

The logo for UCIrvine, featuring the text "UCIRVINE" in a large, black, serif font. The "UCI" is in a larger size than "RVINE".

UCIRVINE

INTERNAL
AUDIT SERVICES

Department of Neurology

Internal Audit Report No. I2024-204

December 7, 2024

Prepared By

Darlene Nunez, Senior Auditor

Reviewed By

Niran Joshi, Manager

Approved By

Mike Bathke, Director

November 13, 2024

**CLAIRE HENCHCLIFFE, MD DPHIL FAAN FANA
PROFESSOR & CHAIR
DEPARTMENT OF NEUROLOGY**

**RE: Department of Neurology
Report No. I2024-204**

Internal Audit Services has completed the review of the School of Medicine's Department of Neurology and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Sincerely,



Mike Bathke
Director

Attachment

C: Audit Committee
Heather Bierman, Chief Administrative Officer, Department of Neurology

I. MANAGEMENT SUMMARY

In accordance with the fiscal year (FY) 2024 audit plan, Internal Audit Services (IAS) conducted a review of the School of Medicine's (SOM) Department of Neurology. In general, controls and processes appear to be functioning as intended. Based on the audit work performed, appropriate business processes were established and implemented to ensure compliance with University policies and procedures in most areas reviewed. IAS noted some internal controls that need improvement and should be strengthened to minimize risks, ensure compliance with University policies and procedures, and/or best business practices. Specifically, IAS noted the following issues.

Travel and Entertainment Reimbursements – Travel and entertainment expense reimbursements were not submitted within a reasonable amount of time as required by University Policy. This observation is discussed in section V.1.

Overtime – Prior approvals for overtime were verbal and documentation was not maintained. This is discussed in section V.2.

II. BACKGROUND

The Department of Neurology (Neurology) is part of the University of California, Irvine (UCI), SOM. Neurology is committed to advancing clinical care, education and research to help patients with neurological conditions. With specialists in neurology, neurosurgery and critical care, UC Irvine has established multidisciplinary programs in stroke, epilepsy, movement disorders and neuro-oncology.

Clinical activities take place at UC Irvine Medical Center, the university campus in Irvine and at the VA Long Beach Healthcare System.

The department also has a number of active research programs, including both fundamental research efforts and translational programs.

Neurology includes 53 full time teaching faculty members and 87 staff including administration, research and students. The Department Chair who serves as the academic leader and administrative head, reports directly to the SOM. The Chief Administrative Officer (CAO) who reports to the Chair, directs the administrative operations.

III. PURPOSE, SCOPE AND OBJECTIVES

The purpose of this audit was to perform a general review of Neurology to assess business risks, internal controls, and compliance with University policies and

procedures. The scope included reviewing and the sample testing of data from July 1, 2023 through July 1, 2024.

The audit included the following objectives:

1. Review the methods to monitor service/affiliation agreements and verify they were properly executed and that facilities were billed accurately and timely in accordance to the terms;
2. Verify that cash collections were properly handled and accurately deposited in compliance with University Policy;
3. Evaluate purchasing practices and determine if they were properly authorized and documented in accordance with University Policy;
4. Verify that travel and entrainment expense reimbursements were adequately documented, submitted timely and approved in accordance with University Policy;
5. Assess personnel practices related to overtime and outside professional activities and verify proper approval was obtained and monitored;
6. Verify that Z payments were approved and paid accurately;
7. Evaluate clinical trial administration practices to verify that projects were monitored and expenditures were appropriate and;
8. Determine whether system controls over Quartzy, a purchasing tool, are limited to authorized individuals;

IV. CONCLUSION

In general, Neurology's internal controls and processes appear to be functioning as intended. However business risks and internal control processes could be further enhanced in travel and entertainment expense reimbursements and overtime.

IAS discussed observation details and recommendations with management, who formulated action plans to address the issues. These details are presented below.

V. OBSERVATIONS AND MANAGEMENT ACTION PLANS

1. Travel and Entertainment Reimbursement**Background**

Reimbursement requests for travel and entertainment expenses are processed and approved through the Kuali Financial System (KFS) Travel and Event Management module and must comply with University Policy. According to University Policies G-28 Travel Regulations and BUS-79 Expenditures for Business Meetings, Entertainment, and Other Occasions, employees seeking reimbursement for University business related meal and entertainment expenses incurred from their personal funds or travel and entertainment cards must submit their expenses reports within a reasonable amount of time not to exceed forty-five days after the expenses were paid or incurred.

Observation

A sample of travel and entertainment reimbursements were reviewed and IAS found that they were not always submitted timely. One entertainment reimbursement was submitted after 60 days and four other travel reimbursements was submitted between 60 to 90 days after travel.

Management Action Plan

Management will communicate to all staff the UC Travel and Entertainment policy to ensure that travel and entertainment expenses are submitted for reimbursing within policy, not to exceed 45 days after the expense were paid or incurred.

Due date: January 15, 2024

2. Pre-approval of Overtime**Background**

Per UC Policy PPSM-30: Compensation, overtime and over-schedule will be assigned by the department head to meet essential operating needs. Overtime and over-schedule must be approved in advance, but if overtime or over-schedule is worked it must be compensated whether approved or not. An employee is expected to seek advance approval for overtime and over-schedule work.

Observation

IAS reviewed the overtime authorization and approval process and noted that overtime is authorized verbally and not documented in writing to substantiate that approvals were obtained in advance as required by University Policy. Lack of documentation to support the process of pre-authorizing overtime before it is

incurred weakens the control structure and encumbers the review and reconciliation process.

Management Action Plan

Management will implement a requirement and communicate to staff that scheduled overtime will be approved in advance and the pre-approval will be documented and maintained.

Due date: January 15, 2024