

**University of California, Davis  
Internal Audit Services**

**College of Agricultural and Environmental Sciences  
Department of Plant Sciences  
Internal Audit Services Project #12-20**

**May 2012**

**Fieldwork Performed by:**

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## **MANAGEMENT SUMMARY**

As part of the Internal Audit Services (IAS) audit plan for fiscal year 2011-2012, IAS has conducted a departmental review of the Department of Plant Sciences (Plant Sciences) in the College of Agricultural and Environmental Services (CA&ES). Plant Sciences engages in teaching, research, and outreach in all aspects of agricultural and environmental sciences. Its programs cover the full spectrum of the land-grant university tradition of scholarship, from fundamental discovery to application of research findings.

Plant Sciences was created in 2004 when the departments of Agronomy and Range Science, Pomology, Vegetable Crops, and Environmental Horticulture merged into one department. Plant Sciences is the largest department within the CA&ES and had expenditures of over \$125 million in fiscal year 2011. Additionally, Plant Sciences includes seven Research and Information Centers (RICs) which serve as a focal point for interaction between community industries and the research and educational resources of the University of California.

The purpose of the review was to evaluate the department's financial and administrative operations. Audit procedures consisted of evaluating the administrative structure of the department; assessing the department's procedures for monitoring the research awards of its faculty members; reviewing certain financial procedures within the department's Business Unit, such as those applicable to cash collections and general ledger reviews; and interviewing departmental personnel including the Plant Sciences Chair, Chief Administrative Officer, and Business Unit Manager. The scope of the review included financial activity from July 2010 through March 2012. The review was performed from December 2011 through May 2012.

We concluded that Plant Sciences is operating effectively and efficiently, and could serve as a model on campus for other units that are in the midst of consolidating administrative operations. Additionally, the Plant Sciences Chair indicated that he is pleased with the operations of the department and that the department's faculty members have reported very few complaints about the department's operations. IAS recommended that the department enhance its financial reporting to the Chair by providing reports that cover the activities of the entire department, and Plant Sciences concurred and has already implemented more comprehensive reporting processes.

## **OBSERVATIONS AND RECOMMENDATIONS**

### **1. OPERATIONS OF THE DEPARTMENT**

**Plant Sciences is functioning effectively and efficiently with respect to its financial and administrative operations.**

Based on our review of Plant Sciences' finances and administrative procedures and operations, as well as interviews with key departmental personnel, we have concluded that the department is operating effectively and efficiently. Plant Sciences is now eight years removed from the original consolidation of the four legacy departments. Although personnel pointed out that there were obstacles to overcome initially after the departments were merged, the department is now well organized and functioning successfully, and can serve as a model for other units combining activities.

Some examples of our observations from the review are as follows:

- The department appears to have sound budgeting practices and procedures for forecasting and tracking of commitments.
- Given the size of the department and its research endeavors, over-drafted accounts are very minimal and the department has well established processes in place for monitoring accounts nearing overdraft status.
- Cash collection procedures provide for separation of duties and comply with campus policies.
- The department's administrative operations are established in such a way to serve the needs of its faculty members.
- Procedures are in place to monitor the operations of the department's off-campus locations.

The Chair is also pleased with the financial and administrative operations of the department. As an example of the department's well-functioning environment, the Chair cited the recent submission of a \$35 million grant that was written by one of department's faculty members. The Chair commended the outstanding pre-award work of the department's business office personnel in supporting the faculty member by gathering documentation from over 20 other universities participating in the research.

Because of the nature of this observation, we are making no recommendations.

### **2. REPORTING OF DEPARTMENTAL FINANCES TO THE CHAIR**

**Historically, the Plant Sciences Chair has been provided with periodic financial reports of departmental administrative and discretionary funds, but has not received financial reports encompassing the department as a whole.**

The past practice within Plant Sciences has been for the Chair to receive monthly financial reports for the administrative and discretionary funds for which the Chair /department is directly responsible; however, these reports have excluded other funds such as extramurally-sponsored awards of department faculty members.

Reporting to the Chair regarding the funding of other faculty members has been primarily exception-based under the following two scenarios: (1) faculty members whose overall laboratory research is in jeopardy because funds are running low and no new funding sources are imminent; and (2) faculty members with a project account that is overdrawn or in danger of becoming overdrawn. The department's exception-based reporting provides the Chair with the information necessary to take appropriate financial and personnel actions. Although Plant Sciences' exception-based reporting process has been effective to date in identifying concerns to enable prompt resolution, IAS considers it a best practice for a department /unit /division executive to receive periodic financial reports that cover the entire department /unit /division. Ultimately, the department is responsible for the finances of all activities within its organization, including the extramurally-sponsored awards of all its faculty members; therefore, the Chair should be updated periodically as to the Department's entire financial status.

### **Recommendation**

During the audit, IAS recommended that Plant Sciences consider implementing periodic reporting to the Chair regarding the finances of the department as a whole. Plant Sciences concurred with this recommendation and immediately implemented a reporting process by which the Chair automatically receives a monthly Decision Support report encompassing the finances of the entire department (FIS org "APLS"). Because of the actions already taken by management, no further management corrective actions are considered necessary with respect to this observation and recommendation.

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