

June 22, 2017

THOMAS CSORDAS  
Chair  
Department of Anthropology  
0532

**Subject:        *Department of Anthropology  
Report 2017-10***

The final report for Department of Anthropology, Project 2017-10, is attached. We would like to thank all members of the department for their cooperation and assistance during the review.

Because we were able to reach agreement regarding management action plans in response to the audit recommendations, a formal response to the report is not requested. The findings included in this report will be added to our follow-up system. We will contact you at the appropriate time to evaluate the status of the management action plans.

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.

David Meier  
Director  
Audit & Management Advisory Services

Attachment

cc:     Judy Bruner  
       Peter Cowhey  
       Nancy Lee  
       John Lohse  
       Joanna Mancusi  
       Carol Padden  
       Steven Parish  
       Cheryl Ross  
       Steven Ross

# UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Department of Anthropology

Report No. 2017-10

June 2017

**Performed By:**

Ken Daniszewski, Auditor  
Christa Perkins, Manager

**Approved By:**

David Meier, Director

---

**TABLE OF CONTENTS**

---

I. EXECUTIVE SUMMARY ..... 2

II. BACKGROUND..... 4

III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES ..... 4

IV. CONCLUSION..... 5

V. OBSERVATIONS REQUIRING MANAGEMENT ACTION ..... 6

    A. Foreign Travel ..... 6

    B. Express Card Activity..... 8

    C. Expense Transfer Documentation ..... 9

    D. Timesheet Approvals ..... 10

    E. Review of Bookstore Purchases..... 11

    F. Equipment Management ..... 12

    G. Control Tracker ..... 13

ATTACHMENT A – Audit Results by Business Office Functional Process

---

## I. EXECUTIVE SUMMARY

---

Audit & Management Advisory Services (AMAS) has completed a review of the Department of Anthropology (Department) as part of the approved audit plan for Fiscal Year (FY) 2016-17. The objective of our review was to evaluate whether internal controls were adequate to provide reasonable assurance that operations were effective, in compliance with University policies and procedures, and resulted in accurate financial reporting. The scope of our review included activities and business practices for FY 2015-16, and FY 2016-17 through December 31, 2016.

We concluded that key internal controls were generally adequate and provided reasonable assurance that operations were effective, performed in compliance with University policies and procedures, and resulted in accurate financial reporting. However, we noted a number of opportunities for enhanced compliance with University policies and procedures. Management Actions Plans to address these areas are listed below.

### A. Foreign Travel

The Department will:

1. Ensure that reimbursements processed in travel expense reports are strictly limited to travel expenses. Training and guidance will be provided to Departmental travelers regarding what types of expenses should be included in travel expense reports, and how to report non-travel expenses incurred while traveling.
2. Require documentation from travelers sufficient in detail to support the purpose of the expense and relationship to the travel. Training and guidance will be provided to Departmental travelers regarding the level of documentation required for travel expenses.
3. Implement additional processes and education in order to help ensure that Department Travelers are registered for the University's travel accident insurance.
4. Implement additional processes and education in order to help ensure that Field Operational Planners are prepared for all foreign trips to remote areas, in consultation with UCSD's Environmental Health and Safety department.

### B. Express Card Activity

The Department will ensure that Use Tax is not charged on purchases where sales tax has already been assessed or which are not subject to the tax, and use of appropriate expenditure account codes.

### C. Expense Transfer Documentation

The Department will review the questioned non-payroll expense transfer, and if additional documentation is not available to support the allowability and allocability to the award, the amount will be moved onto a discretionary fund source.

### D. Timesheet Approvals

1. The Department will ensure that timesheets for any time processed outside of MyTime are signed and dated by employees' direct supervisors, as required by University policy.
2. For the four students identified during our audit, the Business Office will confirm retrospectively with their supervisors that the payments were appropriate.

**E. Review of Bookstore Purchases**

The Department will implement procedures to perform 100% reconciliation of Bookstore recharges for department indexes on a monthly basis. For any purchases of computers and electronic equipment, this reconciliation will include verification of documentation to support expenses, and verification with staff and faculty that the items purchased were received.

**F. Equipment Management**

The serial number for the piece of equipment mentioned will be entered into CAMS. For any future purchases of inventorial equipment, the Business Office will ensure that any serial numbers for these items will be entered into CAMS.

**G. Control Tracker**

The Department will implement a process for review, documentation and monitoring of key internal control activities via Control Tracker.

Observations and related management action plans are described in greater detail in section V. of this report.

---

## II. BACKGROUND

---

Audit & Management Advisory Services (AMAS) has completed a review of the Department of Anthropology (Department) as part of the approved audit plan for Fiscal Year (FY) 2016-17. This report summarizes the results of our review.

The Department of Anthropology has a faculty of over 20 members representing a broad spectrum of backgrounds, methodologies, and approaches, who together with other teaching staff deliver nearly 4,000 undergraduate and 500 graduate student course enrollments annually. Department offerings include undergraduate major and minor programs within three distinct specializations: Archaeology; Biological Anthropology; and Sociocultural Anthropology. At the graduate level, it offers programs in Anthropological Archaeology, Biological Anthropology, Sociocultural Anthropology, Psychological Anthropology and Linguistic Anthropology. There are multiple dedicated research labs focusing on a wide variety of research topics. The Department has a strong graduate program that is nationally ranked by organizations such as the National Research Council. The Department also administers UCSD's Global Health Program (Bachelor of Arts and Minor) to provide students with an in-depth understanding of factors related to illness, health, and healing from a comparative and interdisciplinary perspective that transcends national borders and regional interests, and takes cultural difference and diversity fully into account. The Business Office is comprised of the Management Services Officer (MSO), two Student Affairs staff employees, one Academic Personnel and Human Resources staff person, one fiscal assistant staff person, and three part time student employees. Information Technology support is provided by the Office of the Dean of Social Sciences.

In Fiscal Year 2015-16, the Department incurred total expenses of \$5.5 million. These expenditures were primarily funded by State general funds (42%) student fees (38%), opportunity funds (9%), and Federal funds (8%). Funding from all other sources combined, including gift funds, and contracts and grants together comprised less than three percent of the Department's budget. On the expenditure side, faculty and staff salaries and related benefits accounted for approximately 78% of Department expenditures, with 10% for supplies and expenses, 9% for remodeling of Department space within the Social Science Research Building and 3% for travel.

---

## III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES

---

The objective of our review was to evaluate whether internal controls were adequate to provide reasonable assurance that operations were effective, in compliance with University policies and procedures, and resulted in accurate financial reporting. The scope of our review included activities and business practices for FY 2015-16, and FY 2016-17 through December 31, 2016. In order to achieve our objective, we performed the following procedures:

- Reviewed system-wide and local policies, including, but not limited to:
  - University of California (UC) Business and Finance Bulletin (BFB) BUS-29: *Management and Control of University Equipment*,
  - UC BFB BUS-43: *Materiel Management*,
  - UC BFB G-28: *Travel Regulations*,
  - UC BFB IA-101: *Internal Control Standards: Department Payroll*,

- UCSD Policy & Procedure Manual (PPM): *Overdraft Policy*,
- UCSD Blink guidance related to policies including but not limited to Express Card practices, Travel, Purchasing, and Meetings and Entertainment,
- Interviewed key Department business office staff;
- Reviewed Department business processes, and evaluated the adequacy of separation of duties for payroll and non-payroll expenditures;
- Evaluated processes for review, approval, and reconciliation of purchase orders, travel expenditures, and Express Card usage;
- Evaluated processes for payroll and non-payroll expenditure transfers (PET & ENPET);
- Evaluated financial accounting and reporting processes;
- Reviewed custody and accountability over department equipment;
- With assistance from the MSO, completed and reviewed separation of duties and internal controls for key business activities;
- Analyzed departmental organizational and financial information and reports, including the Transaction Sampling Management Report, Control Tracker activity, overdraft reports, operating ledgers and expanded budget summaries; and
- Analyzed procedures and performed limited transaction testing in the following areas to verify that internal controls were adequate and functioning in compliance with University policy:
  - Transaction Processing – Non-Payroll Expenditures
  - Operating Ledger Review & Financial Reporting
  - Non-Payroll Expenditure Transfers (ENPETs)
  - Payroll Expenditure Transfers (EPETs)
  - MarketPlace and MyPayment Expenses
  - Human Subjects Protection procedures
  - Management of Funds in Overdraft
  - Travel
  - Timekeeping & Payroll
  - Bookstore Purchases
  - Grant Management
  - Business Meeting Expenses
  - Equipment Management

---

## IV. CONCLUSION

---

Based on our review, we concluded that the Departments internal controls were generally adequate and provided reasonable assurance that operations were effective, performed in compliance with University policies and procedures, and resulted in accurate financial reporting. The Department business office processes that we evaluated, and the associated audit tests performed and conclusions reached, are summarized in **Attachment A**.

We observed that the Department MSO and the Business Office staff worked diligently to ensure business processes were as efficient as possible considering limited staff resources. However, we did identify a number of opportunities for improvements to Department business processes, which are described in detail in the balance of this report.

## V. OBSERVATIONS REQUIRING MANAGEMENT ACTION

<b>A.</b>	<b>Foreign Travel</b>
We noted instances where Department practices were not in strict compliance with University policies for long-term foreign travel, with respect to expense reporting, documentation, and risk management.	
<b>Risk Statement/Effect</b>	
Poor administration of foreign travel activities increases the risk that University resources could be misused. More significantly, it is important that possible risks to travelers be recognized and managed in consultation with the appropriate University offices.	
<b>Management Action Plans</b>	
A.1	The Department will ensure that reimbursements processed in travel expense reports are strictly limited to travel expenses. Training and guidance will be provided to Departmental travelers regarding what types of expenses should be included in travel expense reports, and how to report non-travel expenses incurred while traveling.
A.2	The Department will require documentation from travelers sufficient in detail to support the purpose of the expense and relationship to the travel. Training and guidance will be provided to Departmental travelers regarding the level of documentation required for travel expenses.
A.3	The Department will implement additional processes and education in order to help ensure that Department Travelers are registered for the University’s travel accident insurance.
A.4	The Department will implement additional processes and education in order to help ensure that Field Operational Planners are prepared for all foreign trips to remote areas, in consultation with UCSD’s Environmental Health and Safety department.

### A. Foreign Travel – Detailed Discussion

As part of our review of travel expenses, we examined a sample of ten travel expense reports for foreign travel from the period under review. The total reported expenses for these trips was \$83,294. This represented 49% of the total foreign travel expense within the audit period. Based on our review of this sample of travel reports, we noted opportunities for improvement in the following areas:

#### Non-travel Expenses Included in Travel Expense Reports

In our review of the sample of travel expense reports, we noted the inclusion of several expenses which should not have been reported as miscellaneous travel expenses. These included:

- Human research subjects payments: On one travel report, payments to participants in a Federally-funded research study were reported as travel expenses, rather than through accepted University methods for compensating research participants; and



- UCSD student payroll expenses: On another travel report, two UCSD graduate students were paid for work supervising fieldwork as part of a travel expense reimbursement, rather than through Payroll.

The above two types of payments should not have been reported as miscellaneous travel expenses because, in both instances, these types of expenses are subject to specific University accounting policies, procedures and reporting requirements. Visibility of these expenses is lost if they are treated as miscellaneous travel expenses, increasing the risk that errors or irregularities could occur and go undetected. In addition, this creates increased risk of disallowance in the event of a federal audit by the sponsoring agency.

### Documentation

In our review of our sample of foreign travel expense reports, we noted instances where documentation was incomplete or inadequate to support the nature and business purpose of the expenditure. In some instances, we noted that receipts for expenses for field research trips contained little explanatory information for a reviewer to understand the purpose of the expenditure or its relationship to the purpose of the trip. For example:

- One of the travel reports contained a receipt of \$6,000 stating only that it was “for rent of house April 1, 2015 to March 31, 2016”. The only other information on this generic receipt form was the name of the faculty member who made the payment, a signature by the recipient, and the date. The expense documentation contained no explanation as to the location of the house or why it was being rented for an entire year. This receipt was part of the travel expense report related to a two month study abroad program.
- Several expense reports we reviewed contained payments to individuals who were apparently hired to provide labor or other services related to the trips, the nature of which was not clear. These receipts sometimes contained only the date, name and signature of the payee and the amount paid. It appeared that the expenditures were for research field support and labor, but there was often no documentation as to specifically what these individuals were hired to do in relation to the business travel.

We also noted that the Department did not require lodging receipts for Federally-funded long-term foreign lodging expenses. University Policy (BUS G-28) states that “Receipts that support the reimbursement claim for long-term foreign lodging that is charged to a federal fund source (whether reimbursed as a per diem or actual), should be kept on file within the department and retained for such periods as required by either the sponsor’s retention policy or UC retention policy.”

On another travel report from our sample, there was no mileage log submitted for a multiple trip mileage reimbursement request in excess of \$75, as required by University policy.

### Risk Management Processes

In our review of the sample of travel expense reports, we noted that Department processes did not ensure that certain key traveler risk management processes were followed. These included:

- Business Travel Accident Insurance: UC’s Business Travel Accident Insurance provides coverage for a wide variety of accidents and incidents to official university business travelers when away from the campus or primary workplace. However, the traveler must register for

accident coverage for each university business trip beyond 100 miles of campus or residence (coverage is automatic when the trip is less than 100 miles). If the traveler books the travel with Connexus, registration is automatically included. During our review we noted that the Department did not appear to know whether individual, non-Connexus travelers had registered, and there did not appear to be any system in place to ensure that all eligible Department travelers are cognizant of the need to register themselves for this insurance prior to traveling. At the same time, Department faculty and students often travel to more remote locations than is typical for most University travelers, making the insurance especially important. Although there is no policy requirement that it do so, the Department may wish to consider what additional processes or training might be reasonably employed to help ensure that all Department travelers not using Connexus are covered by this insurance.

- Field Operational Planner documents: UCSD policy requires that a Field Operational Planner document be prepared for foreign research in remote locations and other high-risk areas. We noted that these documents were sometimes, but not always, submitted with the travel expense reports. There did not seem to be a systematic process in place to ensure these documents are always prepared for all Anthropology Department trips when required.

Given the importance of these two risk management tools and the often remote locations where Department personnel travel, the Department should adopt a more systematic approach to ensure these tools are employed when applicable.

<b>B.</b>	<b>Express Card Activity</b>
Use Tax adjustments for Express Card purchases were not always properly applied, and expenses were sometimes charged to the wrong expense account code.	
<b>Risk Statement/Effect</b>	
Failure to adequately review Express Card transactions could result in the reporting of incorrect accounting information and overpayment of Use Tax.	
<b>Management Action Plan</b>	
B.1	The Department will ensure that Use Tax is not charged on purchases where sales tax has already been assessed or which are not subject to the tax, and use of appropriate expenditure account codes.

<b>B. Express Card Activity – Detailed Discussion</b>
---

UCSD’s Express Card Manager tool (EC Manager) is programmed to automatically calculate Use Tax for out-of-state vendors that do not report tax separately. However, Express Card transaction reviewers in each department are required to review the Use Tax calculated by EC Manager and make adjustments as needed based on the transaction receipt. When the transaction reviewer sees that the vendor charged tax at the point of sale, the reviewer must change any amount reported in the Use Tax field in

EC Manager to zero. This change is necessary to prevent the department from paying tax twice on the same transaction. Similarly, the transaction reviewer needs to verify that EC Manager has not applied Use Tax to Express Card purchases which are not subject to Use Tax. Again, this is necessary to prevent the University from overpaying the tax.

During our review we observed that there were approximately 50 Anthropology Express Card purchases from within the period under review for which EC Manager applied the Use Tax. Of this population of 50 transactions, we traced 20 of the purchases back to copies of the original vendor invoices and noted that the necessary Use Tax adjustments were not made in seven cases. In these seven cases, the Express Card transaction reviewer failed to adjust the Use Tax in cases where EC Manager applied Use Tax where it was not due, either because the vendor had charged tax at the point of sale, or because the items purchased were not subject to the tax.

In addition, we noted that the Anthropology Express Card Reviewer sometimes recorded Express Card purchases to an incorrect expense account. In a judgmental, (i.e. a non-random) sample of 16 Express Card purchases, we found five instances where the Transaction Reviewer failed to move the purchase to an appropriate expense account. For example, several Express Card purchases for scientific materials for Federally-sponsored research projects were incorrectly recorded as "Office Supplies". Incorrectly recording these purchases as office supplies could have created the impression that the costs were mischarged, since normally office supplies are indirect (i.e. overhead) costs which are not typically charged directly to sponsored research projects.

Both the oversights related to the Use Tax adjustments and those related to the account classifications were apparently due to the fact that the Express Card transaction reviewer was new in this role.

<b>C.</b>	<b>Expense Transfer Documentation</b>
We noted one expense transfer on a sponsored project which was not sufficiently documented to demonstrate its compliance with University policy.	
<b>Risk Statement/Effect</b>	
Failure to document compliance with University policies on expense transfers may impair the University's ability to demonstrate that reported costs of sponsored research are accurate and reliable.	
<b>Management Action Plan</b>	
C.1	The Department will review the questioned non-payroll expense transfer, and if additional documentation is not available to support the allowability and allocability to the award, the amount will be moved onto a discretionary fund source.

<b>C. Expense Transfer Documentation – Detailed Discussion</b>
--

A cost (expense) transfer occurs when expenses are moved from one accounting distribution to another after they have been recorded in the operating ledger. Blink guidance states that when processing cost transfers, specific procedures must be followed to fulfill federal, state, and University

requirements. In addition, a complete explanation for all cost transfers must be provided to include how the error occurred, specific descriptions of items being transferred, explanation for the untimeliness, and preventative measures to mitigate recurrence.

During our review, we examined listings of both the payroll and non-payroll expense transfers which were processed in the Department during the period under review. Most of these involved non-sponsored funds. With one exception, the transfers appeared to be reasonable and appropriate. However, we noted one expense transfer which appeared to be questionable. This was a transfer of approximately \$1,500 which represented a portion of the cost of a software purchased on one Federally-sponsored fund which was in overdraft to another Federally-sponsored fund. Although the transfer had been approved at the time by the former MSO, the documentation in our judgment was not sufficient to show that this transfer was compliant with the applicable University policies.

Federal costing principles require that in order to be allowable on a federal award, the cost must be necessary and reasonable for the performance of the Federal award and be allocable to the award in accordance with relative benefits received. According to University policy, for an adjustment of expenditures to be an allowable direct charge to a federal award, a number of specific rules apply. Normally, such transfers are appropriate only to correct an erroneous recording, to record a change in the decision made originally as to the use of goods or services, or to redistribute certain high volume but low cost charges. A cost transfer may not be made for reasons of convenience such as to cover an overdraft or to expend balances near the award end date. When transferring a fractional amount the transfer request must contain an explanation supporting a reasonable and equitable method of allocation. As a general rule of thumb, cost transfers made 90 to 120 days beyond the date of the original expense will require further justification. With regard to this particular cost transfer, we concluded that compliance with these criteria was not sufficiently documented.

Based on our review, the available documentation did not support allowability of this expenditure on the award and compliance with federal regulations and campus practices. If additional documentation is not available for this transfer, the amount should be moved onto a discretionary fund source.

<b>D.</b>	<b>Timesheet Approvals</b>
Supervisory approval was not documented for several student timesheets.	
<b>Risk Statement/Effect</b>	
Failure to document supervisory approval of timesheets increases the risk that payroll errors or irregularities could go undetected.	
<b>Management Action Plans</b>	
D.1	The Department will ensure that timesheets for any time processed outside of MyTime are signed and dated by employees’ direct supervisors, as required by University policy.
D.2	For the four students identified during our audit, the Business Office will confirm retrospectively with their supervisors that the payments were appropriate.

**D. Timesheet Approvals – Detailed Discussion**

University policy requires that departmental records be maintained to support all payments through the University’s Payroll/Personnel System (Accounting Manual Section P-196-13), and that all payroll time records be approved by the employee’s supervisor (Business & Finance Bulletin IA-101). Good business practices ensure that all employees attest to the time they worked, as well as leave taken, and that supervisors approve the timekeeping records to demonstrate effective stewardship for public funds.

During our audit, we tested for evidence of supervisory approval of employee timesheets. We found that for the vast majority of Department employees, evidence of supervisory approval is contained in the UCSD only MyTime system. However, we noted that for the period under review, several student employees were paid outside of MyTime. Accordingly, we selected a sample of four of these student payroll payments and requested evidence of supervisory approval from the Business Office. Upon review, the MSO indicated that evidence of supervisory approval was not available for the sample we selected.

<b>E.</b>	<b>Review of Bookstore Purchases</b>
The Department has not fully implemented procedures to ensure 100% review of Bookstore purchases and verify receipt of items purchased.	
<b>Risk Statement/Effect</b>	
Inadequate oversight and review of bookstore purchases increases the risk that improper bookstore purchases could occur and go undetected in the future.	
<b>Management Action Plan</b>	
E.1	The Department will implement procedures to perform 100% reconciliation of Bookstore recharges for department indexes on a monthly basis. For any purchases of computers and electronic equipment, this reconciliation will include verification of documentation to support expenses, and verification with staff and faculty that the items purchased were received.

**E. Review of Bookstore Purchases – Detailed Discussion**

During our review we found that the Department has not yet fully implemented procedures to ensure that Bookstore purchases are reviewed monthly, that supporting documentation is retained, and that receipt of purchases is verified. A prior 2015 AMAS review identified weaknesses in internal controls for Bookstore purchases, and the Department agreed to the following corrective action:

*“The Department will perform 100% reconciliation of Bookstore recharges for department indexes on a monthly basis. This reconciliation will include verification of documentation to support expenses, and will verify with staff and faculty that the items purchased were received.”*

As part of this review, AMAS reviewed a sample of 14 bookstore purchases which occurred between July 1, 2015 and December 31, 2016. For each of these 14 purchases, we reviewed the detailed Bookstore recharge invoices with the Department MSO. The purchases appeared to be appropriate business expenditures. However, the Department had not fully revised procedures to ensure 100% review, and confirm receipt of items purchased.

<b>F.</b>	<b>Equipment Management</b>
The serial number for an inventorial equipment item in an Anthropology lab was not entered into the Capital Asset Management System (CAMS).	
<b>Risk Statement/Effect</b>	
Incomplete CAMS records can make it difficult to locate equipment when necessary, particularly when equipment is later moved to a different location or taken out of service.	
<b>Management Action Plan</b>	
F.1	The serial number for the piece of equipment mentioned will be entered into CAMS. For any future purchases of inventorial equipment, the Business Office will ensure that any serial numbers for these items will be entered into CAMS.

**F. Equipment Management – Detailed Discussion**

University policy (BFB-BUS-29) sets out the requirements for the official records of inventorial equipment maintained by Equipment Management. One of the required fields for the management and control system for inventorial equipment records is the serial number (if available).

The Department of Anthropology manages relatively little inventorial equipment as compared to some other campus departments. However, during the period we reviewed, a gene sequencing machine was purchased for one of the Department labs. This single piece of equipment accounted for approximately 70% of the value of all inventorial equipment purchased by the Department during that period. During our review, we tested the accuracy of the gene sequencer’s CAMS record and also verified its physical location as reflected in the UCSD Capital Asset Management System (CAMS). In general, the information in the CAMS record was found to be correct. However, we noted that the CAMS record for the gene sequencer was incomplete with respect to its serial number, which had not yet been entered into CAMS.

<b>G.</b>	<b>Control Tracker</b>
As of the date of our review, the Department was not yet utilizing the UCSD Control Tracker system.	
<b>Risk Statement/Effect</b>	
Failure to use Control Tracker impairs the Departments ability to provide documented evidence that internal control activities are being performed on a regular basis as prescribed by SAS 112/115.	
<b>Management Action Plan</b>	
G.1	The Department will implement a process for review, documentation and monitoring of key internal control activities via Control Tracker.

<b>G. Control Tracker – Detailed Discussion</b>
---

Control Tracker is a web-based application developed by UCSD to document the performance and certification of control activities within a unit in compliance with SAS 112/115. Statement of Auditing Standards No. 112 (SAS 112), "Communicating Internal Control Related Matters Identified in an Audit," is an accounting standard that establishes guidelines for classifying reportable internal control issues. SAS No. 115 supersedes SAS No.112 of the same title. University policy and prescribed guidelines from SAS 112/115 require departments to provide documented evidence that internal control activities are being performed on a regular basis as prescribed by SAS 112.

UCSD implementation of SAS 112/115 requires that units document their performance and certification of key control activities on a regular basis through the Control Tracker Module, which was released to the campus July 2014. Key controls verification should occur on a regular and periodic basis to demonstrate that the controls are working properly. The Control Tracker has guidelines establishing the frequency of certifications (monthly, quarterly and annually).

As of the date of our review, the Anthropology Business Office had not begun using Control Tracker. The delay in implementing this process was apparently due to turnover in the MSO and other positions, and to competing priorities for staff time and training.

Business Office Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion <sup>1</sup>	Comments
	Analytical Review of Financial Data	Internal Control Questionnaire/ Separation of Duties Matrix	Process Walk-through (Ltd Document Review)	Transaction Testing (Sample Basis)			
Travel	√	√	√	Reviewed 10 foreign trips totaling \$83,294; traced to vouchers (TEV's) & supporting documents.	No	Improvement Needed	Improvements needed in expense reporting, documentation, and risk management. (Finding A)
Express Card (EC) Management		√	√	Evaluated EC roles; and judgmental sample of 36 purchases.	No	Improvement Needed	Use Tax adjustments for Express Card purchases were not always properly applied, and expenses were sometimes charged to the wrong expense account code. (Finding B)
Expenditure Transfers		√	√	Reviewed listings of PET and ENPETS within the audit scope. Evaluated the sole high-risk transfer in detail.	No	Improvement Needed	One high-risk ENPET was not adequately documented to demonstrate compliance with University policy. (Finding C)
Timekeeping & Payroll	√	√	√	Reviewed MyTime timesheets for the 13 staff employees, and 4 student employees not in MyTime, reviewed small sample of DAAOs.	No	Improvement Needed	Supervisory approval of hours paid was not documented for student employees not in the MyTime system. (Finding D)
Bookstore Purchases		√	√	Traced 14 bookstore purchase invoices to supporting documentation.	No	Improvement Needed	Procedure not implemented to reconcile 100% bookstore purchases and verify receipt of items purchased. (Finding E)

<sup>1</sup> Scale: Satisfactory - Improvement Suggested - Improvement Needed - Unsatisfactory



Business Office Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion <sup>1</sup>	Comments
	Analytical Review of Financial Data	Internal Control Questionnaire/ Separation of Duties Matrix	Process Walk-through (Ltd Document Review)	Transaction Testing (Sample Basis)			
Equipment Management		√	√	Reviewed CAMS record and physically observed a high-value inventory item.	No	Improvement Needed	The serial number for one item was not entered in CAMS. (Finding F)
Operating Ledger Review & Financial Reporting		√	√	Examined operating ledgers and financial reports.	No	Improvement Needed	The Department has not implemented the UCSD Control Tracker tool. (Finding G)
Transaction Processing - Non-Payroll Expenditures	√	√	√	Reviewed randomly selected transactions; traced to supporting documents.	Yes	Satisfactory	Internal controls related to non-payroll expenditures were functioning effectively.
Contract & Grant Activity (Post Award Admin.)	√	√	√	Reviewed human subjects protection procedures for a grant involving research with children.	Yes	Satisfactory	Observed that procedures were in compliance with University policy.
Effort Reporting	√	√	√	Reviewed Effort Reporting status report at the time of our review..	Yes	Satisfactory	Effort Report certifications were current.
Deficit Balances	√	√		Evaluated for funds in deficit at the time of our review.	Yes	Satisfactory	There were no fund deficits over \$10,000 which had existed for more than one month.
APM 025 Reporting		√	√	Reviewed Outside Professional Activity Reporting process and forms collected for period FY 2016	Yes	Satisfactory	Outside Professional Activity Reports were submitted and approved timely.