

August 20, 2025

GABRIEL G. HADDAD, MD  
Chair  
Department of Pediatrics  
0735

**Subject:***Department of Pediatrics  
Report 2025-17*

The final report for *Department of Pediatrics, Report 2025-17*, 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.

This audit was conducted in conformance with the Institute of Internal Auditors' 2024 International Professional Practices Framework's (IPPF) Global Internal Audit Standards.

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.

Christa Perkins  
Director  
Audit & Management Advisory Services

Attachment

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# UC San Diego

## AUDIT & MANAGEMENT ADVISORY SERVICES

Department of Pediatrics  
Report No. 2025-17  
August 2025

### FINAL REPORT

**Performed By:**

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**Approved By:**

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## I. EXECUTIVE SUMMARY

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Audit & Management Advisory Services (AMAS) has completed a review of the Department of Pediatrics (Pediatrics) as part of the approved audit plan for Fiscal Year (FY) 2024-2025. The objective of our review was to perform an overall assessment of Pediatrics' business operations to determine whether internal controls provide a reasonable assurance that financial results are accurately reported, operations are effective and efficient, and activities are compliant with relevant policies and procedures.

We concluded that internal controls for Pediatrics were adequate to provide reasonable assurance that operations were effective, performed in compliance with University policy, and resulted in accurate financial reporting. Effective operations were noted in areas including default account monitoring, gift and donations administration, contracts and grants administration, faculty compensation plan management, and equipment management.

We noted opportunities to improve specific Pediatrics operational and financial management processes in selected areas. We identified some instances where procurement and travel expenditures were approved by subordinates, and an instance where an expense report was submitted and approved by the same individual. Pediatrics also did not perform routine monitoring of outstanding or unassigned card charges to ensure timely submission and recording on departmental ledgers. Also, we observed some opportunities for improvement in accounts receivable (AR) management with aged and unresolved outstanding customer balances, and instances where customers' accounts were not reconciled timely.

We also noted an opportunity to improve monitoring of internal controls and financial accounts, as the Pediatrics Business Office has not consistently performed or documented routine activities to monitor internal controls, such as completing key elements included in the Internal Controls (IC) Checklist. Additionally, while the department adheres to quarterly Vice Chancellor Health Sciences (VCHS) reporting for deficits over \$25K, prior year deficit reduction plans have expired and require updating and resubmission for internal approval.

Finally, we found that some Pediatrics PIs and employees have not completed effort certifications using the Electronic Certification of Effort and Reporting Tool (ECERT) tool in a timely manner, or have not completed them at all.

Management Action Plans to address our findings are noted below:

### A. Procurement Card & Expense Reporting Management

1. Management will update the approval routing for the Chair's transactions to the School of Medicine Dean's office for review and approval. *Estimated completion date: November 1, 2025. Responsible Party: Vice Chair, Finance & Administration.*
2. Management will communicate to individuals responsible for expense reporting that expense reports should not be routed to a subordinate for approval. *Estimated completion date: November 1, 2025. Responsible Party: Vice Chair, Finance & Administration.*

3. Management will perform routine monitoring of expense reports and unassigned card charges to promote timely submission in accordance with University and departmental deadlines. *Estimated completion date: November 1, 2025. Responsible Party: Vice Chair, Finance & Administration.*

**B. Accounts Receivable Management**

1. Management will develop a documented process for reviewing aged receivables and ensure responsible staff investigate and resolve balances in a timely manner. Unresolved items will be escalated as appropriate. *Estimated completion date: November 1, 2025. Responsible Party: Vice Chair, Finance & Administration.*

**C. Internal Controls & Deficit Management**

1. Management will perform and document review of key internal controls. The Internal Controls (IC) checklist can be utilized as a tool to document monthly and other periodic monitoring activities that provide financial and operational reviews by management. *Estimated completion date: March 1, 2026. Responsible Party: Vice Chair, Finance & Administration.*
2. Management will continue to regularly complete the VCHS Controller's Quarterly Deficit Fund Balance review for deficits greater than \$25,000 from any funding sources and collaborate with VCHS to document written and approved resolution plans for medium and high risk deficits and additional documentation requirements to be compliant with policy. *Estimated completion date: March 1, 2026. Responsible Party: Vice Chair, Finance & Administration.*

**D. Effort Certification**

1. Management will continue efforts to ensure that ECERTs are accurately certified in a timely manner to meet federal award requirements, and work towards completing overdue ECERTs from prior periods. *Estimated completion date: March 1, 2026. Responsible Party: Vice Chair, Finance & Administration.*

Management agreed to all corrective actions recommended to address risks identified in these areas. Observations and related management corrective 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 Department of Pediatrics (Pediatrics) as part of the approved audit plan for Fiscal Year 2024-25. This report summarizes the results of our review.

The three missions of Pediatrics are to 1) deliver the highest quality clinical care to our patients; 2) conduct cutting-edge biomedical research targeting diseases that impact the health and potential of infants, children and adolescents; and 3) train the next generation of pediatricians by fostering education at all levels and by integrating the latest scientific and medical advances into the curriculum. Pediatrics is the second largest department within the University of California San Diego (UCSD) School of Medicine (SOM), comprised of 19 Divisions, and 9 Vice Chairs, with approximately 280 Faculty, 120 MSP physicians, 68 residents, 110 post-doctoral fellows (MDs/PhDs)<sup>1</sup>, and over 350 staff employees. Services are housed at a variety of locations, including Rady Children’s Hospital, UC San Diego School of Medicine campus, Jacobs Medical Center, or the UC San Diego Medical Center in Hillcrest.

The Pediatrics Business Office serves as the central administrative and operational support hub for the department. Key functions include financial management, contract and grant administration, human resources (HR), payroll, and physician billing oversight. The Pediatrics Business Office assists with budgeting, grant submissions, hiring, academic reviews, and ensures compliance with UC policies and sponsor requirements. The Pediatrics Business Office serves as a key partner to Pediatrics faculty and staff in supporting research, clinical services, and educational activities.

The Pediatrics Sponsored Projects Office (SPO) performs pre-award and post-award functions for sponsored projects. At the time of this review, Pediatrics had approximately 400 active research awards or studies, including National Institutes of Health (NIH) awards, clinical trials, State or County contracts, and other private awards, gifts, and fellowships.

According to UCSD Financial Reports<sup>2</sup> for FY 2023-2024, Pediatrics had approximately \$288.9 million in total resources, with total expenses of \$265.1 million, and an increase in net position of \$23.8 million, ending with total resources available of \$70.7 million. Total resources, expenses and a comparison to the FY 2022-2023 financial results are summarized in the following table:

Description	FY 2022-2023	FY 2023-2024
Total Resources	\$238,571,162	\$288,932,255
<u>Less: Total Expenses</u>	<u>(\$243,798,780)</u>	<u>(\$265,134,919)</u>
Change in Net Position	<u>(\$5,227,618)</u>	<u>\$23,797,336</u>
Beginning Net Position	\$53,693,485	\$48,465,866
Ending Net Position	<u>\$48,465,867</u>	<u>\$72,263,202</u>
<u>Less: Capitalization in Progress</u>	<u>(\$87,245)</u>	<u>(\$1,594,380)</u>
Resources Available	<u>\$48,378,622</u>	<u>\$70,688,822</u>

<sup>1</sup> Holding Medical Doctor (MD) and in some cases Doctor of Philosophy (PhD) degrees.

<sup>2</sup> Oracle Financials Cloud (OFC) Net Operating Results and Fund Balance Report.

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### III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES

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The objective of this review was to perform an overall assessment of Pediatrics' business operations to determine whether internal controls provide a reasonable assurance that financial results are accurately reported, operations are effective and efficient, and activities are compliant with relevant policies and procedures. The scope of our review primarily consisted of financial activities between July 1, 2023 and June 30, 2024, and the first two quarters of FY 2024-2025. To achieve our objective, we performed the following:

- Reviewed Pediatrics business documentation and information including the organizational structure, financial reports, and the Pediatrics website;
- Reviewed applicable regulations, requirements and University policies relating to core business operations, including selected Business and Financial Bulletins and others;
- Interviewed the Pediatrics Administrative Vice Chair (AVC), Director of Budget & Finance, Director of Research Administration, as well as the relevant staff for various audit areas as necessary;
- Reviewed and evaluated the following:
  - Financial reports from OFC and Business Activity Hub (BAH);
  - Internal financial and operational reports prepared by Pediatrics financial staff;
  - Reports related to the management of procurement cards;
  - Deficit balances;
  - Aged receivables balances;
  - Financial management procedures;
  - Reimbursement documentation for travel and entertainment (T&E) card, and procurement card (P-card) purchases, as well as other non-payroll expenditure transactions;
  - Gift fund expenditures;
  - Campus User Roles;
  - Campus Asset Management System (CAMS) reports; and
- Evaluated department internal controls for key business processes and procedures, and traced transactions to supporting documentation for selected processes.

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### IV. CONCLUSION

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Based on our review, we concluded that internal controls for Pediatrics were adequate to provide reasonable assurance that operations were effective, performed in compliance with University policy, and resulted in accurate financial reporting. Effective operations were noted in areas including default account monitoring, gift and donations administration, contracts and grants administration, faculty compensation plan management, and equipment management.

We noted opportunities to improve specific Pediatrics operational and financial management processes in selected areas. We identified some instances where procurement and travel expenditures were approved by subordinates, and an instance where an expense report was submitted and approved by the same individual. Pediatrics also did not perform routine monitoring of outstanding or unassigned card charges to ensure timely submission and recording on departmental ledgers. Also, we

observed some opportunities for improvement in accounts receivable management with aged and unresolved outstanding customer balances, and instances where customers’ accounts were not reconciled timely.

We also noted an opportunity to improve monitoring of internal controls and financial accounts, as the Pediatrics Business Office has not consistently performed or documented routine activities to monitor internal controls, such as completing key elements included in the Internal Controls (IC) Checklist. Additionally, while the department adheres to quarterly VCHS reporting for deficits over \$25K, prior year deficit reduction plans have expired and require updating and resubmission for internal approval.

Finally, we found that some Pediatrics PIs and employees have not completed effort certifications utilizing the ECERT tool in a timely manner, or have not completed them at all.

Additional details on these findings are provided in the balance of this report. The results of the business processes review are summarized in **Attachment A**.

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## V. OBSERVATIONS REQUIRING MANAGEMENT ACTION

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<b>A.</b>	<b>Procurement Card &amp; Expense Reporting Management</b>
We identified some instances where procurement and travel expenditures were approved by subordinates, and an instance where an expense report was submitted and approved by the same individual. Additionally, routine monitoring of outstanding card charges was not conducted.	
<b>Risk Statement/Effect</b>	
Inconsistent segregation of duties in the expense report approval process, such as approvals by subordinates or self-approvals, may weaken internal controls and reduce the effectiveness of oversight. Additionally, delays in submitting expenses beyond the University’s required reporting timeframes may impact compliance with policy, delay reimbursements, and limit the timeliness and accuracy of financial reporting.	
<b>Management Action Plans</b>	
A.1	Management will update the approval routing for the Chair’s transactions to the School of Medicine Dean’s office for review and approval. <i>Estimated completion date: November 1, 2025. Responsible Party: Vice Chair, Finance &amp; Administration.</i>
A.2	Management will communicate to individuals responsible for expense reporting that expense reports should not be routed to a subordinate for approval. <i>Estimated completion date: November 1, 2025. Responsible Party: Vice Chair, Finance &amp; Administration.</i>
A.3	Management will perform routine monitoring of expense reports and unassigned card charges to promote timely submission in accordance with University and departmental deadlines. <i>Estimated completion date: November 1, 2025. Responsible Party: Vice Chair, Finance &amp; Administration.</i>

## A. Procurement Card & Expense Reporting Management – Detailed Discussion

### Expenditures Review and Approval

University policy (*BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management*) states that purchasing or travel expense claims should not be reviewed and/or approved by a person who reports directly or indirectly to the cardholder. The establishment of appropriate approval responsibilities helps ensure the segregation of responsibilities within the procurement processes and increases assurance that expenditure reimbursements are bona fide University expenses that comply with applicable policy. For academic department heads who hold T&E cards or P-cards, the transactions should be reviewed by the responsible Dean’s or Vice Chancellor’s office.

We evaluated a sample of University T&E card and P-card expense report transactions for Pediatrics’ leadership. Based on this review, we noted that the expense reports for the Chair were being approved by a subordinate within the Pediatrics Business Office, rather than the VCHS office<sup>3</sup>. The expense reports were otherwise compliant with policy and expenditures appeared appropriate. Additionally, we noted an instance where an expense report was submitted and approved by the same individual.

### Unassigned Card Charges and Timely Submission of Expense Reports

In accordance with University policy, expense reports for travel and event-related expenditures must be submitted within 45 calendar days following the conclusion of travel or the event date, as outlined in the UCSD guidance on the *Timeframe for Travel and Entertainment Expense Submission*. Submissions received after this deadline must include a valid, IRS-compliant justification. Failure to provide adequate justification may result in the reimbursement being treated as taxable income to the employee, allowed under a one-time exception, or denied outright. Furthermore, per UC Travel Policy *G-28 Travel Regulations*, adherence to these timelines and documentation requirements is essential to ensure compliance with University policy, federal tax regulations, and financial management practices.

Transactions for P-cards, T&E cards, and CTS cards<sup>4</sup> which have not yet been assigned to an Expense Report in Concur are “Unassigned Card Charges.” Because these charges have not been assigned to an Expense Report and approved, they are not reflected on a department’s financial ledger. Timely review is needed to address unassigned card charges identified for expense reporting. As part of our review, we identified 628 transactions representing \$118.5K of outstanding card charges<sup>5</sup>, of which 202 (32%) transactions totaling \$26K (22%) are dated prior to January 2025.

## B. Accounts Receivable Management

We identified aged and unresolved outstanding customer balances, and noted that customer accounts were not reconciled timely.

<sup>3</sup> AMAS did not note any expense report activity for the Pediatrics AVC during this audit scope period. AMAS reviewed expense reports for the AVC’s authorized delegate noting no exceptions.

<sup>4</sup> CTS cards are centrally billed airfare and/or hotel cards.

<sup>5</sup> As of April 2025, per the Concur Outstanding Card Charges Report in the Business Analytics Hub (BAH).

**Risk Statement/Effect**

Failure to timely reconcile customer accounts and resolve outstanding aged receivables increases the risk of financial misstatements, lost revenue, and potential write-offs. Additionally, aged and unresolved customer balances, as well as delays in account reconciliation, may lead to uncollected revenue and inaccurate financial records.

**Management Action Plan**

B.1 Management will develop a documented process for reviewing aged receivables and ensure responsible staff investigate and resolve balances in a timely manner. Unresolved items will be escalated as appropriate. *Estimated completion date: November 1, 2025. Responsible Party: Vice Chair, Finance & Administration.*

**B. Accounts Receivable Management – Detailed Discussion**

Accounts Receivable Management

UCSD policy (*PPM 300-13 Accounts Receivable Policy*) specifies that the goal of the university is to ensure prompt payment of all amounts due. Additionally, except for contracts with federal or state government entities/agencies, normally, payments are past due after 45 days. For internal campus accounting purposes, each campus department incurs the financial risk of any and all amounts owed to it by its customers, which includes the responsibility to resolve deficits incurred as a result of any uncollectible balances that may lead to a write off.

Overall, of the \$6 million in open Pediatrics accounts receivable<sup>6</sup>, we noted approximately \$4.7 million (79%) pertained to aging in excess of 90 days:

Aging Category (Days)	Outstanding Balance	% of Total AR
91-120	\$3,261,630	55%
121-180	\$8,275	<1%
181-360	\$110,551	2%
361-540	\$986,972	17%
541-720	\$42,503	<1%
>720	\$278,167	5%
Totals	\$4,688,098	79%

Based on our detailed testing, we identified Pediatrics-related aged and unresolved outstanding receivables, including past due balances for two customers in the amount of \$26K and \$15K, for invoices from June / September 2023 and July 2020, respectively. The Accounts Receivable Aging reports indicated that the department’s status comments have not changed and no actions have been taken to resolve the balances. Additionally, we identified an instance where a customer’s advance payment in June 2022 of approximately \$7K was unapplied for in excess of 1,000 days. Since the related invoice was

<sup>6</sup> Per the OFC Receivables AR Aging Report as of May 2025.

not generated until February 2024, it resulted in that invoice aging 460 days before the payment was posted in June 2025. We also identified another customer with a credit memo posted in error in the amount of \$14K, which remained unresolved or reversed for over 900 days. While the Pediatrics Business Office regularly monitors accounts receivable aging and submits monthly reports to the VCHS Controller’s Office, there is not a formal process to ensure timely follow-up on aged receivables by responsible staff and escalate unresolved balances when necessary.

<b>C. Internal Controls &amp; Deficit Management</b>	
The Pediatrics Business Office has not consistently performed routine activities necessary to monitor internal controls, such as completing key elements included in the Internal Controls (IC) Checklist. Additionally, while the department adheres to quarterly VCHS reporting for deficits over \$25K, prior year deficit reduction plans have expired and require updating and resubmission for internal approval.	
<b>Risk Statement/Effect</b>	
The lack of routine monitoring of internal controls and expired deficit reduction plans increase the risk of financial mismanagement and non-compliance with University policies. Additionally, adequate oversight of deficits is necessary to ensure that Pediatrics demonstrates proper stewardship of funds. The delay in deficit management and reduction plan oversight increases the risk of overspending and unfunded project costs, as well as errors/irregularities that could remain undetected for extended periods of time.	
<b>Management Action Plans</b>	
C.1	Management will perform and document review of key internal controls. The Internal Controls (IC) checklist can be utilized as a tool to document monthly and other periodic monitoring activities that provide financial and operational reviews by management. <i>Estimated completion date: March 1, 2026. Responsible Party: Vice Chair, Finance &amp; Administration.</i>
C.2	Management will continue to regularly complete the VCHS Controller’s Quarterly Deficit Fund Balance review for deficits greater than \$25,000 from any funding sources and collaborate with VCHS to document written and approved resolution plans for medium and high risk deficits and additional documentation requirements to be compliant with policy. <i>Estimated completion date: March 1, 2026. Responsible Party: Vice Chair, Finance &amp; Administration.</i>

**C. Internal Controls & Deficit Management – Detailed Discussion**

Internal Controls Monitoring

University policy (*PPM 300-15 Internal Controls Policy*) requires that all staff adhere to internal controls to ensure financial transactions and reporting comply with policies, regulations, and ethical standards. The policy emphasizes that individual financial transactions contribute to the accuracy of system-wide financial statement, requiring proper controls and documentation at every level. According to this policy, Department Administrators are responsible for periodic review of departmental key controls

and procedures to ensure that the general principles of internal control are in place and are being followed.

The Checklist for Best Practices in Internal Controls provides guidance for departments on financial management activities, risk assessments, and compliance requirements. Best practices include:

- Downloading the checklist at least quarterly and reviewing updates
- Performing quarterly financial, operational, and compliance review activities throughout a calendar quarter
- Emphasis on running monthly reports and summarizing items to take action on later (within 60 days)

We noted that Pediatrics has not been completing the University’s Internal Control Best Practices Checklist, a suggested self-assessment for all units and departments, and did not otherwise have evidence of routine review of financial accounts and internal controls. Without clearly documented financial and operational reviews, Pediatrics cannot verify compliance with University policy or demonstrate that financial oversight responsibilities are being met. This increases the risk of reporting inconsistencies and lack of accountability, which may impact the accuracy of financial reporting and internal decision-making.

Deficit Monitoring and Resolution Plan Oversight

University Policy (PPM 300-2, *Financial Deficit Policy*) establishes the following:

<b>Department Responsibilities for Financial Oversight</b>	
<p><b>A. Principal Investigator (PI) or Fund Manager</b></p> <p>a. For Sponsored Projects, the person(s) named as the PI, manager, or director in an award of a contract or grant accepted by UC San Diego, has primary responsibility for adherence to the conditions of the award and for ensuring that expenditures made are appropriate, allowable, and within the budgetary limitations of the award.</p> <p>b. For Projects other than Sponsored Projects, the Fund Manager is responsible for avoiding Financial Deficits, promptly resolving any Financial Deficits when they occur, or developing and implementing written action plans to eliminate.</p>	<p><b>B. Department Chair and Department Business Officer (or Equivalent Officer)</b></p> <p>a. Identify, avoid and resolve Financial Deficits</p> <p>b. Ensure that sponsored Projects' expenses do not exceed the cumulative amount of the award, allocation or budget and, if Financial Deficits do occur, ensure that corrective action is taken. With Financial Deficits that remain 120 days after a sponsored Project's end date and are moved by OPAFS to a consolidated Sponsored Research Deficit Fund, ensure that available, unrestricted PI and/or department resources are applied to clear the deficit before fiscal year end.</p> <p>c. Ensure that PI or Fund Managers develop a written plan under which Financial Deficits larger than \$25,000 will be eliminated before year-end. Any longer period for deficit resolution must be approved by the appropriate Vice Chancellor or Dean and by the Campus VC - CFO (see Procedures below).</p>

This University policy states that departments will not be permitted to carry over financial deficits exceeding \$25,000 without a deficit resolution plan that is approved by the Department Chair / Designee and Dean / Vice Chancellor. Sponsored Projects are managed at the project level. It specifies financial standards, criteria, and qualifications for individuals and units. Financial Deficits that cannot be resolved by fiscal year-end are rare. In such rare cases, departments forward written and well justified requests to roll over deficit to the next fiscal year to the Vice Chancellor-CFO via the Campus Budget Office (CBO).

Pediatrics department administrators are expected to monitor and resolve deficits in accordance with the financial deficit policy, including updating outdated deficit resolution plans to reflect current fiscal

year activity, and ensuring appropriate internal approvals are obtained and documented. Pediatrics has indicated that the Department regularly monitors deficits and reports deficit resolution plans to the VCHS Controller. The VCHS Controller’s Office has indicated that Pediatrics has timely submitted the requested deficit fund balance management information and are consistent with expected internal control practices. However, we did note that at least one prior year deficit reduction plan totaling \$512K had expired as of December 2024 and requires updating and resubmission for internal approval.

<b>D.</b>	<b>Effort Certification</b>
Some Pediatrics PIs have not completed effort certifications utilizing the ECERT tool in a timely manner, or have not completed them at all.	
<b>Risk Statement/Effect</b>	
Non-compliance with award terms and conditions can increase the risk of additional administrative oversight and requirements by the sponsor and disallowances.	
<b>Management Action Plan</b>	
D.1	Management will continue efforts to ensure that ECERTs are accurately certified in a timely manner to meet federal award requirements, and work towards completing overdue ECERTs from prior periods. <i>Estimated completion date: March 1, 2026. Responsible Party: Vice Chair, Finance &amp; Administration.</i>

**D. Effort Certification – Detailed Discussion**

Federal awards<sup>7</sup> 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 an Effort Certification process which utilizes the ECERT system. Certifications are due within 120 days after the end of each reporting period. All past reporting periods up through FY2024 were due by January 17, 2025.

As of July 14, 2025, there were a total of 12,399 effort reports that should be certified for FY 2020 JAN-JUN through FY 2024 JUL-DEC. Of that total, 9,253, or 75% were certified; however, there are 2,795 certifications that have exceptions, and 351 open, which accounts for 25% that are not completely certified. Detail on the ECERT status by period is provided below:

<sup>7</sup> Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule, dated December 26, 2016*

**Table 1: Historical Effort Reporting Certification Status FY 2020 – 2024**

<b>Report Period</b>	<b>Certified</b>	<b>% Certified</b>	<b>Exception (Incomplete)</b>	<b>Open</b>	<b>% Not Certified</b>	<b>Total Certifications</b>
FY20 JAN-JUN	669	77%	180	20	23%	869
FY20 JUL-DEC	751	97%	26	-	3%	777
FY21 JAN-JUN	969	71%	341	47	29%	1,357
FY21 JUL-DEC	949	72%	342	26	28%	1,317
FY22 JAN-JUN	1,056	76%	289	41	24%	1,386
FY22 JUL-DEC	1,096	74%	352	27	26%	1,475
FY23 JAN-JUN	1,056	76%	293	44	24%	1,393
FY23 JUL-DEC	1,105	76%	323	30	24%	1,458
FY24 JAN-JUN	714	64%	352	54	36%	1,120
FY24 JUL-DEC	888	71%	297	62	29%	1,247
<b>Totals</b>	<b>9,253</b>	<b>75%</b>	<b>2,795</b>	<b>351</b>	<b>25%</b>	<b>12,399</b>

This is a critical compliance area with significant risk potential to the University and its federally-funded research. The lack of completion of ECERT certifications can result in inaccurate financial reporting, non-compliance with federal regulations, and potential audit disallowances.

**Attachment A – Audit Results by Business Office Process**

Business Office Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion <sup>1</sup>	Comments
	Analytical Review of Financial Data	ICQ / SOD Matrix / Interviews	Process Walk-through	Transaction Testing (Sample Basis)			
Purchasing & Procurement Card Management	√	√		Selected P-card purchases and non-payroll transactions for review, included senior leadership purchases. Also reviewed P-card management.	No	Improvement Needed	The Chair’s expenditures were approved by subordinates within the Department. <b>Report Finding A</b>
Travel & Entertainment Expense Reimbursement	√	√		Reviewed a sample of five travel and entertainment expense reports to assess accuracy, timeliness, completeness, allowability, compliance with policy, and to ensure the expense report was routed to an appropriate reviewer.	No	Improvement Needed	Noted an instance where an expense report was submitted and approved by the same individual, and reports not timely submitted per University policy. <b>Report Finding A</b>
Accounts Receivable Management	√	√	√	Reviewed the Department’s AR Aging Analysis Report. Performed walkthrough of AR management process, including quarterly reporting to VCHS. Reviewed customer accounts, outstanding invoices, and timely reconciliation.	No	Improvement Needed	Identified two aged and unresolved outstanding customer balances, including an instance where a customer’s account was not reconciled timely. <b>Report Finding B</b>
Deficit Management	√	√	√	Reviewed Deficit Balance reports for FY25 Q2 and Q3. Sampled and reviewed deficit resolution plans, including plan period and internal approvals.	No	Improvement Needed	Pediatrics has been communicating quarterly with VCHS Controller’s Office on resolution plans for funds in deficit. We noted that deficits are identified, and plans are in process; however, one reviewed prior period (expired) plan requires updating and resubmission for internal approval. <b>Report Finding C</b>

<sup>1</sup> Scale: Satisfactory - Improvement Suggested - Improvement Needed - Unsatisfactory

**Attachment A – Audit Results by Business Office Process**

Business Office Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion <sup>1</sup>	Comments
	Analytical Review of Financial Data	ICQ / SOD Matrix / Interviews	Process Walk-through	Transaction Testing (Sample Basis)			
Effort Reporting ECERT	√			Reviewed and quantified population of outstanding (open) and overdue ECERT's.	No	Improvement Needed	Pediatrics has a backlog of 2,795 uncertified effort reports, representing 25% of the total. <b>Report Finding D</b>
Equipment Management	√	√	√	Reviewed CAMS report and confirmed assets that did not have documentation or confirmation that physical tags were attached to the respective assets	Yes	Satisfactory	AMAS suggested to Equipment Manager verbally that once tags are placed on assets, obtain and retain confirmation, including applicable documentation.
Default Account Monitoring	√	√	√	Reviewed Default Project Expenditures/Dashboard & Default Project Payroll reports. Noted majority of balances are attributed to payroll.	Yes	Satisfactory	Default Project Dashboard shows the total overall default project balance has been decreasing since April 2024, which demonstrates that the department is actively transferring posted default transactions out to their respective projects.
Gift/Donations Administration	√	√		Reviewed department's gift funds for activity and tested a sample of expenditures to evaluate for compliance with donors' intent.	Yes	Satisfactory	Controls appeared satisfactory in this area.
Contracts and Grants – Post Award Management	√	√	√	Sampled six sponsored projects and tested for compliance with award terms and conditions. Did not identify significant expenditures and spending near award end date.	Yes	Satisfactory	Controls appeared satisfactory in this area.
Contracts and Grants – Closeout	√	√	√	Confirmed with Business Office that there are established close out procedures. Reviewed five delivered Financial Expense Reports (FER), including significant amounts posted near award close date.	Yes	Satisfactory	Controls appeared satisfactory in this area.

**Attachment A – Audit Results by Business Office Process**

<b>AMAS Audit Review Procedure</b>							
<b>Business Office Process</b>	<b>Analytical Review of Financial Data</b>	<b>ICQ / SOD Matrix / Interviews</b>	<b>Process Walk-through</b>	<b>Transaction Testing (Sample Basis)</b>	<b>Risk &amp; Controls Balance Reasonable (Yes or No)</b>	<b>Audit Conclusion<sup>1</sup></b>	<b>Comments</b>
Timekeeping & Payroll: Compensation Plan payments	√	√		Reviewed a sample of compensation for five faculty members, including Academic Programmatic Unit (APU), rank & step on Health Sciences Compensation Plan (HSCP) Salary Scale and applicable additional incentive and bonus compensation.	Yes	Satisfactory	Controls appeared satisfactory in this area.