

February 12, 2018

SCOTT LIPPMAN
Director
Moores Cancer Center
0658

**Subject: *Moores Cancer Center
Report 2018-23***

The final report for *Moores Cancer Center, Report 2018-23*, 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.

David Meier
Director
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Attachment

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AUDIT & MANAGEMENT ADVISORY SERVICES

Moore's Cancer Center
Report No. 2018-23
February 2018

FINAL REPORT

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY 2

II. BACKGROUND..... 4

III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES 4

IV. CONCLUSION..... 5

V. OBSERVATIONS REQUIRING MANAGEMENT ACTION 6

 A. Fiscal Oversight and Monitoring 6

 B. Award Compliance 9

 C. Safeguarding of University Assets..... 10

ATTACHMENT A – Audit Results by Business Office Functional Process

I. EXECUTIVE SUMMARY

Audit & Management Advisory Services (AMAS) has completed a review of the Moore's Cancer Center (MCC) as part of the approved audit plan for Fiscal Year 2017-18. The objective of our review was to evaluate whether internal controls were adequate to provide reasonable assurance that business processes were effective, resulted in accurate financial reporting, and were conducted in compliance with University policy and federal award terms and conditions.

We concluded that internal controls were generally adequate to provide reasonable assurance that business processes were effective, resulted in accurate financial reporting, and were conducted in compliance with University policy and federal award terms and conditions. We observed that the Director of Finance & Performance Management, Director of Business Operations, and the sample of Fund Managers that assisted in our review were experienced, had established Standard Operating Procedures (SOP)s and practices in place to monitor fiscal operations, and were familiar with operations under their purview.

We identified some opportunities for improvement in financial oversight and monitoring, award compliance activities, and safeguarding of University assets. MCC fiscal oversight and monitoring was occurring, however, could be further refined as we noted that overdraft monitoring and resolution were not conducted in strict accordance with University policy. Overall, award management was conducted in compliance with award terms and conditions; however, a small amount (\$273) of unallowable entertainment and travel expenditures had been charged to Federal awards and prior approval had not been obtained from the award sponsor for two Key Personnel with significant reductions in effort. MCC business operations staff was performing University asset oversight activities; however, additional enhancements should improve the safeguarding of University assets. Management action plans to address these findings are summarized briefly below:

A. Fiscal Oversight and Monitoring

MCC management has:

1. Developed written action plans to eliminate overdrafts as required by policy and will monitor compliance with the written action plans. Deficit reductions plans will be submitted to the School of Medicine as required;
2. Reinforced the Express Card policy with staff, and will ensure that Express Card review includes whether transactions were compliant with Express Card restrictions;

MCC management will:

3. Evaluate Control Tracker assignments to remove personnel no longer affiliated with MCC and ensure consistency in fund manager assignments. MCC will also ensure that Control Tracker performer and certifier activities are performed as required;
4. Perform monthly monitoring of all sampled transactions, including prior periods, to ensure that all sampled transaction sampling has been completed;
5. Update Integrated Financial Information System (IFIS) approval hierarchies and Business Unit Management Tool (BUMT) access rights to reflect current MCC roles and develop a process to ensure that profiles are updated as MCC responsibilities are modified;
6. Continue to monitor accounts receivable on a monthly basis and work to resolve items that have been outstanding 90-days or more in accordance with Blink guidance.

B. Award Compliance

MCC management will:

1. Transfer unallowable expenditures to an alternative funding source;
2. Re-educate reviewers and approvers of travel and entertainment transactions regarding the requirement for original detailed meal and entertainment receipts and remind that travel should not be approved by a direct report. The review of support should include consideration of whether the transaction is properly documented, allowable, and/or additional review is required;
3. Revise procedures to ensure fund manager approval of ledger reconciliation;
4. Ensure certification is performed for overdue ECERTS, and perform monitoring to ensure that ECERT certifications are performed in a timely manner; and
5. Require fund manager evaluation of requested reductions in PI or Key Personnel effort to ensure that prior agency approval is sought as needed for reductions in effort.

C. Safeguarding of University Assets

MCC management will:

1. Coordinate with HSIS to develop and document a formal risk assessment for information technology assets that prioritizes security risks;
2. Implement proper segregation of duties for equipment management and accounts receivable; and
3. Ensure that serial numbers are documented and equipment is verified during the biennial equipment inventory.

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

II. BACKGROUND

Audit & Management Advisory Services (AMAS) has completed a review of the Moore's Cancer Center (MCC) as part of the approved audit plan for Fiscal Year 2017-18. This report summarizes the results of our review.

Established in 1978, MCC is currently ranked among the top 50 oncology programs in the nation by *U.S. News & World Report*, and is San Diego's only National Cancer Institute-designated Comprehensive Cancer Center. This designation is reserved for centers with the highest achievements in cancer research, clinical care, education and community contributions.

The MCC utilizes a multidisciplinary team approach involving specialists in medical, surgical, and radiation oncology, pathology, diagnostic radiology, nuclear medicine, nursing, social work, and genetic counseling for individualized treatment. The MCC also unites cancer-related research laboratories, clinical trials, prevention and outreach programs, and patient care in one facility.

For FY 2016-2017, the MCC had total expenditures of approximately \$74 million. Of these, approximately \$27 million were in Federal funds, \$15 million were in self-supporting activities, \$13 million were in private gifts, contracts, and grants, and \$19 million in plant, general, and other funds. At the time of our review, fiscal oversight was provided by a Chief Administrative Officer and Finance & Performance Management unit for clinical operations, with an Administration / Department Business Officer overseeing Business Operations for academic and research operations. The Business Operations unit was primarily focused on research award and financial oversight for these awards was decentralized among 11 fund managers assigned to Principal Investigators (PIs).

MCC employed staff supporting the clinical and research operations as well as non-faculty academic appointees; however, faculty were appointed within their School of Medicine home department. Human resource activities were performed centrally by Health Sciences Human Resources (HSHR), and information system administration was primarily performed by UC San Diego Health Information Systems (IS).

III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES

The objective of our review was to evaluate whether internal controls were adequate to provide reasonable assurance that business processes were effective, resulted in accurate financial reporting, and were conducted in compliance with University policy and federal award terms and conditions.

In order to achieve our objective, we performed the following:

- Reviewed:
 - MCC business documentation and information including the MCC website, organizational structure, and financial reports;
 - Prior recent external agency reviews, and;
 - Applicable federal requirements and University policies and procedures, and guidance relating to core business operations;
- Interviewed the following key administrative personnel:

- Director, Business Operations,
- Director, Finance & Performance Management,
- Selected Fund Managers, and
- Director of Information Security for UCSDH IS;
- Evaluated MCC internal controls in the following areas:
 - Operating Ledger Review,
 - Deficit Balances and Overdraft Management,
 - Payroll and Timekeeping,
 - Non-Payroll Expenditures,
 - Effort Reporting,
 - Cash Handling,
 - Expense Transfers,
 - Express Card Management,
 - Equipment Management,
 - Recharge Activities, and
 - Service Agreements;
- Obtained and evaluated online transaction approval hierarchies;
- Evaluated:
 - MCC processes for review and monitoring deficit balances and overdraft resolution and presentations to the MCC Finance Oncology Project Management Office,
 - MCC recharge rate documents submitted to the Recharge Rate Review Committee,
 - Selected Vacation Leave Accrual Reports, Electronic Certification of Effort and Reporting Tool (ECERT) Reports, changes in effort,
 - MCC Accounts Receivable Aging as of October 16, 2017,
 - Delegations of authority for service agreements; and
- Tested a sample of travel, entertainment, non-payroll expenditure, and express card transactions on selected awards.

The MCC Clinical Trials Office (CTO) was excluded from this review as AMAS has recently completed a separate review in that area.

IV. CONCLUSION

Based on our review, we concluded that internal controls were generally adequate to provide reasonable assurance that business processes were effective, resulted in accurate financial reporting, and were conducted in compliance with University policy and federal award terms and conditions. We observed that the Director of Finance & Performance Management, Director of Business Operations, and the sample of Fund Managers that assisted in our review were experienced, had established Standard Operating Procedures (SOP)s and practices in place to monitor fiscal operations, and were familiar with operations under their purview.

We identified some opportunities for improvement in financial oversight, award compliance activities, and safeguarding of University assets as described below.

MCC fiscal oversight and monitoring was occurring; however, the MCC had experienced recent turnover in the business operations. MCC fiscal oversight and monitoring could be further refined as we noted that overdraft monitoring and resolution were not conducted in strict accordance with University policy. We also identified opportunities for improvement in Control Tracker activities, approval hierarchies and access rights, Express Card monitoring and reconciliation, and accounts receivable management.

Overall, award management was conducted in compliance with award terms and conditions; however, a small amount (\$273) of unallowable entertainment and travel expenditures had been charged to Federal awards and prior approval had not been obtained from the award sponsor for two Key Personnel with significant reductions in effort. Eliminating the automatic acceptance of travel and Express Card transactions and consideration of effort reductions upon implementing payroll adjustments for Key Personnel should improve compliance with these award terms and conditions.

MCC business operations staff was performing University asset oversight activities. However, additional enhancements should improve the safeguarding of information technology assets, accounts receivables, equipment, and other University assets to ensure protection of these University assets.

A summary of results by business office functional process is provided as **Attachment A**. Those areas which were rated "Improvement Needed" are described in the remainder of this report.

V. OBSERVATIONS REQUIRING MANAGEMENT ACTION

A.	Fiscal Oversight and Monitoring
Overdraft monitoring and resolution were not conducted in strict accordance with University policy. In addition, we identified opportunities for improvement in Control Tracker activities, approval hierarchies and access rights, Express Card monitoring and reconciliation, and accounts receivable management.	
Risk Statement/Effect	
Adequate oversight and monitoring of transactions is necessary to ensure that transaction errors are quickly identified and resolved and to ensure that resolution of fund overdrafts are performed in a timely manner.	
Management Action Plans	
MCC management has:	
A.1	Developed written action plans to eliminate overdrafts as required by policy and will monitor compliance with the written action plans. Deficit reductions plans will be submitted to the School of Medicine as required.
A.2	Reinforced the Express Card policy with staff, and will ensure that Express Card review includes whether transactions were compliant with Express Card restrictions.
MCC management will:	
A.3	Evaluate Control Tracker assignments to remove personnel no longer affiliated with MCC and ensure consistency in fund manager assignments. MCC will also ensure that Control Tracker performer and certifier activities are performed as required.
A.4	Perform monthly monitoring of all sampled transactions, including prior periods, to ensure that all sampled transaction sampling has been completed.
A.5	Update IFIS approval hierarchies and BUMT access rights to reflect current MCC roles and

	develop a process to ensure that profiles are updated as MCC responsibilities are modified.
A.6	Continue to monitor accounts receivable on a monthly basis and work to resolve items that have been outstanding 90-days or more in accordance with Blink guidance.

A. Fiscal Oversight and Monitoring – Detailed Discussion

Overdraft Monitoring and Resolution

University policy (Policy and Procedure Manual (PPM) 300-2, Funds Management (Overdraft) Policy) defines overdrafts as a deficit in a fund when an organization spends more than is authorized or available. The Policy outlines roles and responsibilities related to overdrafts for both sponsored projects and non-sponsored projects. In summary:

- For sponsored projects, a written action plan must be developed to eliminate the Overdraft when the Fund’s cumulative expenses exceed the authorized funding from the sponsor for longer than 30 days. It is the responsibility of the Department Chair and Department Business Officer to ensure that an overdraft resolution plan is in place.
- For Funds other than sponsored projects a written action plans must be developed to eliminate Overdrafts larger than \$25,000 or five percent of the Fund’s fiscal year budget, whichever is more. Action plans are submitted to the Department Chair/Designee and Vice Chancellor/Dean for review and approval. These overdrafts should be eliminated within six months of approval of the written plan. Any longer period for resolution of an Overdraft must be approved by the appropriate Vice Chancellor or Dean.

We evaluated a judgmental sample of deficits from the June and July 2017 Deficit Balance Reports and the status of those deficits as of the September 2017 Deficit Balance Report and/or October 31, 2017 operating ledger. Of the 11 funds selected for testing overdraft balance testing, we determined that the financial condition had improved for eight (73%) of the funds by October 2017, and three (27%) of the funds were no longer in a deficit as of October 31, 2017. However we noted:

- Three (27%) of the funds were sponsored project funds requiring a written, approved resolution plan; and
- One (9%) of the funds were core funds requiring a written, approved resolution plan.

MCC management communicated plans to resolve these deficits, however written approved resolution plans for the four funds above had not been developed in strict accordance with policy.

Control Tracker and Ledger Reconciliation

UCSD utilizes Control Tracker to document the performance and certification of control activities in compliance with the Statement of Auditing Standards No. 115 (SAS 115). SAS 115 “Communicating Internal Control Related Matters Identified in an Audit” is an accounting standard that establishes guidelines for determining the seriousness of internal control issues.

We evaluated the MCC Control Tracker reports as of July 20, 2017 and determined that three persons listed as certifiers were no longer affiliated with MCC. MCC indicated they had attempted to remove

these persons but were unable to, and requested assistance from the Director of Internal Controls & Compliance, who oversees the Control Tracker tool. In addition, not all control activities were assigned to all fund managers who may be performing those activities. For example, fiscal operations review, overdraft funds review, and payroll expense verification should be performed by all fund managers. However, these had not been assigned to all current MCC fund managers.

For the Control Tracker assigned activities on July 20, 2017, monthly and quarterly performer and certifier activities were generally performed timely. However, annual performer and certifier activities had not been performed in 2015 or 2016.

MCC SOP indicates that ledger reconciliation is performed using transaction sampling via the Ledger Reviewer View Sampling Tool (this tool has since been renamed the Ledger Reviewer). As of November 1, 2017, 2,548 of Fiscal Year End (FYE) June 30, 2017 sampled transactions were outstanding from throughout the fiscal year.

We also evaluated the MCC IFIS approval hierarchies and BUMT access rights. We determined that some users associated with the MCC were no longer affiliated with MCC. Updating the MCC IFIS and BUMT privileges may assist in ensuring that transactions associated with the roles are appropriately approved.

Express Card

We judgmentally selected five Express Card transactions for evaluation, and reviewed these items and any related transactions for compliance with policy. We noted that two transactions had been split to circumvent the Express Card limit of \$4,999. Express Cards also contain a restriction on gift cards; however, one of the transactions we selected was for the purchase of gift cards which should be purchased through My Payments. MCC SOPs discouraged secondary review of Express Card transactions as part of fund management duties, on the basis that these transactions would already be reviewed by the Express Card Manager. Therefore, the initial Express Card Manager review of Express Card transactions was the only review to ensure the accuracy of Express Card transactions and to ensure that they were performed in accordance with Express Card restrictions.

Accounts Receivable Management

We reviewed the MCC Accounts Receivable Aging report as of October 16, 2017 and noted that approximately \$256,500 (23%) of accounts receivable had been outstanding greater than 90 days and \$95,000 (9%) had been outstanding greater than one year. MCC management stated that they have been working with the Office of Post Award Financial Services to resolve a \$37,840 balance that has been outstanding greater than one year. Blink guidance on the accounts receivable provides a write-off process for items that have been outstanding 90-days or more and establishes that write-offs generally occur when an item has been outstanding 180-days or more. MCC management should continue to monitor accounts receivable on a monthly basis and work to resolve items that have been outstanding 90-days or more in accordance with Blink guidance.

B.	Award Compliance
We noted a small amount of unallowable entertainment expenditures charged to federal awards. Also, two PIs or key personnel had significant reductions in effort without prior approval of the award sponsor.	
Risk Statement/Effect	
Non-compliance with award terms and conditions can increase the risk of additional administrative oversight and requirements by the sponsor and disallowances.	
Management Action Plans	
MCC management will:	
B.1	Transfer unallowable expenditures to an alternative funding source.
B.2	Re-educate reviewers and approvers of travel and entertainment transactions regarding the requirement for original detailed meal and entertainment receipts and remind that travel should not be approved by a direct report. The review of support should include consideration of whether the transaction is properly documented, allowable, and/or additional review is required.
B.3	Revise procedures to ensure fund manager approval of ledger reconciliation.
B.4	Ensure certification is performed for overdue ECERTS, and perform monitoring to ensure that ECERT certifications are performed in a timely manner.
B.5	Require fund manager evaluation of requested reductions in PI or Key Personnel effort to ensure that prior agency approval is sought as needed for reductions in effort.

B. Award Compliance – Detailed Discussion

MCC retained a large research portfolio of 224 Federal contract and grant funds with \$26.8 million associated expenditures for the FYE June 30, 2017. In most cases, transactions we reviewed were compliant with award terms. However, we noted a limited number of instances of noncompliance with award terms and conditions.

Travel and Entertainment

According to the *National Institutes of Health (NIH) Grants Policy Statement*, alcoholic beverages are not allowable as an entertainment expense. During our testing of five entertainment expenditures on two awards, we determined that \$185 in alcoholic beverages associated with two entertainment expenditures were charged to one award.

We also tested five travel transactions on three awards. We determined that \$88 (> 1% of travel transaction costs) appeared to be an entertainment expense. The support indicated that this was a business meeting; however, a detailed receipt was not provided to effectively evaluate the costs associated with the meeting. In addition, a direct report had approved this expenditure, which is precluded by University policy (*G28, Travel Regulations*).

We also identified that one travel transaction was automatically approved and, as a result, review and approval by the fund manager did not occur. Detailed receipts were not included in the system support to ensure that the travel did not include unallowable expenditures. MCC requires original receipts for meal and entertainment expenditures. Fund managers should ensure that detailed receipts are provided to enable review of these transactions to ensure that unallowable costs are not charged to a federal award. In addition, detailed receipts are beneficial to assist in evaluating whether costs qualify as special entertainment based on the per person costs and should be considered in the fund manager review. MCC Business Office SOPs establish that ledger reconciliation is the responsibility of fund managers. It states that some expenses such as Express Cards, pay authorizations, and travel can be checked as reviewed since the Express Card Administrator reconciles all Express Card transactions and fund managers reconcile pay authorizations and travel costs before approving them. Therefore, this transaction was inaccurately documented as having been reviewed under ledger reconciliation.

Effort Reporting & Effort Reductions

Federal awards¹ 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. As of September 20, 2017, MCC had 51 overdue ECERT reports. The majority of the reports were for the July to December 2016 period; however, some extended into 2015. MCC should ensure that ECERTs are accurately certified in a timely manner to meet federal award requirements.

Federal awards² also require prior agency approval if the PI or Other Senior/Key Personnel reduce time devoted to the project by 25% or more from the level that was approved at the time of initial competing year award. We evaluated 16 Key Personnel on three awards and determined that two Key Personnel (13%) had a reduction of effort greater than 25% without approval on one award. Changes in effort should be evaluated as they are performed for PIs and Key Personnel to ensure that prior approval is obtained as needed for reductions in effort meeting this criteria.

C.	Safeguarding of University Assets
MCC implementation of University policies and procedures could be improved to better ensure the safeguarding of information technology assets, accounts receivables, equipment, and other University assets.	
Risk Statement/Effect	
Without implementing effective procedures for information technology assets, accounts receivables, equipment, and other University assets, these assets may not be properly safeguarded.	
Management Action Plans	
MCC management will:	
C.1	Coordinate with HSIS to develop and document a formal risk assessment for information

¹ Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule, dated December 26, 2016*

² National Institutes of Health *Grants Policy Statement*

	technology assets that prioritizes security risks.
C.2	Implement proper segregation of duties for equipment management and accounts receivable.
C.3	Ensure that serial numbers are documented and equipment is verified during the biennial equipment inventory.

C. Safeguarding of University Assets – Detailed Discussion

The following areas were identified as opportunities for improvement toward the safeguarding of University assets:

- Information Technology Risk Assessment - University policy (*UC Business and Finance Bulletin IS-3 (IS-3)*, section III.B) states that departments or units that handle or manage information assets or electronic resources should conduct formal risk assessments to determine what information resources exist that require protection, and to understand and document potential risks from IT security failures that may cause loss of information confidentiality, integrity, or availability. MCC Information Systems are managed by the HSIS Core and a risk assessment had not been performed in accordance with IS-3. We also determined that although most systems are the HSIS Core, some researchers may also employ and manage systems that should be identified as part of the MCC risk assessment.
- Segregation of Accounts Receivable Activities – MCC accounts receivable activities are primarily performed by each fund manager from billing to ledger reconciliation. Proper segregation of duties³ should be employed to ensure that no single individual is responsible for the entire process and to safeguard account receivable assets.
- Equipment – UCSD utilizes a Campus Asset Management System (CAMS) for equipment management. There are two departmental roles available within CAMS that can be used to segregate equipment management within the department to safeguard equipment assets from misappropriation. Those roles are a Department Equipment Custodian and Department Equipment Administrator. We noted that not all MCC custody codes assigned both roles, and one MCC user was primarily responsible for all equipment related activities eliminating secondary review of equipment activities associated with the other role. Both roles should be assigned and utilized to ensure effective equipment management and protection of these assets. Further, our review of the MCC equipment inventory listings, determined that many items had not been previously validated or validated since 2015. In addition, many items were missing serial numbers to ensure proper identification. University policy (BUS 29) requires biennial inventory of equipment. Therefore, during the inventory for 2017, the equipment manager should seek to ensure that serial numbers are documented and equipment is verified.

³ Segregation of Duties is the practice of ensuring that more than one person is required to complete an activity from beginning to end to prevent fraud and error.

Business Office Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion ¹	Comments
	Analytical Review of Financial Data	Internal Control Questionnaire/ Separation of Duties Matrix	Process Walk-through (Limited Document Review)	Transaction Testing (Sample Basis)			
Operating Ledger Review & Financial Reporting	√	√	√	Examined selected operating ledgers and financial reports, and reviewed deficit balance reports.	No	Improvement Needed	In general, overdraft deficit plans and monthly monitoring were in place. However, we noted some instances where written deficit reduction plans were not developed in strict accordance with policy. Also, 32% of AR had been over 90 days outstanding. Audit Report Finding A
Transaction Processing – Non Payroll Expenditures	√	√	√	Analyzed judgmentally selected transactions for reasonableness, and traced them to supporting documentation.	Yes	Satisfactory	Separation of duties appeared adequate. Non-payroll expenditures appeared reasonable and supported by documentation.
Non Payroll Expense Transactions/ Transaction Sampling	√	√	√	Analyzed Ledger Reviewer activity for 7/1/16 to 6/30/17 as of 8/2/17.	No	Improvement Needed	As of November 1, 2017, 2,548 of FYE June 30, 2017 sampled transactions were outstanding. Audit Report Finding A
Non-Payroll Expenditure Transfers	√	√	√	Discussed the process with the DBO. Evaluated judgmentally selected non-payroll transfers and reviewed the business justifications.	Yes	Satisfactory	Controls over non-payroll expense transfers appeared reasonable and supported by documentation.

¹ Scale: Satisfactory - Improvement Suggested - Improvement Needed - Unsatisfactory

Business Office Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion ¹	Comments
	Analytical Review of Financial Data	Internal Control Questionnaire/ Separation of Duties Matrix	Process Walk-through (Limited Document Review)	Transaction Testing (Sample Basis)			
Internal Control Certification SAS 112/115	√	√	√	Evaluated the status of Control Tracker as of 7/20/17 and personnel assignments.	No	Improvement Needed	Although Control Tracker is being utilized, improvements should be made to include the performance of these activities for all individuals with these responsibilities and to ensure that they are current. IFIS Approval hierarchies and BUMT roles also needed update. Audit Report Finding A
Cash Handling		√		Walked through cash handling process for Business Office and a Fund Manager.	Yes	Satisfactory	Separation of duties appeared adequate.
Service Agreements	√	√	√	Evaluated the delegation of authority for a judgmental sample of service agreements. Evaluated Fund Balances at 6/30/17. Reviewed Fund Manager reconciliations associated with two indexes and one fund.	Yes	Satisfactory	Agreements were executed in accordance with delegations of authority and billing was being performed and monitored through monthly reconciliations.

Business Office Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion ¹	Comments
	Analytical Review of Financial Data	Internal Control Questionnaire/ Separation of Duties Matrix	Process Walk-through (Limited Document Review)	Transaction Testing (Sample Basis)			
Express Cards	√	√	√	Reviewed judgmentally selected transactions for reasonableness and compliance with policy. Traced to supporting documentation. Reviewed user and reviewer lists for conflicts.	No	Improvement Needed	Documentation was not always provided to adequately evaluate Express Card transactions and reliance was placed on the Express Card Manager without additional ledger reconciliation. AMAS noted some Express Card transactions exceeded monthly limits and Express Card restrictions, otherwise, transactions appeared reasonable and in compliance with UC policies. Audit Report Finding A
Entertainment	√	√	√	Reviewed judgmentally selected transactions for reasonableness and compliance with policy.	No	Improvement Needed	Supporting documentation was not always attached for proper oversight. Itemized receipts should be provided for all meal purchases. Additional review needed to ensure that only allowable expenditures are included in reimbursements on a Federal award. Segregation of duties appeared adequate. Audit Report Finding B

Business Office Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion ¹	Comments
	Analytical Review of Financial Data	Internal Control Questionnaire/ Separation of Duties Matrix	Process Walk-through (Limited Document Review)	Transaction Testing (Sample Basis)			
Travel Expenditures	√	√	√	Reviewed a judgmental sample of travel events and traced to vouchers (TEV's) & supporting documents for authorization and compliance with policy.	No	Improvement Needed	One meeting expense was not sufficiently supported to ensure that expenditure was related to the award and allowable. Audit Report Finding B
Contract & Grant Activity (Post Award Admin.)		√	√	Evaluated award compliance as part of our judgmental sample of transactions.	No	Improvement Needed	See comments for Travel and Entertainment. In addition, we determined that additional monitoring is needed to ensure compliance with reduction in effort approvals and ECERT compliance. Audit Report Finding B
Equipment Management	√	√	√	Discussed equipment acquisition, transfer and disposal processes with the Custodian and Campus Asset Manager. Reviewed Equipment Management Reports for the 2018 inventory.	No	Improvement Suggested	Although an equipment inventory had been periodically conducted by MCC, additional follow through was needed to ensure that all equipment was validated and inventory records were accurate. Audit Report Finding C
Information Systems			√	Department utilizes Information Services Core. Interviewed HSIS representatives.	No	Improvement Suggested	A risk assessment had not been performed in accordance with policy. Audit Report Finding C

Business Office Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion ¹	Comments
	Analytical Review of Financial Data	Internal Control Questionnaire/ Separation of Duties Matrix	Process Walk-through (Limited Document Review)	Transaction Testing (Sample Basis)			
Timekeeping/ Payroll and Human Resources		√		Interviewed Department and service core management in addition to reviewing the internal control questionnaires.	Yes	Satisfactory	MCC Fund Managers review monthly DOPE reports and approves payroll requests and timekeeping reports. MCC relies on the Health Services Core for Academic Affairs, Payroll, timekeeping, effort reporting and human resources for staff and faculty.
Employee Performance Evaluations		√	√	Department utilizes that Human Resources Service Core.	Yes	N/A.	Because the performance of Human Resources activities resided with the Human Resources Services Core, this was excluded from our review.
Academic Personnel Manual (APM) 025 Compliance		√		All faculty appointments are hired by outside departments.	Yes	N/A	Because all faculty are hired in other departments, this was excluded from our review.