

UCSF Audit & Advisory Services

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# Research - Award Setup

Project # 25-004

January 2025

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University of California  
San Francisco



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**SUBJECT: Research - Award Setup**

As a planned internal audit for Fiscal Year 2025, Audit & Advisory Services ("A&AS") conducted a review to evaluate the processes and internal controls for setting up awards in the Centralized Agreement Contact Tracking and Approval System (CACTAS) and the Research Administration System (RAS).

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").

Our review was completed, and the preliminary draft report was provided to department management in January 2025. Management provided final comments and responses to our observations in January 2025. The observations and corrective actions have been discussed and agreed upon with department management and it is management's responsibility to implement the corrective actions stated in the report. A&AS will periodically follow up to confirm that the agreed-upon management corrective actions are completed within the dates specified in the final report.

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

Sincerely,

Irene McGlynn  
Chief Audit Officer  
UCSF Audit and Advisory Services



## EXECUTIVE SUMMARY

### I. **BACKGROUND**

As a planned audit for Fiscal Year 2025, Audit & Advisory Services conducted a review to evaluate the processes and internal controls for setting up awards in the Centralized Agreement Contact Tracking and Approval System (CACTAS)<sup>1</sup> and the Research Administration System (RAS)<sup>2</sup>.

The Office of Sponsored Research (OSR) is responsible for initiating the award setup process when the sponsor accepts the fully executed contract, grant, or amendment and determining compliance requirements are in place. Contracts & Grants Accounting (GGA) completes the award setup in the Research Administration System (RAS) after all the compliance requirements are completed.

During FY 2024 through FY 2025 YTD (as of 7/24/2024), the total new contracts, grants, and amendments by agreement type are shown below.

Contracts	792,169,584
Cooperative Agreements	241,010,127
Fellowship	24,985,407
Grants	1,138,660,828
Intergovernmental Personnel Agreements (IPA)	7,169,108
Joint Personnel Agreements (JPA)	7,495,674
Others - include private businesses, charities, Higher Ed, and non-profit sponsors	264,428,153
Subcontracts	546,004,150
<b>Grand Total</b>	<b>3,021,923,031</b>

It is important to ensure that the award setup is completed accurately and in a timely manner, as it will set the tone for all financial and non-financial post-award activities. Not setting up awards correctly may result in non-compliance with regulatory requirements.

### II. **AUDIT PURPOSE AND SCOPE**

The purpose of this review was to evaluate the processes and internal controls for setting up awards in RAS and CACTAS.

The scope of the review covered transactions and activities for FY 2024 through FY 2025 YTD (as of 7/24/2024). Procedures performed as part of the review included interviews and walkthroughs with relevant personnel, review of relevant university and campus policies and procedures regarding award setup, and validation testing of a

<sup>1</sup> Centralized Agreement Contact Tracking and Approval System (CACTAS) Agreement management tool used for sponsored research agreements and Professional Service Agreements (PSA).

<sup>2</sup> The PeopleSoft Research Administration System (RAS) is the record system for post-award contracts and grants.

sample of new, continuation, administrative modification<sup>3</sup>, supplemental, and transfer in awards. 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 November 2024.

### III. **SUMMARY**

Based on the work performed, controls appear to be in place for award setup. Compliance requirements, including Conflict of Interest (COI), Committee on Human Research (CHR), and Institutional Animal Care & Use Committee (IACUC), were completed prior to the award being setup. Additionally, OSR notified CGA within five business days (from the award's execution date) to complete the award setup process. CGA verified the award's financial information (i.e. Budget amount, period) and accurately entered it into RAS. Additionally, CGA notified the department and Principal Investigator (PI) via email once the award was setup.

The specific observation from this review is listed below.

1. One project's indirect base code was not set up correctly in the RAS system to calculate the Facilities and Administrative (F&A) rate for the award.

Additionally, during the course of this review, opportunities for improvement were noted for improving the award setup process and updating documented procedures.

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<sup>3</sup> Administrative Modifications are changes to an existing award that do not affect the approved budget total or the approved performance period of the award and are updated in the Research Administration System (RAS).

IV. **OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS (MCAs)**

<b>No.</b>	<b>Observation</b>	<b>Risk/Effect</b>	<b>Recommendation</b>	<b>MCA</b>
1.	<p><b><i>One project's indirect base code was not set up correctly in the RAS system to calculate the F&amp;A rate for the award.</i></b></p> <p>Of the 20 awards reviewed, we noted the following</p> <ul style="list-style-type: none"> <li>One project ID within an award was requested by the department to be set up as Base Code "A" instead of Base Code "C," which calculates Facilities and Administrative (F&amp;A) costs on all direct expenditures. The department did not furnish CGA with any documentation to substantiate the use of Base Code "A", which calculates F&amp;A on Modified Total Direct Costs (MTDC). CGA did not review the request for accuracy, and the base code was inappropriately set up as "A" instead of Base Code "C".</li> </ul> <p>Base code C is appropriate since the award was set up as a private contract (fund 4301), and not a clinical trial (fund 4400) in RAS.</p>	Not setting the correct base code can result in incorrect F&A calculations charged to awards.	<ul style="list-style-type: none"> <li>CGA should ensure the project's indirect cost base is corrected in RAS to base code "C" and ensure appropriate reviews are performed to ensure accuracy.</li> <li>CGA should provide additional training to team members to understand how indirect cost Base and Rates are identified by OSR and ensure proper input of indirect cost information into RAS.</li> </ul>	<p><b>Action:</b></p> <p>a) On 12/13/2024, CGA updated the project's indirect cost base code in RAS to base code C.</p> <p><b>Action Complete</b></p> <p>b) CGA will update and include additional training at a CGA staff meeting to discuss proper processes for reviewing and ensuring indirect cost base codes are set up correctly.</p> <p>c) CGA will incorporate training in the next Post Award Management (PAM) training for Award Acceptance and Setup for Sponsored Projects to ensure indirect cost base codes are set up correctly.</p> <p><b>Responsible Party:</b> Assistant Controller – Contracts and Grants Accounting (CGA)</p> <p><b>Target Completion Date:</b> 06/30/2025</p>

V. OPPORTUNITIES FOR IMPROVEMENTS

No.	Observation	Risk/Effect	Recommendation
1.	<p><b><i>The award setup process can be improved to ensure the award setup is completed within six days.</i></b></p> <p>Of the 20 awards reviewed, we noted one award setup was not completed in RAS within 6 days (# of days was 19 days). CGA indicated that there was no specific technical reason for delaying this award setup. The delay was caused by a staff shortage. Per CGA's service level agreement, CGA populates RAS within six business days from the award setup queue date (in CACTAS).</p>	Delays in award setup can increase the risk of late transactions posting to the award and may result in non-compliance with university and sponsor requirements.	CGA should continue using the Staff Progress and Pending Over Six Business Days reports in CACTAS dashboard to monitor award setup activities and ensure that awards are setup in RAS within six business days.
2.	<p><b><i>Documented procedures for award setup can be enhanced to reflect current practices.</i></b></p> <p>CGA has an award data checklist that documents procedures for new awards setup in RAS. However, the procedures were developed in November 2013 and have not been updated to reflect the current practices. PeopleSoft RAS has had several upgrades since 2013, and new modules have been added in the award profile section. The checklist should be updated to list new modules and relevant award setup steps to ensure RAS setup is complete.</p>	Not having current documented procedures increases the risk of inconsistent award setup practices.	CGA should update the award setup procedures to reflect current procedures.



**APPENDIX A**

To conduct our review the following procedures were performed for the areas in scope:

- Reviewed relevant university and campus policies and procedures regarding award setup (new awards and amendments).
- Interviewed key personnel to assess activities and procedures for in-scope areas.
- Selected a sample of new awards or amendments received from the sponsor and verified the following:
- OSR reviews compliance requirements and routes to CGA to complete the award setup.
- F&A rates, award terms, and Chart of Accounts assignments are reflected accurately in the RAS.
- Determined the accuracy and appropriateness of F&A rates.
- Verified the CGA Service Team notifies the Department and Principal Investigator (PI) once the award setup was completed.
- Verified that CGA appropriates the award budget within two business days of the new award notification to the Dept ID preferred posting level assigned in RAS for posting of transactions within the award.
- Identified opportunities for improvement in processes and controls.