



Audit Services

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**SUBJECT: School of Medicine
SF General Hospital - Departmental Reviews
Audit Services Project #12-022**

As a planned project for fiscal year 2011-2012, Audit Services completed a review of administrative practices followed by two School of Medicine (SOM) departments at the San Francisco General Hospital (SFGH). The purpose of this review was to evaluate administrative practices and procedures implemented within the departments to assess their awareness and compliance with University policies and regulatory requirements.

Departmental administrative practices and procedures reviewed included: financial systems, personnel, payroll expenses, non-payroll expenses, equipment management, extramural funds, collections/income, cash receipts, gifts/foundation, research subjects and technology management.¹

In conducting this review, Radiology & Biomedical Imaging (RBI) and Family & Community Medicine (FCM) were selected for review from 19 SOM departments located at SFGH. Initial assessment of departmental administrative practices was collected using Internal Control Questionnaires (ICQs) completed by the department administrative personnel. Once completed, department management and staff were interviewed and key administrative monitoring tools and controls were reviewed to gain an overall understanding of departmental procedures.

Based on an evaluation of ICQs and interview results and risks associated with each function within each department, we performed substantive testing in the following administrative functions: payroll expenses, non-payroll expenses, technology management and extramural funds².

¹ Technology management will focus on compliance with UCSF IT Minimum Security Standards

² The review of Extramural Funds focused on post-award administration (i.e. periodic reporting to PIs, certification of effort, and the appropriateness and allowability of expenses charged to projects).

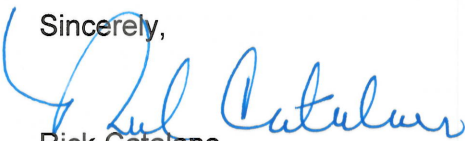
The departments did not have cash operations and RBI's pro-fee billing will be reviewed as part of next year's audit plan. We examined relevant records for a small sample of expense transactions from fiscal year 2011-2012, to determine appropriateness, completeness, accuracy, and timeliness of reporting and reconciliations and compliance with related policies. Procedures performed were limited to those specifically stated above. Test samples were not sufficient to evaluate the quality of the controls. Work completed is not intended nor can it be relied upon to identify all instances of potential irregularities, errors, and control weaknesses that may occur in areas not covered in this review. Fieldwork was conducted from March to June 2012.

Based on procedures performed, the departments reviewed were generally aware and complied with all major aspects of applicable University policies and regulatory requirements associated with the areas reviewed. We did identify one internal control deficiency in RBI relating to insufficient review of BearBuy transactions during the GL verification process. Specifically, RBI was not validating BearBuy transactions below \$500 through the "Req Summary Less Than or Equal to \$500 Report" on the BearBuy homepage as required by the Controller's Office GL Supplement for BearBuy transaction. Audit Services discussed the BearBuy reconciliation issue with RBI and confirmed that procedures has been established and the required review was completed prior to the issuance of this report.

We also noted two minor instances of non-compliance for RBI on GL verification and FCM on two low-value transactions. For non-sponsored low value GLs, RBI was not documenting monthly general ledger reviews with formal signatures and review dates and not requiring secondary reviews. FCM processed two invoices for sports tickets totaling \$2,700 for a team building event and did not get the required exceptional approval. The inconsistencies in GL reviews were considered minor because it was associated with non-federal funds and the purchase of sports tickets without exceptional approval appeared to be isolated to the one case. Audit Services discussed these issues with the two department's management and was provided assurance that policy requirements would be reiterated with affected staff to ensure compliance with policy.

I would like to thank you, and the staffs of these departments for the assistance and cooperation provided to us during this review. If you have any questions or require further information, please do not hesitate to contact me at 502-2238.

Sincerely,



Rick Catalano
Director

c: Administrative Director Garzio
Vice Dean Hindery
Chief Financial Officer O'Hara
Director Mozesson
UCSF Audit Committee