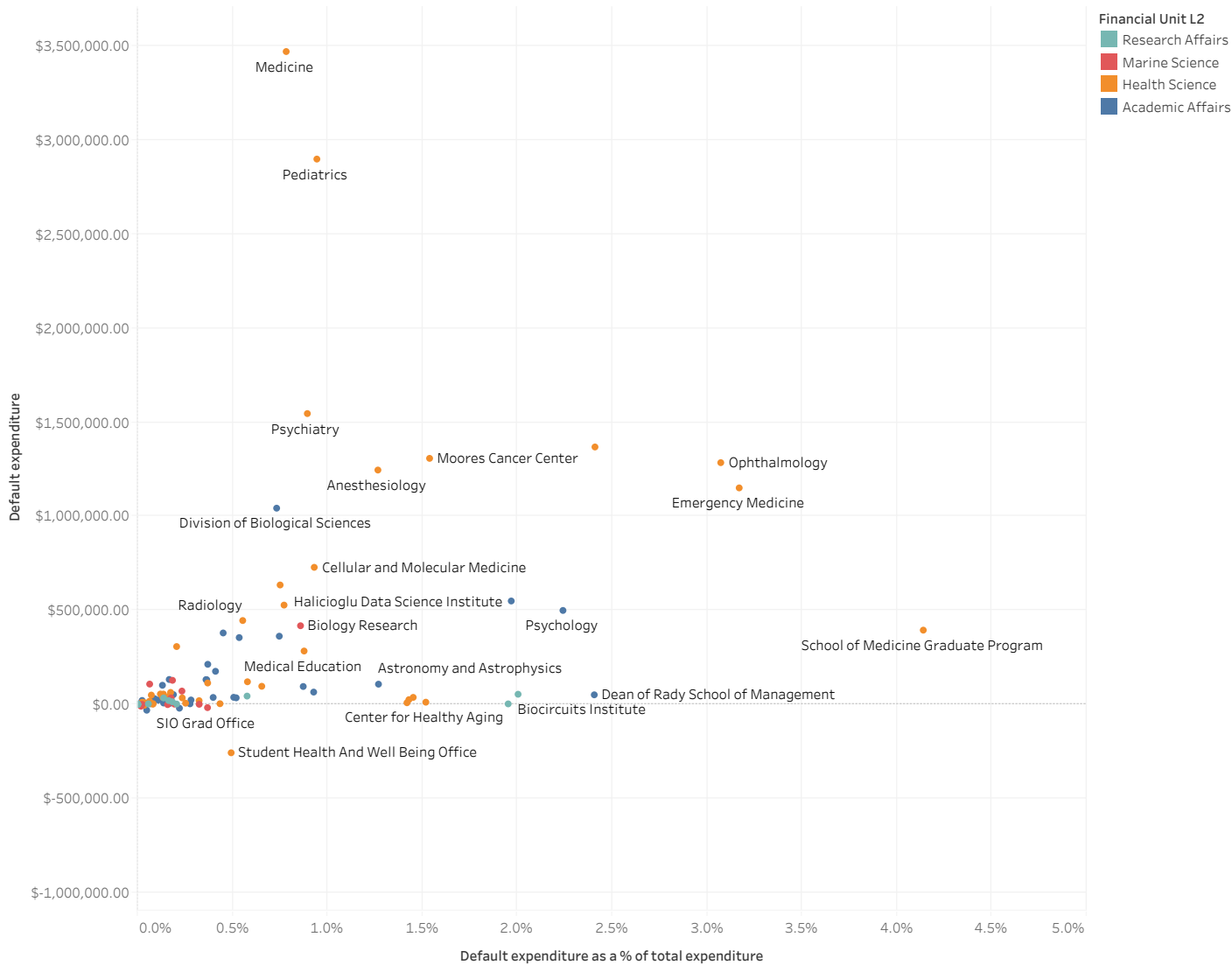
UC Path positions with funding issues as of 05/23/24  
 (Project or Funding expiration on or before 04/30/24)



Source: Finance Stabilization Metrics as of 6/24/2024

Current Default Project Balances

Current default project balances with rolling 12 months of total expenditure



Source: Finance Stabilization Metrics as of 6/24/2024