

July 19, 2013

VICE CHANCELLOR TRAINA

Subject: Audit Report No. M13C005
 Limited Scope Audit of the Sierra Nevada Research Institute

Attached is the final report for Audit No. M13C005: Limited Scope Audit of the Sierra Nevada Research Institute.

I appreciate the assistance provided to me by the staff in the Sierra Nevada Research Institute, Sponsored Projects Office, and Contracts and Grants Accounting during the review. If you should have any questions, please feel free to contact me.



Todd Kucker
Internal Audit Director
UC Merced Internal Audit Services

Attachment

cc: SVP Vacca
 Chancellor Leland
 Director Bales
 Executive Director Shackelton
 Director Salazar
 Director Vicari

**UNIVERSITY OF CALIFORNIA, MERCED
INTERNAL AUDIT SERVICES**

**Limited Scope Audit of the Sierra Nevada Research Institute
Report No. M13C005**

July 19, 2013

Work Performed by:
Todd Kucker, Internal Audit Director

Purpose and Scope

Internal audit has completed a limited scope audit of grants managed by the Sierra Nevada Research Institute (SNRI), which was part of the fiscal year 2013 audit plan. The primary purpose of the audit was to evaluate grant processing from the point that a proposal is prepared until the final closeout of the grant. The following were the audit objectives:

- Determine whether grant proposals are properly reviewed and approved; and,
- Determine whether adequate controls have been set up so grant spending and other requirements are properly monitored.

The scope of the audit was to identify and document the current review procedures in the pre award and post award processes. These controls were identified from discussing procedures with employees from SNRI, the Sponsored Projects Office, and Contracts and Grants Accounting.

After documenting the controls, a sample of federal and state awards managed by SNRI was reviewed to determine whether controls are operating as intended and that requirements in the award letters and UC Contract and Grant Manual were complied with. To review the pre award process for these grants, we reviewed grant proposals, award letters, and other documentation maintained by SNRI research administrator, the Sponsored Projects Office, and Contracts and Grants Accounting. To review the post award process, spending on the grants was reviewed through May 31, 2013.

A separate audit of UC Merced's grant processing that focused on the Sponsored Projects Office and Contracts and Grants Accounting was completed at the same time as this limited scope audit of SNRI's grant processing.

Background

In 2007, SNRI became UC Merced's first Organized Research Unit. SNRI faculty and researchers obtain grants from federal and state agencies to conduct their research. According to the SNRI 2012 Annual Report, "Nearly \$17 million in total research grants – almost 40% of all research grants received by UC Merced – were awarded to SNRI faculty members in the past three years."

The following description of the Sierra Nevada Research Institute is from their annual report:

"SNRI's faculty, researchers and students have affiliations with each of UC Merced's schools and most of the campus's graduate groups. Concentrating on the Sierra Nevada eco-region, which includes the Central Valley and adjacent areas, SNRI aims to educate while also focusing some of the most important issues facing our society:

- climate and hydrology
- ecology and ecosystem science
- air pollution and public health
- resource management

Many of our research projects are created with the region's environmental and socio-economic issues as a context, an approach that results in breakthroughs and innovations that are regionally specific but globally applicable.”

Currently, 27 UC Merced faculty are members of SNRI. The institute currently operates the Environmental Analytical Laboratory (EAL) at UC Merced and field stations in Yosemite National Park and Sequoia-Kings Canyon National Park.

Conclusion

Based upon the audit, we concluded that SNRI has established effective controls for managing the pre award and post award processes. Overall, it appears that controls have been designed to adequately manage the risks in these processes.