

RIVERSIDE: AUDIT & ADVISORY SERVICES

April 18, 2013

To: Dr. Julia Bailey-Serres
Director, Center for Plant Cell Biology

Subject: Center for Plant Cell Biology

Ref: R2013-15

We have completed our Center for Plant Cell Biology audit in accordance with the UC Riverside Internal Audit Plan. Our report is attached for your review. We will perform audit follow-up procedures in the future to review the status of management action. This follow-up may take the form of a discussion or perhaps a limited review. Audit R2013-15 will remain open until we have evaluated the actions taken.

We appreciate the cooperation and assistance provided by your staff. Should you have any questions concerning the report, please do not hesitate to contact us.

Michael R. Jenson
Director

xc: Audit Committee
Chief Financial & Administrative Officer Garrison
Financial & Administrative Officer Terao

UNIVERSITY OF CALIFORNIA AT RIVERSIDE

AUDIT & ADVISORY SERVICES

MEMBER OF ASSOCIATION OF COLLEGE & UNIVERSITY AUDITORS

INTERNAL AUDIT REPORT R2013-15

CENTER FOR PLANT CELL BIOLOGY

APRIL 2013

Approved by:

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Principal Auditor

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**UC RIVERSIDE
CENTER FOR PLANT CELL BIOLOGY
INTERNAL AUDIT REPORT R2013-15
APRIL 2013**

I. MANAGEMENT SUMMARY

Based upon the results of work performed within the scope of the Center for Plant Cell Biology (Center) audit, it is our opinion that, overall, internal controls over the operations of the Center are satisfactory and generally in compliance with applicable University policies and procedures. Specifically, existing procedures and practices related to monitoring, reviewing and approving purchases, travel and entertainment vouchers, inventory management, petty cash, and contracts and grant activities provide reasonable assurance of compliance with University policies and procedures.

We observed one area that needed enhancement to strengthen internal controls and/or effect compliance with University policy. The Center's eBuy Purchasing designations in the accountability structures were assigned in a manner that did not promote an appropriate segregation of duties. Such designations were corrected prior to the issuance of this report and our test procedures did not disclose any instances of inadequate segregation of duties.

Also, one minor item not of the magnitude to warrant inclusion in this report was discussed verbally with management.

II. INTRODUCTION

A. PURPOSE

UC Riverside Audit & Advisory Services (A&AS), as part of its Audit Plan, performed an audit to evaluate compliance with University policies and procedures, efficiency and effectiveness of selected operations, and adequacy of internal controls.

B. BACKGROUND

As part of the Institute for Integrative Genome Biology at the University of California, Riverside, the Center for Plant Cell Biology addresses significant questions in plant biology on a molecular level to meet such global challenges as improved nutrition, increased crop yield, resistance to pests, sustainable biofuels, and environmental conservation. To accomplish this, the Center engages its world-class researchers, the scientific community, and industry in interdisciplinary research, employing

the latest advances in computation biology, engineering, chemical genomics, proteomics, microscopy and bioinformatics.

The Center synergizes UCR's existing strengths in botany and plant sciences, in part by providing an infrastructure that promotes interdisciplinary research and interaction among researchers. The emerging experimental paradigm for addressing biological issues is systems-based research, which uses new approaches in computational biology and engineering to advance knowledge gained at the gene level into an understanding of how organisms function as biological machines.

C. SCOPE

Audit & Advisory Services reviewed selected records supporting transactions that occurred during fiscal year 2010-2012 and examined procedural controls relating to the following major administrative areas:

1. Internal Controls

We evaluated administrative and accounting procedures and internal controls based on management responses to the internal control questionnaire and verification of selected areas.

2. Financial Management

We performed a financial analytical review of expenditures for fiscal years 2010-2011, 2011-2012, and 2012-2013 (through December 2012). This included identifying unusual trends or fluctuations including the reasons for any significant variances.

3. Travel and Entertainment Vouchers

We selected and reviewed a judgmental sample of 8 travel vouchers totaling \$6,923 (which was 20% of travel expenditures during fiscal year 2010-2012.)

4. Non-Payroll and Pro-Card Expenditures

We selected and reviewed a judgmental sample of 12 non-payroll expenditures totaling \$668,297 from October 2010 through October 2012. We reviewed a random sample of two months' purchase reconciliations from August 2012 and January 2013. Also, we selected and reviewed 6 Pro-Card transactions totaling \$5,413 from fiscal year 2011-2012.

5. Equipment Inventory Management

We tested a sample of the Center's inventory listing as of January 1, 2013.

6. Contracts & Grants

We reviewed the Center's largest active Federal grant in our audit scope period for travel, purchases, cost transfers, deficits, and after the end date transactions.

7. Petty Cash

We conducted a surprise count of the Center's petty cash fund on February 27, 2013.

8. Accountability Structure

We reviewed the Center's accountability structures for eBuy, eBuy PC+, ePay, Storehouse, Travel, UCR PAN, and UCRFS.

D. INTERNAL CONTROLS AND COMPLIANCE

As part of the review, internal controls were examined within the scope of the audit. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Our substantive audit procedures were performed from January to March 2013. Accordingly, this evaluation of internal controls is based on our knowledge as of that time and should be read with that understanding.