June 2, 2014

DON W. CLEVELAND
Chair, Department of Cellular and Molecular Medicine
0651

Subject: Department of Cellular and Molecular Medicine
        Audit & Management Advisory Services Project 2014-17

The final audit report for Department of Cellular and Molecular Medicine, Report 2014-17, is attached. We would like to thank all members of the department for their cooperation and assistance during the audit.

Because we were able to reach agreement regarding corrective actions to be taken 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. While management corrective actions have been included in the audit report, we may determine that additional audit procedures to validate the actions agreed to or implemented are warranted. We will contact you to schedule a review of the corrective actions, and will advise you when the findings are closed.

UC wide policy requires that all draft audit reports, both printed and electronic, be destroyed after the final report is issued. Because draft reports can contain sensitive information, please either return these documents to AMAS personnel or destroy them at this time. We also request that draft reports not be photocopied or otherwise redistributed.

David Meier
Director
Audit & Management Advisory Services

Attachment

cc: D. Brenner
    J. Bruner
    R. Espiritu
    R. Hlifka
    B. Smith
    S. Vacca
Department of Cellular and Molecular Medicine
June 2014

Performed By:
Aparna Handa, Auditor
Terri Buchanan, Manager

Approved By:
David Meier, Assistant Vice Chancellor

Project Number: 2014-17
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I. Background

Audit & Management Advisory Services (AMAS) has completed a review of the Department of Cellular and Molecular Medicine (CMM) as part of the approved audit plan for Fiscal Year 2013-14. This report summarizes the results of our review.

CMM supports and promotes research and education in molecular and cellular biology, stem cell biology and genetics and genomics in the UC San Diego School of Medicine (SOM). The department has 33 faculty members, 17 of which are primary, nine are secondary, two are in-residence, one is adjunct primary, and four are adjunct faculty from other departments. Six faculty members are employed by the Ludwig Institute of Cancer Research (LICR), and one is employed by the Howard Hughes Medical Institute (HHMI) in addition to holding a CMM faculty appointment.

Research grants and contacts are the primary source of CMM funding. The SOM Corporate Statement of Revenue and Expenses for Fiscal Year 2012-13 reported total CMM revenue of $22.2M. Of that amount, $18.5M (83%) was received from research contracts and grants, which included National Institutes of Health (NIH) awards of $12.3M (55%), and gifts or endowments of $6.3M (28%). Research projects are being conducted in the disciplines of Molecular and Cell Biology, Stem Cell Biology, Genetics and Genomics, Cancer Cell Biology, and Glycobiology.

CMM faculty and staff operate two recharge service centers. The Glycotechnology Core Resource (GRTC) provides researchers from a wide variety of disciplines with access to the specialized technical expertise necessary for glycan analysis. The Electron Microscopy Core Service (EMM) offers embedding, immune labeling, and digital imaging services to both internal and external customers.

The CMM Business Office (Business Office) staff support critical department business processes including contract and grant administration, financial analysis and reporting, and information systems (IS) support. Employee timekeeping and human resources (HR) transaction activity is being managed by Health Sciences Human Resources Shared Services (HR Shared Services), and the Research Clinical and Academic Personnel (RCAP) Service Core. CMM has retained responsibility for managing faculty and other academic appointments and performance management.

II. Audit Objective, Scope, and Procedures

The objective of our review was to determine whether CMM business process controls provided reasonable assurance that financial results were accurately reported, operations were effectively managed, and activities complied with relevant policies, procedures and regulations. The project scope included a review of current business practices, and the
analysis of selected business transactions during the period July 1, 2013 through February 28, 2014.

We completed the following audit procedures to achieve the project objective:

- Reviewed applicable University policies and procedures;
- Evaluated the CMM organizational structure;
- Conducted interviews with the CMM Department Business Officer (DBO), Fund Managers, HR Shared Service Analyst, and Recharge Unit Managers to discuss key business processes;
- Contacted UC San Diego Travel, General Accounting Office (GAO) and, Marketplace staff regarding processes and supporting documentation;
- Reviewed cash and accounts receivable management procedures for both recharge units; and
- Completed detailed testing of a sample of 117 business transactions to confirm that transactions were processed in compliance with University policy.

HR and timekeeping controls managed by the Health Sciences Service Cores were excluded from the scope of this review.

III. Conclusion

Based on the audit procedures performed, we concluded that CMM business process controls were generally adequate, and provided reasonable assurance that financial results were accurately reported, operations were effective, and activities complied with relevant policies, procedures and regulations. A summary of our audit observations by business process is provided in Attachment A.

We noted that the Business Office staff maintained a shared electronic repository of award documentation and reports to facilitate extramural funds management. Fund Managers regularly reviewed research project financial activity and communicated the status to the faculty, which provided ongoing fiscal oversight.

During the review process, we identified opportunities to strengthen controls in selected business processes, which are discussed in the remainder of the report.
IV. Observations and Management Corrective Actions

A. Inappropriate Charges and Credits to Restricted Funds

We identified five expenses charged to restricted fund sources that did not strictly comply with OMB A-21 criteria.

Office of Management and Budget (OMB) Circular A-21 establishes the principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. OMB A-21 requires costs charged to the award to be allocable, reasonable, consistent and allowable. The Circular indicates that office supplies, postage, local telephone charges that are not identified with one specific project should be supported through facilities and administrative indirect cost recovery. The Business Office actively monitored awards to identify unallowable grant expenditures and stated that they have established a procedure for transferring unallowable office supply costs off of federal grants.

To verify that research expenses were allocable to awards, AMAS selected a judgmental sample of 117 transactions for focused review comprised of 55 non-payroll expenses, 20 express card transactions, and 42 expenses from 12 research grants. As shown in the table below, five of the 117 expense transactions totaling $2,920 were considered inappropriate to be charged to restricted funds.

<table>
<thead>
<tr>
<th>Fund/Index Number</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>93849A/CMM52MR</td>
<td>$1,505</td>
<td>Laptop purchase</td>
</tr>
<tr>
<td>89907A/CMM1955</td>
<td>$717</td>
<td>iPhone purchase</td>
</tr>
<tr>
<td>42214A/CMM2214</td>
<td>$624</td>
<td>Health insurance</td>
</tr>
<tr>
<td>93535A/CMMJOP1</td>
<td>$61</td>
<td>Cleaning supplies</td>
</tr>
<tr>
<td>18932A/CMM4654</td>
<td>$13</td>
<td>Mail costs</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,920</strong></td>
<td></td>
</tr>
</tbody>
</table>

The Business Office also directly allocated expenses for selected office supplies (including printer and associated cartridges), computer accessories and cleaning supplies to awards. Those costs may be subject to additional questioning and potential disallowance by federal auditors if it is determined that the OMB A-21 direct cost principles were not satisfied.

The Office of Post Award Financial Services (OPAFS) provides general guidelines on the UC San Diego BLINK website to help ensure that grant administrators allocate costs in accordance with OMB A-21.
Management Corrective Actions:

The Business Office will:

1. Transfer the five unallowable expenses identified during the audit to alternative fund sources.

2. Continue to review federal funds each month to ensure that direct expenditures comply with OMB Circular A-21 criteria.

B. Deficit Balance Monitoring

Monitoring of fund or index deficit balances could be improved.

The campus Overdraft Policy Procedure Manual (PPM) requires that departments monitor financial balances and initiate timely corrective action to address financial deficits. The policy also requires that a written deficit reduction plan be prepared and approved by the cognizant Vice Chancellor or Dean for overdrafts that exceed $10,000 and are more than 60 days old.

The policy assigns responsibility for financial management practices to department administrators, and this should include periodic monitoring and resolution of overdraft balances. The DBO did not regularly review CMM account balances to identify funds in overdraft. AMAS generated and evaluated the Overdraft Summary Report for February 27, 2014 and identified three funds or programs with deficit balances, which are included in the table below.

<table>
<thead>
<tr>
<th>Fund #</th>
<th>Fund Title</th>
<th>Fund Balance</th>
<th>Months in Overdraft</th>
</tr>
</thead>
<tbody>
<tr>
<td>18793A</td>
<td>CIRM DR1-01471 Goldstein</td>
<td>($519,604)</td>
<td>10</td>
</tr>
<tr>
<td>87757A</td>
<td>PLNU(NSF) (IOS-1052561) Traver</td>
<td>($21,615)</td>
<td>26</td>
</tr>
<tr>
<td>93129A</td>
<td>PHS 2R01DK074482 Traver</td>
<td>($261,554)</td>
<td>4</td>
</tr>
</tbody>
</table>

After discussing the status of these funds with CMM Fund Managers, we concluded that Fund 87757A was a valid deficit, and excess expenses would be covered by the budget allocation for the next fiscal period. The two remaining awards had been renewed by the sponsor, and assigned a new fund number. There had been a delay with processing expense transfers to the new funds.
The campus has developed an electronic overdraft balance reporting system to help administrators meet their financial monitoring responsibilities. The system provides overdraft monitoring and reporting capabilities for various levels of accounting and organizational hierarchies. Although the use of the system is discretionary, it is considered to be an effective management tool for monitoring overdrafts.

Management Corrective Actions:

1. CMM management has eliminated the deficit balance in Fund 18793A.

2. CMM management will also:
   a. Process the expense transfers needed to eliminate the deficit in Fund 93129A.
   b. Develop a written corrective action plan(s) for the any remaining existing deficit(s) that meet the PPM criteria for Vice Chancellor approval.
   c. Implement a period fund balance monitoring process using the electronic overdraft balance reporting system.

C. Expense Approval Hierarchies and Marketplace User Template

Marketplace templates and selected expense approval hierarchies needed to be updated or deleted for certain employees and/or transactions.

The Marketplace Business Unit Management Tool (BUMT) is used to establish user access and delegate authority for purchasing and approving products and services in Marketplace. AMAS obtained the CMM BUMT and reviewed it with the CMM Marketplace Administrator. During that review we identified four former CMM employees that were still listed on CMM BUMT.

AMAS also obtained and reviewed the CMM expense approval hierarchies to determine whether approval authority had been assigned in accordance with University policy. Expense approvals were analyzed as part of detailed testing of selected expenditures. The following observations were made based on our review:

- The DBO template had a subordinate employee assigned to approve purchases made by the DBO;
• Templates for certain employees or transactions were no longer used and/or applicable; and

• Inappropriate entertainment (ENT/ENC) approval hierarchies were established in five templates. In each case a Fund Manager without delegated authority was designated as the primary or alternate approver.

The establishment of appropriate approval hierarchies and BUMT templates helps to ensure that adequate segregation of responsibilities is maintained within the procurement process, increasing the assurance that purchase transactions will comply with University policy. Approval hierarchies should also include a qualified staff member to approve expenses in the absence of the primary approver to ensure that transactions are processed timely.

Management Corrective Actions:

1. The CMM Marketplace Administrator has removed the four inactive individuals identified during the audit from CMM marketplace tool.

2. CMM management will update the approval hierarchy templates to remove outdated templates, and ensure that subordinate or unauthorized personnel are unable to approve expenses.

D. Transaction Sampling

Transactions selected by the campus Transaction Sampling system were not reviewed and reconciled on a timely basis.

The campus Transaction Sampling process selects a sample of department financial transactions to be evaluated during the ledger reconciliation and account validation process. After the review is completed, any transaction processing errors are identified by error type, and corrected. Because only a percentage of total transactions are selected for focused review, department resources are used more effectively.

Approximately 230 CMM transactions are selected by the system monthly. Our review of the January 30, 2014 CMM Transaction Management Reports for the period January 1, 2013 through December 31, 2013 showed that 2,330 (83%) of the transactions selected during that period had not been marked as reviewed in the system.

The CMM DBO advised that a Fund Manager was hired in October 2013, after the position was vacant for nearly eight months. While the position was vacant,
other Fund Managers assumed responsibility for reviewing sampled transactions in addition to their other duties, which caused a delay in the review process.

Evaluation of the transactions selected for review provides reasonable assurance that errors are timely identified and corrected. If transactions are not timely reviewed, there could be increased risk of non-compliance with federal cost accounting standards.

**Management Corrective Action:**

CMM management will review and reconcile the outstanding transactions, and ensure that transactions are evaluated timely in the future.

E. **Cash Handling Activities**

**Background checks had not been performed for Business Office staff that processed cash payments. In addition, cash handling responsibilities for EM Core recharge activity were not adequately segregated.**

Business Office staff processed cash payments for service agreements, faculty reimbursements and/or award payments, symposium registration fees and recharge services. Background checks had not been completed for all staff members who handle cash payments as required by UC Business and Financial Bulletin (BUS) 49, *Policy for Cash and Cash Equivalents Received*: Section IV.1, which states in part: “the campus must perform background checks prior to employing cashiers, cash handlers and individuals in other critical positions.” The University now requires that a background check be obtained for new staff with cash handling responsibilities included in their job description.

We also noted that the EM Core provided services to external customers who were invoiced regularly by a CMM Fund Manager. The same Fund Manager collected and deposited receipts, and maintained the accounts receivable ledger. Segregation of duties is a key internal control for ensuring that individual employees do no complete transactions in their entirety. When duties are not segregated, there is increased risk of concealed errors or irregularities, stolen or lost payments, and inaccurate application of cash receipts to department accounts.

**Management Corrective Actions:**

CMM management will:

1. Work with HR Shared Services to complete background checks for staff with cash handling responsibilities.
2. Separate EM Core cash handling and recordkeeping procedures so that one person does not control the entire process.

F. Effort Reporting

The research effort for one Co-Principal Investigator (Co-PI) had not been transferred to the correct award, and his effort was projected to be less than budgeted for Year Two of that project.

When reviewing effort reporting activity, we evaluated one California Institute of Regenerative Medicine (CIRM) award (Fund 18793A) that was transitioned to a new award (Fund 18967A) effective October 1, 2012. The Business Office did not receive the index and fund details (IFOPAL) for the new award until October 2013 due to agency delays. However, retroactive salary expense transfers had not been processed. As a result, the Co-PI’s effort for Year One and the first quarter of Year Two remained incorrectly allocated to the original award.

We also prepared an effort projection for the Co-PI Year Two (October 1, 2013 through September 30, 2014) of the CIRM award, and found that total effort averaged 31% as of March 31, 2014. If effort is not increased for the remainder of the year, it would result in a 25% reduction in budgeted effort (49%), which would require prior agency approval.

Management Corrective Actions:

The CMM Fund Manager will coordinate with the Co-PI’s home department (Anesthesiology) staff to ensure:

1. Transfers are processed for the Co-PI salary costs to 18967A.

2. Effort for the Co-PI is either increased for the remainder of second grant year or agency notified of the reduced scope as appropriate.

G. Express Card Monitoring

Personnel assigned as the reviewers for two Express Cards did not meet University policy requirements.

UC policy Business and Finance Bulletin BUS-43 states that that “Reviewers may not be in a subordinate relationship to the cardholder.”
We noted that the DBO had an Express Card that had a Fund Manager reporting to the DBO assigned as the transaction reviewer, which does not comply with policy. This practice also increases the risk that the employee responsible for reviewing express card purchases would not question transactions, if the need arose.

A CMM PI used an Express Card to purchase items for a grant (CMMPEG2, 31740A) with only Pediatrics personnel assigned as transaction reviewers. A CMM Fund Manager responsible for monitoring grant transactions should also be added as a reviewer to help ensure that Express Card transactions are allowable on the grant.

**Management Corrective Actions:**

1. The DBO will cancel her Express Card to comply with University policy.

2. CMM management will add a CMM Fund Manager as a transaction reviewer on the Express Card used to make purchases on Index CMMPEG2.
### AMAS Audit Review Procedure

<table>
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<tr>
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<th>Transaction Testing (Sample Basis)</th>
<th>Risk &amp; Controls Balance Reasonable (Yes, Partially or No)</th>
<th>SAS 112 Key Control</th>
<th>Audit Conclusion¹</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment Management</td>
<td>√</td>
<td>√</td>
<td>Reviewed the inventory process with the Equipment Custodian.</td>
<td>Yes</td>
<td>Yes Physical Inventory</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>An equipment inventory was completed in July 2013.</td>
</tr>
<tr>
<td>Information Systems Environment</td>
<td></td>
<td>√</td>
<td>Reviewed the control questionnaire completed by the Department Information Technology (IT) Support Analyst.</td>
<td>Yes</td>
<td>Yes Individual Security Access</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>IT controls appeared satisfactory.</td>
</tr>
<tr>
<td>Payroll Expenditure Transfers (PETs)</td>
<td></td>
<td>√</td>
<td>Verified 10 transferred payroll charges in the operating ledgers and reviewed the</td>
<td>Yes</td>
<td>Yes Ledger Transaction Verification</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>PET processing controls were working as designed. We noted that two PETs were delayed due to</td>
</tr>
</tbody>
</table>

¹ Audit conclusions used in this report included the following four levels from highest to lowest; Satisfactory, Satisfactory/Improvement Suggested, Satisfactory/Improvement Needed and Improvement Needed.
<table>
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<td>Transaction Testing (Sample Basis)</td>
<td>Yes, Partially or No</td>
<td>Satisfactory</td>
<td>Controls over non-payroll expense transfers appeared satisfactory. We noted that two transfers were delayed due to workload issues associated with a vacant position, which was filled in October 2013.</td>
</tr>
<tr>
<td>Non-Payroll Expenditure Transfers</td>
<td>Evaluated six non-payroll transfers in the operating ledgers, and reviewed the business justifications for reasonableness.</td>
<td>Yes Ledger Transaction Verification</td>
<td>Satisfactory</td>
<td>Recharge activity was documented and journals/invoices were sent to recharge customers regularly. Both the Glycotechnology Core Resource (GRTC) and Electron Microscopy Core (EM) were in deficit.</td>
<td></td>
</tr>
<tr>
<td>Recharge Activity</td>
<td>Discussed recharge procedures with the DBO, and Fund Manager.</td>
<td>Yes Ledger Transaction Verification</td>
<td>Satisfactory</td>
<td>The School of Medicine</td>
<td></td>
</tr>
</tbody>
</table>
## Department of Cellular and Molecular Medicine
### Audit Results by Business Office Functional Process
#### Audit & Management Advisory Services Project #2014-17
#### Attachment A

<table>
<thead>
<tr>
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<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timekeeping and Payroll</td>
<td>√</td>
<td>Yes</td>
<td>Yes Payroll Expense Verification</td>
<td>Satisfactory</td>
<td>Dean’s Office was aware of both deficits and had received deficit management plans as part of the annual budget process. We noted that the Distribution of Payroll Expense (DOPE) report reviews were being performed monthly but were not signed and dated by the person performing the review as required by IA 101: Internal Control Standards: Department Payrolls. The DBO will establish a process to initial and date DOPE reports electronically.</td>
</tr>
</tbody>
</table>

¹ Audit Conclusion may vary based on the specific findings and recommendations made by the Audit & Management Advisory Services.
<table>
<thead>
<tr>
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<th>Audit Conclusion</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>√</td>
<td>√</td>
<td></td>
<td>Analyzed seven transactions selected judgmentally for reasonableness, and traced them to supporting documentation.</td>
<td>Yes</td>
<td>Yes Ledger Transaction Verification</td>
<td>Satisfactory</td>
<td>Travel expenses appeared appropriate. Supporting documentation for hotel fees for one travel event was not available for review. The travel event was cancelled.</td>
</tr>
<tr>
<td>Contract &amp; Grant Activity (Post Award Admin.)</td>
<td>√</td>
<td>√</td>
<td></td>
<td>Reviewed 12 awards with total project costs over the entire award period of $77M. Evaluated transactions selected judgmentally, and key personnel effort.</td>
<td>Partially</td>
<td>Yes Internal Controls</td>
<td>Satisfactory/ Improvement Needed</td>
<td>Three expenses were determined to be inappropriate to charge to restricted fund sources. Certain office supply and cleaning supply costs were charged to federal awards. Those expenses may be subject to additional scrutiny or possible</td>
</tr>
</tbody>
</table>
## AMAS Audit Review Procedure

<table>
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<tr>
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<th>Audit Conclusion(^1)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transaction Processing – Non-Payroll Expenditures</strong></td>
<td>√</td>
<td>√</td>
<td></td>
<td>Analyzed 55 judgmentally selected transactions for reasonableness, and traced them to supporting documentation.</td>
<td>Partially</td>
<td>Yes Ledger Transaction Verification</td>
<td>Satisfactory/ Improvement Needed</td>
<td>disallowance by the agency if it is determined that OMB A-21 requirements are not met. *Refer to Report Finding A*</td>
</tr>
<tr>
<td><strong>Operating Ledger Review &amp; Financial Reporting</strong></td>
<td>√</td>
<td>√</td>
<td></td>
<td>Examined selected operating ledgers and financial reports, and reviewed overdraft balances as of February 27, 2014.</td>
<td>Partially</td>
<td>Yes Fiscal Operations Review</td>
<td>Satisfactory/ Improvement Needed</td>
<td>We found that some funds for inactive awards needed to be closed. *The DBO agreed to review all CMM accounts to identify inactive accounts requiring closure.</td>
</tr>
</tbody>
</table>
### Department of Cellular and Molecular Medicine

Audit Results by Business Office Functional Process

Audit & Management Advisory Services Project #2014-17

Attachment A

<table>
<thead>
<tr>
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<th>Audit Conclusion¹</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Entertainment           | Analytical Review of Financial Data | Process Walk-through (Ltd Document Review) | Transaction Testing (Sample Basis) | Yes Ledger Transaction Verification | Satisfactory/ Improvement Needed | Entertainment approval and processing controls were generally effective. We noted that itemized receipts were not available for two of the five transactions reviewed. A Travel Event Planner (TEP) card was used to pay for a one trainee lunch, which was not an authorized expense for that card. 

The Business Office has been advised of card restrictions and will not use it for similar events in	
<table>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Analytical Review of Financial Data</td>
<td></td>
<td></td>
<td></td>
<td>the future.</td>
</tr>
<tr>
<td></td>
<td>Internal Control Questionnaire/ Separation of Duties Matrix</td>
<td></td>
<td></td>
<td></td>
<td>Five templates included inappropriate entertainment (ENT/ENC) approval hierarchies.</td>
</tr>
<tr>
<td></td>
<td>Process Walk-through (Ltd Document Review)</td>
<td></td>
<td></td>
<td></td>
<td>Refer to Report Finding C</td>
</tr>
<tr>
<td></td>
<td>Transaction Testing (Sample Basis)</td>
<td></td>
<td></td>
<td></td>
<td>Transaction sampling reviews were not performed timely or completely in some cases.</td>
</tr>
<tr>
<td></td>
<td>Analyzed the Transaction Sampling Management report for the period January through December 2013.</td>
<td>No</td>
<td>Yes Internal Controls</td>
<td>Improvement Needed</td>
<td>Refer to Report Finding D</td>
</tr>
<tr>
<td>Non-payroll Expenditure Transactions – Transaction Sampling</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Handling</td>
<td>√</td>
<td>√</td>
<td></td>
<td>No</td>
<td>Background checks were needed for staff with cash handling responsibilities.</td>
</tr>
</tbody>
</table>
## Audit Results by Business Office Functional Process

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</thead>
<tbody>
<tr>
<td><strong>Effort Reporting</strong></td>
<td>√</td>
<td>Partially</td>
<td>Yes Effort Reporting</td>
<td>Satisfactory/ Improvement Needed</td>
<td>Refer to Report Finding E</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reviewed ECert reports and the four quarterly certification summaries for FY13 Oct-Dec, FY13 Jan-Mar, FY13 Apr-Jun and FY14 July-Sept. Also verified key personnel effort for selected awards.</td>
<td></td>
<td></td>
<td>Effort report certification compliance was satisfactory. However, transfers of payroll expense and associated effort were pending, and one co-PI’s effort needed to be monitored on one award to ensure accuracy of effort reports and compliance with agency guidelines. Refer to Report Finding F</td>
</tr>
<tr>
<td><strong>Express Cards</strong></td>
<td>√</td>
<td>No</td>
<td>Yes Ledger Transaction Verification</td>
<td>Improvement Needed</td>
<td>An itemized receipt was not available for one of the transactions reviewed. We noted that in three</td>
</tr>
<tr>
<td>Business Office Process</td>
<td>AMAS Audit Review Procedure</td>
<td>Risk &amp; Controls Balance Reasonable (Yes, Partially or No)</td>
<td>SAS 112 Key Control</td>
<td>Audit Conclusion¹</td>
<td>Comments</td>
</tr>
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</tr>
<tr>
<td></td>
<td>Analytical Review of Financial Data</td>
<td>Internal Control Questionnaire/ Separation of Duties Matrix</td>
<td>Process Walk-through (Ltd Document Review)</td>
<td>Transaction Testing (Sample Basis)</td>
<td>instances, the Express Card was used to pay registration fees when other travel expenses were incurred, which is an inappropriate use of the express card.</td>
</tr>
<tr>
<td></td>
<td>traced to supporting documentation</td>
<td></td>
<td></td>
<td></td>
<td>The DBO has informed her Fund Managers of the Express Card restriction to avoid such occurrences in future.</td>
</tr>
<tr>
<td>One Express Card Administrator stored the card on behalf of the cardholder in her office, which provided the reviewer with access to the card.</td>
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</tbody>
</table>
### AMAS Audit Review Procedure

<table>
<thead>
<tr>
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</tbody>
</table>

1. The administrator agreed to withdraw custody of the Express Card.

2. The assignment of transaction reviewers for two Express Cards was inappropriate.

Refer to Report Finding G