

February 24, 2025

DIANE SIMEONE, MD  
Director, Moores Cancer Center  
0658

**Subject:        *Moores Cancer Center Research Administration  
Report 2025-16***

The final report for Moores Cancer Center Research Administration Report 2025-16, 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.

Christa Perkins  
Director  
Audit & Management Advisory Services

Attachment

cc:     Angela Ballantyne  
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# UC San Diego

## AUDIT & MANAGEMENT ADVISORY SERVICES

Moore's Cancer Center Research Administration  
Report No. 2025-16  
February 2025

### FINAL REPORT

**Performed By:**

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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 REQUIRING MANAGEMENT ACTION ..... 8

    A. Award Management..... 8

    B. Deficit Management..... 13

    C. Effort Certification ..... 14

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## I. EXECUTIVE SUMMARY

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Audit & Management Advisory Services (AMAS) has completed a review of the Moores Cancer Center (MCC) Research Administration as part of the approved audit plan for Fiscal Year 2024-25. The objective of our review was to evaluate whether internal controls for MCC Research Administration business operations and administration of sponsored research provide reasonable assurance that operations are effective, in compliance with University policy and sponsored research regulations as applicable, and result in accurate financial reporting.

We concluded that internal controls for MCC Research Administration business operations and administration of sponsored research needed improvement to provide reasonable assurance that operations are effective, in compliance with University policy and sponsored research regulations as applicable, and result in accurate financial reporting.

MCC has made efforts to reorganize its post-award management and implement new processes for fund managers. The introduction of a monthly report packet for PIs has improved communication and transparency, while the training provided to fund managers has enhanced their skills and knowledge, however there are still opportunities for improvement in this area. As of December 2023, Cancer Center Support Grant (CCSG) has a newly appointed dedicated Fund Manager who oversees the CCSG award at a high level, and our review of the CCSG award noted that the award management was overall effective.

However, we identified significant weaknesses in research administration and financial management practices including award and deficit management, default payroll account monitoring, default project balances, fund manager reports to PIs and training to support these efforts, and effort certification.

Our review found that MCC did not always complete all necessary tasks prior to or after submitting final award expenses, increasing the risk of inaccurate financial reporting of sponsored projects, or reporting of costs that are not fully supported. We noted that pending costs on Final Financial Expenditure Reports (FERs) were not always posted to the award, and that final FER expenditure figures did not agree to the General Ledger (GL) for 10 awards in our sample. This resulted in either negative variances reflecting expenditures on the GL above the obligated amount (indicating a deficit condition which should be resolved by MCC) or instances where additional pending or subsequent costs were not posted to the GL (which could reflect an overdraw of federal funds). There was not a process in place to follow up and ensure pending costs or variances were resolved or escalation of instances where awards had not been fully reconciled. Our sample focused on awards closed after the Attain review, which indicates that award management issues persist in current operations.

In addition, Attain's review noted that as of August 31, 2024 the Final FERs to the sponsor and reconciliation with the GL were incomplete for 38 awards with a total remaining surplus on awards of \$328,728 from pending expenditures that were never posted. If transactions cannot be identified to account for these expenditures, these funds will need to be returned to sponsors. Furthermore, Attain and MCC Management also identified project balances in deficit that need to be reconciled or written off with an estimated amount of \$1,247,079.

We also noted that MCC overall financial management did not address reviewing prior balances on the historical default accounts, which as of June 30, 2024 was \$1,028,215, performing overdraft monitoring and resolution in accordance with University policy, and adequately justifying, documenting and submitting timely cost transfers and direct retros. Also, monthly reports packets prepared by fund managers for PIs did not always include all relevant information on the PI's financial portfolio. Training and standardization of monthly PI reporting should be implemented.

Finally, we found that some PIs and employees at UC San Diego have not completed their Electronic Certification of Effort and Reporting Tool<sup>1</sup> (ECERT) certifications utilizing the ECERT tool in a timely manner, or have not completed them at all.

Management Action Plans to address these findings are summarized briefly below:

#### **A. Award Management**

1. MCC Management will develop a process, including retraining, periodic auditing and performance evaluation, to ensure pending expenditures post to the GL as reported, FER expenditure figures agree to the GL and FERs are submitted to the sponsor in a timely manner. *Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.*
2. MCC Management will, in coordination with the Controller's Office and Sponsored Projects Finance, develop a plan to finalize all ended projects with unresolved surplus or deficit balances identified by AMAS, Attain Partners and/or MCC Management. *Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.*
3. MCC Management will develop a process for reviewing the Default Project Payroll report to identify and address aged balances in the default payroll account and analyze the data in the report to determine the cause of the balances and take corrective action if appropriate. *Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.*
4. MCC Management will ensure that all cost transfers and direct retros are completed timely and include adequate justification and documentation, including a clear explanation of the reason for the transfer, the benefit to the project, and the name and employee ID of the individual responsible for the expense. *Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.*
5. MCC Management will provide regular and ongoing training sessions for fund managers on how to effectively obtain and present financial data, ensuring that all complete necessary information is clearly presented and easily accessible to PIs. *Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.*
6. MCC Management will utilize Anaplan, when implemented, to ensure standardized and complete financial reporting to PIs. *Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.*

#### **B. Deficit Management**

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<sup>1</sup> <https://blink.ucsd.edu/finance/awards/effort/ECERT/index.html>

MCC Management will continue to complete the Vice Chancellor Health Sciences (VCHS) Controller's Quarterly Deficit Fund Balance review for any sponsored project deficits or any other deficits greater than \$25,000 from any funding sources and collaborate with VCHS to document written and approved resolution plans for medium and high risk deficits and additional documentation requirements to be compliant with policy. In addition, MCC Management will consider implementing a policy that holds faculty responsible for deficit management in order to maintain good standing. *Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.*

**C. Effort Certification**

MCC Management will ensure that ECERTs are accurately certified in a timely manner to meet federal award requirements, and complete Overdue ECERTs from prior periods. *Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.*

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

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## II. BACKGROUND

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Audit & Management Advisory Services (AMAS) has completed a review of the Moore's Cancer Center (MCC) Research Administration as part of the approved audit plan for Fiscal Year 2024-25. This report summarizes the results of our review.

Established in 1978, MCC is one of just 58 National Cancer Institute (NCI)-Designated Comprehensive Cancer Centers in the United States, and the only one in the San Diego region. This designation is reserved for centers with the highest achievements in cancer research, clinical care, education and community contributions. MCC cancer services were ranked #1 in San Diego, with 10 specialties ranking nationally by U.S. News & World Report in its 2023-2024 "Best Hospitals" survey.

This designation is provided through the Cancer Center Support Grant (CCSG) awarded by NCI. This grant provides key infrastructure support which facilitates research and collaboration across MCC. According to the most recent Notice of Award dated October 22, 2024, the total amount of Federal Award is \$32,594,135 for the period July 1, 1996 through the end date of April 30, 2025.

The administration of research is central to MCC business operations. Per Kualu Research reporting<sup>2</sup>, MCC has 106 active awards, with total obligated amounts of \$91.9 million. In Fiscal Year (FY) 2023-2024, the MCC Research Financial Unit had total resources of \$35.0 million with 95% (\$33.3 million) derived from Contracts and Grants revenue, total expenses of \$37.2 million with 91% (\$33.9 million) attributed to Contracts and Grants, and a decrease in net position of \$2.2 million, with capitalization in progress of \$253K and ending with total resources available in a deficit of \$4.4 million<sup>3</sup>.

The MCC Research Administration Business Office has undergone restructuring over the last year, introducing new Managers and Fund Manager teams, with a significant departure of several Fund Managers in 2022. Fiscal oversight is now monitored by the Director of Research Finance, who is supported by four managers<sup>4</sup>. The Business Operations unit, primarily responsible for research award oversight, is decentralized among four Team Lead Managers and 14 Fund Managers. Concurrent with this restructuring, Health Sciences leadership requested the return of a prior employee with extensive experience in award management to assist the MCC Research Administration office in training and implementing processes with a new team of Fund Managers, many of whom were also new to UCSD.

At the recommendation of Health Sciences leadership, MCC Research Administration engaged the services of Attain Partners (Attain), a consulting company, effective March 1, 2023, to provide support with departmental administration and day-to-day operations. Attain collaborated with the MCC Business Office Management team through September 30, 2024, including the training of the Fund Manager team, implementation of policies, and the standardization of procedures to guide fund managers. Additionally, they conducted a thorough review of old awards and gift funds. This review included a review of all awards with an end date prior to June 30, 2023 to determine if they had been

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<sup>2</sup> Available at <https://ucsd.kuali.co/cor/main/#/apps>.

<sup>3</sup> According to the UCSD Net Operating Results and Fund Balance Report for FY 2023-2024.

<sup>4</sup> Includes the Senior Business Manager for Budget and Analysis, Senior Business Manager for Contracts and Grants, Clinical Trials Office Financial Manager, and Kick It California Financial Manager.

reconciled and the Final Financial Expenditure Reports (FERs) and were filed correctly to be able to close out awards.

MCC employs staff supporting the clinical and research operations as well as non-faculty academic appointees; however, faculty are appointed within their School of Medicine home department. Faculty from across various UCSD School of Medicine departments may practice at MCC or utilize resources from federal grant funding. Human resource activities are performed centrally by Health Sciences Human Resources (HSHR), and information system administration was primarily performed by UC San Diego Health Information Systems (IS).

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

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The objective of our review was to evaluate whether internal controls for MCC Research Administration business operations and administration of sponsored research provide reasonable assurance that operations are effective, in compliance with University policy and sponsored research regulations as applicable, and result in accurate financial reporting. In order to achieve our objective, we performed the following:

- Reviewed:
  - MCC business documentation and information including the MCC website, organizational structure, chart of accounts and financial reports;
  - Applicable federal requirements and University policies and procedures, and guidance relating to core business operations;
  - Clinical Trials Office (CTO) Transformation Strategic five year plan developed with external consultants;
  - MCC Research Administration internal policies, training manual and standard operating procedures for award management and deficit monitoring; and
  - Notice of Award letters and award documents for the CCSG award year 37, May 1, 2023 – April 30, 2024, no cost extension May 1, 2024 – April 30, 2025 and prior years;
- Interviewed the following key administrative personnel:
  - MCC leadership including the Director, the Chief Administrative Officer, Oncology and Radiation Therapy Services, and Director of Research Programs and Education,
  - MCC Business Office personnel:
    - Director of Research Finance;
    - Senior Business Manager, Contracts & Grants;
    - Health Sciences Dean's Office, Research Administrator; and
    - Selected Post-Award Fund Manager Team Leads and Fund Managers;
  - Consultant Manager, Attain;
  - Associate Controller, Financial Operations & Sponsored Projects Finance (SPF), Business Financial Services (BFS); and
  - Senior Associate Director, SPF;
- Evaluated:
  - Process and results from Attain analysis and cleanup of project balances, which included review of closed projects and compliance with final reporting to the agencies



- for awards closed ending on June 30, 2023 and earlier. Sampled 15 of the projects reviewed to verify results from Attain;
- Fund Manager Team Lead role and process for monthly Principle Investigators (PI) reporting, including review of monthly packets from three different fund managers;
  - MCC processes and available reports for review, monitoring and risk ranking deficit balances and deficit reduction plans for sponsored projects in deficit;
  - Process and reports for managing the CCSG award and 72 individual project tasks;
  - Process to monitor and manage default accounts, including review of the following reports:
    - Finance Stabilization Metrics default project balances reporting dashboard<sup>5</sup>;
    - Funding Issues Report of daily default balances sent out by Central Reconciliation, BFS; and
    - Monthly Defaulted Payroll by Vice Chancellor (VC) Area report sent to departments from Central Reconciliation, BFS;
  - Federal awards ended in FYE June 30, 2023 and 2024 for compliance with Final FER Uniform Guidance;
  - Electronic Certification of Effort and Reporting compliance and related payroll expenditure reports;
- Reviewed a sample of 11 federal awards with “delivered” Final FER on or after May 1, 2023 to verify:
    - Submission timeliness;
    - Compare reported expenses to posted expenses;
    - Reported expenses were within the sponsors obligated amount;
    - Allowability of subsequent costs; and
    - Whether pending costs were supported with references and posted to the General Ledger (GL);
  - Evaluated three awards that closed in 2023 to 2024 to review financial transactions for compliance with University policies and award terms and conditions, and analyze a sample of effort certifications, purchase and travel card transactions, entertainment and business expenditures, cost transfers, direct retros and non-payroll expenditures.

Our review did not include a review of MCC CTO operations or clinical trial studies managed by that unit.

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## IV. CONCLUSION

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Based on our review, we concluded that internal controls for MCC Research Administration business operations and administration of sponsored research needed improvement to provide reasonable assurance that operations are effective, in compliance with University policy and sponsored research regulations as applicable, and result in accurate financial reporting.

MCC has made efforts to reorganize its post-award management and implement new processes for fund managers. The introduction of a monthly report packet for PIs has improved communication and transparency, while the training provided to fund managers has enhanced their skills and knowledge, however there are still opportunities for improvement in this area. As of December 2023, CCSG has a

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<sup>5</sup> Available at <https://tableau.ucsd.edu/#/workbooks/2441/views>

newly appointed dedicated Fund Manager who oversees the CCSG award at a high level, tracking allocations, expenditures, effort, and other activities on the tasks. To ensure accuracy and consistency, the Fund Manager conducts a monthly review of the PI portfolio, while also utilizing a customized report to monitor all 72 tasks. Additionally, each respective fund manager is responsible for managing their PI's tasks and communicating with the CCSG Fund Manager as needed, fostering a collaborative and transparent approach to award management. Our review of the CCSG award noted that the award management was overall effective.

However, we identified significant weaknesses in research administration and financial management practices including award and deficit management, default payroll account monitoring, default project balances, fund manager reports to PIs and training to support these efforts, and effort certification.

Our review found that MCC did not always complete all necessary tasks prior to or after submitting final award expenses to SPF, increasing the risk of inaccurate financial reporting of sponsored projects, or reporting of costs that are not fully supported. We noted that pending costs on FERs were not always posted to the award, and that final FER expenditure figures did not agree to the General Ledger (GL) for 10 awards in our sample. This resulted in either negative variances reflecting expenditures on the GL above the obligated amount (indicating a deficit condition which should be resolved by MCC) or instances where additional pending or subsequent costs were not posted to the GL (which could reflect an overdraw of federal funds). There was not a process in place to follow up and ensure pending costs or variances were resolved or escalation of instances where awards had not been fully reconciled. Our sample focused on awards closed after the Attain review, which indicates that award management issues persist in current operations.

In addition, Attain's review noted that as of August 31, 2024 the Final FERs to the sponsor and reconciliation with the GL were incomplete for 38 awards with a total remaining surplus on awards of \$328,728 from pending expenditures that were never posted. If transactions cannot be identified to account for these expenditures, these funds will need to be returned to sponsors. Furthermore, Attain and MCC Management also identified project balances in deficit that need to be reconciled or written off with an estimated amount of \$1,247,079.

We also noted that MCC overall financial management did not address reviewing prior balances on the historical default accounts, which as of June 30, 2024 was \$1,028,215, performing overdraft monitoring and resolution in accordance with University policy, and adequately justifying, documenting and submitting timely cost transfers and direct retros. Also, monthly reports packets prepared by fund managers for PIs did not always include all relevant information on the PI's financial portfolio. Training and standardization of monthly PI reporting should be implemented.

Finally, we found that some PIs and employees at UC San Diego have not completed their Electronic Certification of Effort and Reporting Tool<sup>6</sup> (ECERT) certifications utilizing the ECERT tool in a timely manner, or have not completed them at all.

Opportunities for improvement as discussed in greater detail in the balance of this report.

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<sup>6</sup> <https://blink.ucsd.edu/finance/awards/effort/ECERT/index.html>

## V. OBSERVATIONS REQUIRING MANAGEMENT ACTION

<b>A.</b>	<b>Award Management</b>
<p>We noted issues with the lack of full reconciliation of FERs to the GL, the lack of the review and resolution of historical default account balances, inaccurate and untimely closeout of sponsored research funds, incomplete justifications and untimeliness of cost transfers, and incomplete PI monthly reporting.</p>	
<b>Risk Statement/Effect</b>	
<p>Adequate financial oversight is necessary to ensure that MCC demonstrates stewardship of funds. Delays in the review of financial information increases the risk of overspending and unfunded project costs, as well as errors/irregularities that could remain undetected for extended periods of time.</p>	
<b>Management Action Plans</b>	
A.1	<p>MCC Management will develop a process, including retraining, periodic auditing and performance evaluation, to ensure pending expenditures post to the GL as reported, FER expenditure figures agree to the GL and FERs are submitted to the sponsor in a timely manner. <i>Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.</i></p>
A.2	<p>MCC Management will, in coordination with the Controller’s Office and Sponsored Projects Finance, develop a plan to finalize all ended projects with unresolved surplus or deficit balances identified by AMAS, Attain Partners and/or MCC Management. <i>Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.</i></p>
A.3	<p>MCC Management will develop a process for reviewing the Default Project Payroll report to identify and address aged balances in the default payroll account and analyze the data in the report to determine the cause of the balances and take corrective action if appropriate. <i>Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.</i></p>
A.4	<p>MCC Management will ensure that all cost transfers and direct retros are completed timely and include adequate justification and documentation, including a clear explanation of the reason for the transfer, the benefit to the project, and the name and employee ID of the individual responsible for the expense. <i>Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.</i></p>
A.5	<p>MCC Management will provide regular and ongoing training sessions for fund managers on how to effectively obtain and present financial data, ensuring that all complete necessary information is clearly presented and easily accessible to PIs. <i>Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.</i></p>
A.6	<p>MCC Management will utilize Anaplan, when implemented, to ensure standardized and complete financial reporting to PIs. <i>Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.</i></p>

## A. Award Management – Detailed Discussion

### Surplus/(Deficit) Balance after FER

Processes for closeout of sponsored research funds resulted in inaccurate and untimely reporting to the agency. Based on the work completed by Attain and management of older projects and our sample review of more current projects, we noted that MCC reported pending costs on final expense reports that were not always posted to the award, final FER expenditures did not always agree to the GL and FERs were not always submitted to sponsors timely.

Sponsored research award recipients must submit final financial and programmatic reports to the sponsoring agency to close out an award after the award has ended. According to the Office of Management & Budget (OMB) Uniform Guidance §200.344, the recipient must submit all financial, performance, and other reports required under a grant within 120 days after the end date of the period of performance. The awarding agency will review these reports to ensure compliance with all the grant terms and conditions as well as to make sure all funds are spent appropriately. Further, non-Federal entities "...must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award."

We performed detailed testing of 11 awards, randomly selected from a report provided by BFS of all MCC awards that ended between April 1, 2023 and June 30, 2024 where FER is in a delivered status. We noted that MCC had not followed through to ensure pending expenses were posted to the GL and have not reconciled reported expenses to those that are posted to the GL so SPF can perform their final closeout duties, including reviewing the reports, generating the FER (if applicable) and deactivating the award, demonstrating that MCC has continuing award management challenges.

MCC Fund Managers are responsible for finalizing any expenditures needed to complete the award, clearing any overdrafts or unallowable expenses on the award, recording any pending expenditures, and verifying unexpended balances. Five of the 11 projects that had pending cost transfers (expense) that were reported on the final FER in the Sponsored Projects Accounts Receivable and Cash Management system (SPARCM<sup>7</sup>) but had not been posted to the GL. Pending costs are expenses that did not post to the GL before it closed. Once MCC has identified pending expenses to charge to or remove from the award and reported them on the final FER at award closeout, they should be following up to ensure the expenses post to (or are removed from) the GL no later than 120 days to ensure sponsor closeout deadlines are met, and confirm the reporting is accurate.

In addition, 10 of the 11 awards reviewed had reported balances which differed from the GL. Five of those differences could be explained by the unposted pending costs reported above, but it could not account for the difference in all cases. SPF's practice is to write off differences (between reported expenses and the GL) up to \$200, but anything greater must be addressed by the department. One of the 11 awards reviewed had a balance under \$200 that should be written off.

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<sup>7</sup> <https://act.ucsd.edu/sparcm/sparc-dept-home.shtml>

The table below provides detail for the 11 awards we evaluated:

**Table 1: Pending Costs: Reported<sup>8</sup> vs. Posted<sup>9</sup>**

Project	Award End Date	FER Delivered to Sponsor	Reported Pending Costs	Expenses Reported on Final FER	Expenses Posted to OFC	Difference (Balance on OFC)	Pending Costs Fully Posted
2023676	2/29/24	5/8/23	\$34,463	\$85,911	\$51,482	\$33,429	NO
2034259	2/29/24	4/22/24	(\$1,965)	\$23,458	\$23,150	\$308	YES
2034260	2/29/24	4/22/24	\$36,975	\$36,975	\$36,859	\$116	YES
2019057	4/30/24	6/21/24	(\$61)	\$-	\$1,199,644	\$356	YES
2025364	2/14/24	5/14/24	\$5,469	\$292,290	\$286,821	\$5,469	NO
1018932	6/30/23	10/27/23	(\$25,344)	\$1,001,631	\$1,198,980	\$651	YES
1018373	11/30/23	3/1/24	(\$7,238)	\$2,356,325	\$2,358,670	(\$2,345)	NO
1019027	5/31/23	9/20/23	(\$24,272)	\$1,772,626	\$1,772,626	\$-	YES
1019023	7/31/23	5/28/24	(\$50,861)	(\$50,861)	\$2,381,379	(\$42,078)	NO
1021793	7/31/23	4/2/24	\$8,607	\$1,560,925	\$1,561,430	(\$505)	YES
1018933	8/31/23	12/4/23	\$22,467	\$7,946,926	\$7,955,573	(\$8,647)	NO

**Source:** AMAS Analysis - Figures taken from the Final FER in SPARCM and OFC Project Balances with Expenditure Details report.

In addition, Attain’s review and effort to resolve outstanding issues noted that the Final FERs to the sponsor and reconciliation with the GL were incomplete for 38 awards. As of August 31, 2024, there was a remaining surplus of \$328,728 from pending expenditures that were never posted for 38 projects. These surpluses need to be addressed to ensure accurate financial reporting and compliance with sponsor requirements.

Attain reviewed all MCC Research Administration closed awards prior to June 30, 2023. Based on their review 79 awards were closed. However, those surpluses need to be addressed and cleared before the project can be finalized. Attain and MCC Management also identified project balances in deficit that need to be reconciled whether covered by another fund or written off with an estimated amount of \$1,247,079.

When sponsored projects' pending costs reported in the FER do not post to the GL timely and are not supported with adequate documentation, there is an increased risk of inaccurate financial reporting of sponsored projects as well as an increased risk that expenditures reimbursed by the sponsoring agency are not fully supported.

Default Projects

UCSD implemented a new Financial Information System (FIS), chart of accounts, and a change in financial accounting method on July 1, 2020. As a result, UCSD financial administrators experienced a

<sup>8</sup> Figures taken from the Final FER in SPARCM.

<sup>9</sup> Figures taken from OFC Project Balances with Expenditure Details report.

significant learning curve in adapting new workflows and business process to adjust to these changes. With the implementation of UCPATH and the new chart of accounts, transactions may be directed automatically to a default project within the GL and may not be captured as anticipated by departments in the PPM sub ledger. This may be the result of an incomplete chart of accounts chart string. Also, new controls were established restricting the transfer of funds between types of funding sources impacting the movement of transactions. These controls have since been modified to assist in accurate financial reporting. Transactions may circumvent the PPM when directed to the GL; therefore, the PPM should be periodically reconciled to the GL.

OFC controls also prevent expenses from posting to projects in certain cases, such as if the expenditure date is outside the project period of performance, or the award is closed. Therefore, proactive management of payroll on sponsored projects that are ending and reconciliation of the default projects is necessary to redirect transactions to the appropriate fund source. A Funding Issues report is available to identify potential issues related to funding that, if not addressed timely, will result in payroll transactions recorded to the department default. In addition, a new Default Project Payroll Report has recently been developed to assist administrators with identifying payroll that has posted to a default project, identify projects with funding entries in UCPATH that resulted in posting to a default project, and to identify direct retroactive or cost transfers to move charges off a default project. These reports can be utilized to identify, correct, and prevent payroll from incorrectly posting to default accounts.

We noted that MCC is not reviewing prior balances on the historical default accounts, which as of June 30, 2024 was \$1,028,215 (MCC \$940,658 and MCC Office \$87,557). MCC Management has actively been working the current default account activity utilizing the daily Funding Issues Report; however, there is no plan to date to review and resolve past default balances from FYs 2020 through 2023. The balances for prior years is provided below:

**Table 2: Historical Default Account Activity FY 2020 - 2024**

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
Moores Cancer Center	(\$60,800)	\$101,235	\$278,856	\$242,197	\$379,171	<b>\$940,658</b>
Moores Cancer Center Office		\$4,938	(\$35,145)	\$18,912	\$98,852	<b>\$87,557</b>
					<b>TOTAL</b>	<b>\$1,028,215</b>

**Source:** Finance Stabilization Metrics default project balances reporting dashboard.

These amounts may represent charges that are applicable to sponsored research, which may or may be able to be recovered. Detailed review of these transactions is needed to either transfer to the appropriate sponsored project or operational account. Without this review, the financial picture for individual projects may be misstated and the University may not fully recover expenses related to sponsored research.

[Justification and Documentation for Cost Transfers and Direct Retros](#)

As a standard established in federal regulations and grant policies, the University requires all transactions in federally funded awards and projects to be reviewed and confirmed in a timely manner (monthly) to minimize the need for cost transfers. Therefore, any untimely cost transfer requests are reviewed by SPF with close scrutiny to determine whether an adequate and documented

reconciliation and confirmation of expenses took place within the accounting period by the department and then ascertain the circumstances of why adjustments are now required prior to review for possible approval of the cost transfer. Further, the NIH Grants Policy Statement requires recipients to support all transfers with “documentation that fully explains how the error occurred... An explanation merely stating that the transfer was made to ‘correct an error’ or to ‘transfer to correct project’ is not sufficient.” Transfers are untimely if transfer is > 120 days after original transaction date and/or > 90 days after the fund end date.

During our review of 40 cost transfers and 28 direct retros from the three awards selected and the CCSG award processed between January 1, 2023 and October 31, 2024, we found that several transactions lacked adequate justification and documentation to support the transfer of costs. Specifically, we noted that 36 of the 40 cost transfers reviewed did not include a clear explanation of the reason for the transfer and the benefit to the project for the expense. Additionally, 21 of the 28 direct retros reviewed did not include sufficient documentation to support the adjustment, such as a detailed explanation of the error or the reason for the correction. See summary of detail testing below:

**Table 3: Cost Transfer and Direct Retro Review Summary**

	Direct Retros	Cost Transfers
Lack of Justification for Transfer	21	36
Reasonable Justification	7	4
<b>Total Transfers Reviewed</b>	<b>28</b>	<b>40</b>

**Source:** AMAS prepared

We also found that some cost transfers were not processed in a timely manner, with the significant majority of transactions taking place more than 90 days after the original expense was incurred. Of the 28 direct retros reviewed, all were untimely. Of the 40 cost transfers reviewed, 37 were untimely. This delay in processing cost transfers increases the risk of errors and inaccuracies in financial reporting.

Fund Management Reporting – Monthly PI Reports

During our review of various fund managers' monthly reporting packets to PIs, we identified instances where not all relevant information was fully disclosed to the PIs. Specifically, we found that some reports pulled the data from the wrong location such as the GL instead of the PPM, some reports contained hidden lines intended to summarize information, while others omitted certain projects, including older ones with existing balances. Although the reports appeared to be standardized at a high level, these nuances can significantly impact a PI's understanding of their true portfolio picture, potentially leading to inaccurate financial decisions.

The implementation of the Oracle Financial Cloud (OFC) in July 2020 presented numerous challenges for award reconciliation, management, and closeout processes. In addition, fund managers had to learn the new systems and reporting tools in order to provide accurate financial reports to PIs, which many of the current fund managers struggled to address. If PIs are not receiving accurate complete monthly reports, it may lead to a lack of understanding of their financial responsibilities and potential issues with their research projects. Furthermore, we noted that if reports are not standardized, this

can result in missing or hidden information that may create issues for PIs if they are not aware of a particular balance or issue.

By implementing training, standardization and internal auditing of monthly PI reporting, MCC can ensure that PIs are equipped with the necessary knowledge and information to effectively manage their research projects and comply with financial regulations. In addition, VCHS is leading the implementation of the Anaplan system to provide an electronic financial report for PIs. MCC should utilize this system, when implemented, to ensure standardized and complete financial reporting to PIs.

<b>B. Deficit Management</b>	
The documentation of written and approved resolution plans for medium and high risk deficits do not fully explain how deficits will be resolved.	
<b>Risk Statement/Effect</b>	
Adequate oversight of deficits is necessary to ensure that MCC demonstrates stewardship of funds. The lack of deficit management increases the risk of overspending and unfunded project costs, as well as errors/irregularities that could remain undetected for extended periods of time.	
<b>Management Action Plan</b>	
B.1	MCC Management will continue to complete the Vice Chancellor Health Sciences (VCHS) Controller's Quarterly Deficit Fund Balance review for any sponsored project deficits or any other deficits greater than \$25,000 from any funding sources and collaborate with VCHS to document written and approved resolution plans for medium and high risk deficits and additional documentation requirements to be compliant with policy. In addition, MCC Management will consider implementing a policy that holds faculty responsible for deficit management in order to maintain good standing. <i>Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.</i>

**B. Deficit Management – Detailed Discussion**

Deficit Monitoring and Resolution

[UCSD Policy 300-2, Financial Deficit Policy](#), establishes the following:



**Department Responsibilities for Financial Oversight**

<p><b>A. Principal Investigator (PI) or Fund Manager</b></p> <p>a. For Sponsored Projects, the person(s) named as the PI, manager, or director in an award of a contract or grant accepted by UC San Diego, has primary responsibility for adherence to the conditions of the award and for ensuring that expenditures made are appropriate, allowable, and within the budgetary limitations of the award.</p> <p>b. For Projects other than Sponsored Projects, the Fund Manager is responsible for avoiding Financial Deficits, promptly resolving any Financial Deficits when they occur, or developing and implementing written action plans to eliminate.</p>	<p><b>B. Department Chair and Department Business Officer (or Equivalent Officer)</b></p> <p>a. Identify, avoid and resolve Financial Deficits</p> <p>b. Ensure that sponsored Projects' expenses do not exceed the cumulative amount of the award, allocation or budget and, if Financial Deficits do occur, ensure that corrective action is taken. With Financial Deficits that remain 120 days after a sponsored Project's end date and are moved by OPAFS to a consolidated Sponsored Research Deficit Fund, ensure that available, unrestricted PI and/or department resources are applied to clear the deficit before fiscal year end.</p> <p>c. Ensure that PI or Fund Managers develop a written plan under which Financial Deficits larger than \$25,000 will be eliminated before year-end. Any longer period for deficit resolution must be approved by the appropriate Vice Chancellor or Dean and by the Campus VC - CFO (see Procedures below).</p>
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This University policy states that departments will not be permitted to carry over financial deficits exceeding \$25,000 without a deficit resolution plan that is approved by the Department Chair/Designee and Dean/Vice Chancellor. Sponsored Projects are managed at the project level.

As of November 4, 2024, MCC had 21 sponsored projects (19 closed and two open) with deficit balances meeting the \$25,000 threshold, totaling \$1,991,974.<sup>10</sup>

The VCHS Controller's Office implemented the Quarterly Deficit Fund Balance review process during FY23 as an enhanced internal control procedure and per Campus Budget Office (CBO) Financial Deficit Policy to ensure that Departments, the VC Budget and Financial Operations teams analyze and monitor deficit areas, with a focus on high and medium risk level items leading to deficit resolution measures. MCC has completed the last quarter report as of November 4, 2024 and submitted comments back to the VCHS for each deficit above \$25,000. Per policy, in addition to these comments there is a requirement for a written and approved resolution plan for medium and high risk deficits and additional documentation requirements including an explanation on how the deficit occurred and the plan to address the resolution, including the anticipated date and/or timeline.

<b>C.</b>	<b>Effort Certification</b>
<p>During our review, we found that some MCC PIs have not completed their ECERT certifications utilizing the ECERT tool in a timely manner, or have not completed them at all.</p>	
<p><b>Risk Statement/Effect</b></p>	
<p>Non-compliance with award terms and conditions can increase the risk of additional administrative oversight and requirements by the sponsor and disallowances.</p>	

<sup>10</sup> Balance based on the Financial Deficit Report - Sponsored Projects (Budget and Financial Management Reporting Panorama).

**Management Action Plan**

C.1	MCC Management will ensure that ECERTs are accurately certified in a timely manner to meet federal award requirements, and complete Overdue ECERTs from prior periods. <i>Estimated completion date: July 1, 2025. Responsible Party: MCC Director of Research Finance.</i>
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**C. Effort Certification – Detailed Discussion**

Federal awards<sup>11</sup> require that the salaries and wages charged to the award are based on records that accurately reflect the work performed. At UCSD this is accomplished via the ECERT. Certifications are due within 120 days after the end of each reporting period. All past reporting periods up through FY24 were due by October 31, 2024.

As of October 21, 2024, there were a total of 133,710 effort reports that should be certified for FY 2020 JAN-JUN through FY 2024 JAN-JUN. Of that total, 107,373 or 80% were certified; however, 26,317 or 20% were not completely certified. Detail on the ECERT status by period is provided below:

**Table 4: Historical Effort Reporting Certification Status FY 2020 - 2024**

Report Period	Certified	% Certified	Exception	Open	Total
FY20JAN-JUN	9,585	84%	275	1,604	11,464
FY20JUL-DEC	11,133	98%	11	220	11,364
FY21JAN-JUN	12,279	82%	112	2,649	15,040
FY21JUL-DEC	12,616	82%	144	2,633	15,393
FY22JAN-JUN	13,042	80%	90	3,073	16,205
FY22JUL-DEC	13,061	80%	221	2,972	16,254
FY23JAN-JUN	13,162	81%	133	2,873	16,168
FY23JUL-DEC	14,279	81%	164	3,079	17,522
FY24JAN-JUN	8,216	57%	88	5,996	14,300
<b>Totals</b>	<b>107,373</b>	<b>80%</b>	<b>1,238</b>	<b>25,099</b>	<b>133,710</b>

This is a critical compliance area with significant risk potential to the University and its federally-funded research. The lack of completion of ECERT certifications can result in inaccurate financial reporting, non-compliance with federal regulations, and potential audit disallowances.

<sup>11</sup> Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule, dated December 26, 2016*