UNIVERSITY OF CALIFORNIA, SAN FRANCISCO
AUDIT AND ADVISORY SERVICES

Research Award System (RAS) – Award Setup Review
Project #19-036

April 2019

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SUBJECT: Research Award System (RAS) Award Setup Review
                    Project #19-036

As a planned internal audit for Fiscal Year 2019, Audit and Advisory Services conducted a review of the award setup process within the PeopleSoft Research Award System. The purpose of this review was to assess the processes and internal controls for setting up new, renewal and transfer-in sponsored awards in the system.

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

The preliminary draft report was provided to department management and management provided us their final comments in April 2019.

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

Sincerely,

Irene McGlynn
Chief Audit Officer

EXECUTIVE SUMMARY

I.   BACKGROUND

As a planned audit for Fiscal Year 2019, Audit & Advisory Services (A&AS) completed a review of the award setup process performed by Contracts and Grants Accounting (CGA) within the PeopleSoft Research Award System (RAS). In the last two years, CGA has gone through organizational changes that include staff transitioning into new team and roles. This enables staff to be well versed in award types and activities of the business process. CGA has about 45 FTEs and 30 staff members are organized within six CGA Service teams:

> Team 1: Student Service
> Team 2: Clinical Executive Office and Clinical Awards
> Team 3: Other Schools, Executive Departments and Special Processing Awards
> Team 4: Department of Medicine
> Team 5: Specific School of Medicine Departments
> Team 6: Other School of Medicine Departments

CGA is responsible for the award setup once Office Sponsor Research (OSR) completes their award proposal, acceptance and execution process within the Centralized Agreement, Contract Tracking and Approval System (CACTAS).

There are many agreement types and different indirect cost recovery limits for federal, state and private grants, including foundations and industry. For the period of April through mid September of 2018, there were 990 awards set up representing new awards (942), renewals (28) and transfer-in (20), totaling about $340M of revenue. Contracts and grants constitute the most significant type of agreements with the largest funding awarded from the National Institutes of Health (NIH).[1] With such a large amount of research activity, it is important to have effective processes surrounding awards set up.

Agreement type / by Purposes:	Research	Clinical Trial	Instruction	Others	Total	
Contract	41	86	3	6	**196**	$125M
Cooperative	7	1		2	**12**	$10M
Fellowship	15		78		**95**	$5M
Grant	319	4	88	52	**466**	$171M
IPA	16				**16**	$2M
JPA	15				**15**	$740K
Other		3		2	**5**	$73K
Subcontract	129	6	3	9	**185**	$27M
Total # of Awards	**542**	**100**	**113**	**49**	**990**	
Total Award Value	$179M	$68M	$19M	$74M		$340M

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[1] "UCSF is awarded more funding from the National Institutes of Health (NIH) than any other public university in the United States, and the second most overall. This marks the first time that UCSF has surpassed $600 million, and it represents UCSF's largest increase in NIH funding (9.09 percent) since 2011." Chancellor's Communication dated 2/27/2019

There are three systems involved during the lifecycle of an award. The eProposal system is used by OSR staff to help create proposals, route for approvals and submit to sponsors. Key data from the eProposal system is transferred into RAS Proposal Express which transfers the data into CACTAS (a repository for OSR to document all compliance records, award acceptance and correspondence). RAS Proposal Express populates certain fields in RAS Award Profile and the rest are manually populated by CGA.

II.   **AUDIT PURPOSE AND SCOPE**

The objective of the review was to evaluate the process and internal controls for the setting up of sponsored awards in RAS. The scope of the review covered new, renewal and transfer awards.

Procedures performed as part of the review included interviews with personnel from OSR, CGA and IT and assessment of existing controls and processes for award setup, including logic and edit checks set up within RAS system and segregation of duties. Additionally, validation of a sample of new, renewal and transfer awards setup was conducted. For more detailed steps, please refer to Appendix A.

Work performed was limited to the specific activities and procedures described above. As such, this report is not intended to, nor can it be relied upon to provide an assessment of compliance beyond those areas specifically reviewed. Fieldwork was completed in February 2019.

III.   **SUMMARY**

Based on procedures performed, there are appropriate internal controls surrounding the administration and management of award setup. CGA has implemented appropriate segregation of duties and awards were properly set up. The monitoring process for identifying errors/omission has been working well. The award setup process is a very manual review process and CGA has developed job aids on common errors to avoid.

CGA has established a six day service level agreement for new award setup and is currently at an 84% compliance rate. CGA strives to improve the turnaround time with the goal of reaching a 90% compliance rate. RAS user access reports are reviewed and approved quarterly and requests for deactivation are made as deemed necessary. Waivers were obtained for when the Facilities and Administrative (F&A) rate was less than expected.

Minor issues were identified during this review that CGA has addressed or are under consideration for remediation. These include:

- Monitoring reports were produced by two different departments (CGA Controller's Office and UCSF IT Research Administration) and now they have been consolidated. This has reduced duplication of follow up and review of potential errors.

- One award (A131841) had an incorrect sponsor. The process of verifying correct sponsor name is a manual review control and typically requires rework when an error is made. While there may not be any billing issues or impact on financial reporting, because this is a 5 year award, CGA is evaluating the cost/benefit of correcting the sponsor name in RAS given the rework required both internally and externally.

- One award (A131093) had inconsistency between the sponsor's email noting "indirect cost is not permitted" and the award language permitting "$5,000 toward institution overhead". OSR has reached out to the sponsor to clarify and resolve the inconsistency.

- RAS system changes made by the RAS IT support team are not monitored through a review of audit logs; however, CGA's review and reconciliation process serves as a compensating control to ensure appropriateness of data.

- CGA management has reiterated to staff members the importance of consistent practice and documentation in creating "OSR Tasks" within CACTAS to address missing information such as agreement, budget, F&A waiver, Proposal Express record, signature(s) or principal investigator mismatches. The benefit of consistent practice is that it provides more accurate and comprehensive capture of all issues.

The audit was unable to identify the frequency of having incorrect sponsor name that would require rework due to the limitation in identifying this population from issue tickets. However, the IT Research Administrator indicated that the type of error is infrequent, and there is a monitoring report developed to identify award set up related errors.

APPENDIX A

1. Reviewed UCSF campus policies and procedures around award set up, including indirect cost recovery limit for federal, state and private foundations and industry sponsored awards;

2. Interviewed personnel from OSR, CGA and Information Technology (IT) Research Administration to get an understanding of activities related to award setup process within RAS, IT controls and monitoring reports;

3. Validated the award setup for a sample of 25 awards for compliance with CGA standard operating procedures and application of the indirect cost rate;

4. Evaluated patterns for anomalies in award setup and followed-up with CGA for business justifications;

5. Verified RAS award verification logic was working as designed;

6. Reviewed Award Setup Validation monitoring report to confirm that potential exceptions were reviewed and corrected timely;

7. Assessed timeliness of award setup; and

8. Evaluated user permission roles within RAS to identify any segregation of duties conflicts.