

UCSF Audit & Advisory Services

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# Cost Center/Dept ID Management

Project #25-015

September 2025

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University of California  
San Francisco



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San Francisco

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**SUBJECT: Cost Center/Dept ID Management**

As a planned internal audit for Fiscal Year 2025, Audit & Advisory Services (“A&AS”) conducted a review of Cost Center/Dept ID Management. The purpose of this review was to assess governance and oversight for UCSF Campus Department IDs (Dept IDs) and UCSF Health cost centers to validate that effective management and monitoring processes are in place.

The audit services project was conducted in accordance with the Institute of Internal Auditors’ International Professional Practices Framework (IPPF) Global Internal Audit Standards (the “IIA Standards”).

Our review was completed, and the preliminary draft report was provided to department management in May 2025. Management provided their final comments and responses to our observations in August 2025. The observations and corrective actions have been discussed and agreed upon with department management and it is management’s responsibility to implement the corrective actions stated in the report. A&AS will periodically follow up to confirm that the agreed upon management corrective actions are completed within the dates specified in the final report.

This report is intended solely for the information and internal use of UCSF management and the Ethics, Compliance and Audit Executive Committee, and is not intended to be and should not be used by any other person or entity.

Sincerely,

Irene McGlynn  
Chief Audit Officer  
UCSF Audit & Advisory Services



## EXECUTIVE SUMMARY

### I. BACKGROUND

As a planned audit for Fiscal Year 2025, University of California, San Francisco (UCSF) Audit & Advisory Services (A&AS) conducted a review to assess governance and oversight for UCSF Campus (Campus) Department IDs (Dept IDs) and UCSF Health (Health) cost centers and validate that effective management and monitoring processes are in place. PeopleSoft Financials is UCSF's financial system in which financial transactions are recorded in the General Ledger (GL) module and posted to the associated cost center. Management of UCSF's Chart of Accounts (COA) and Dept ID/cost center<sup>1</sup> structure is essential for accurate financial reporting, effective budgeting, and overall financial health. The primary objectives of managing the COA include:

- Categorizing and organizing financial transactions,
- Implementing financial controls to accurately allocate costs,
- Enhancing transparency in financial operations,
- Preparing accurate financial statements,
- Ensuring compliance with accounting standards and regulatory requirements,
- Supporting financial planning, and
- Adapting to organizational changes.

A cost center at UCSF signifies an organizational unit responsible for financial transactions. Cost center managers are accountable for associated costs, ensuring adherence to budgets and maintaining appropriate transaction oversight. The cost center structure reflects how the business is managed, aiding in tracking, reporting, and accountability. New departments are established for tracking activities separately from existing departments or when separate accountability or reporting is needed.

Failure to effectively manage the COA and cost centers could lead to potential financial misreporting, inability to perform effective monitoring and oversight, compliance issues, potential resource mismanagement, potential inaccurate financial data that could impact management's ability to make decisions, and fraudulent activities not being detected. To mitigate these risks, UCSF maintains oversight and governance structures to help ensure adherence to financial standards and effective resource management.

Management of Campus Dept IDs is under the purview of the Campus Controller's Office (CO); management of Health cost centers is under the purview of Health Accounting and Finance. Campus and Health have webpages with guidance, job aids/workflows, forms, training slides, and monitoring tools to provide guidance over cost center management and oversight. Campus and UCSF Health Dept IDs/cost centers within the accounting system are required to adhere to applicable financial reporting requirements and University of California (UC) system-wide polices, including General Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB) Statements, OSHPD coding<sup>2</sup>, and Medicare and Medi-Cal guidelines.

**Campus Dept IDs:** Fulfilling Dept ID additions, deactivations, and changes is the responsibility of the General Accounting team within the CO. The CO holds exclusive

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<sup>1</sup> UCSF Campus Dept IDs and UCSF Health cost centers are referred to collectively as cost centers.

<sup>2</sup> California Department of Health Care Access and Information (HCAI) Office of Statewide Hospital Planning and Development (OSPHD).

editing rights to create, modify, or deactivate Dept IDs, while departments have view-only access. Departments complete a Campus Dept ID Request Form and route it via email through the Control Point (department head) to the CO's General Accounting ServiceNow<sup>3</sup> queue for processing. Departments are responsible for ensuring that financial transactions recorded in the general ledger are in accordance with relevant policies, regulations, terms, and conditions.

**Health Cost Centers:** To add, deactivate, or make other changes to a cost center, a UCSF Health Department (Cost Center) Add/Change Form must be completed and submitted by the Department with department management approval to UCSF Health Accounting. The form is then routed via email for approval by Finance, Reimbursement Executive Director, and Accounting prior to the change being entered into the accounting system. UCSF Health Accounting personnel have access to make the changes, while departments have view access and maintain the approved forms to support the changes. Cost Centers are assigned an owner who is responsible for reviewing and validating the posted activity for the cost center, performing variance analysis between actual and budgeted numbers, and ensuring that late charges are monitored and mitigated.

Currently, UCSF is embarking on a business transformation project, Project One, which will occur over the next several years; the initiative is to align Human Resources (HR), Finance, Supply Chain, and Student Information operations into one integrated enterprise resource planning (ERP) solution, powered by Oracle Cloud ERP. UCSF Campus and Health are currently reviewing the COA structure, mapping current controls, and governance structure.

## II. **AUDIT PURPOSE AND SCOPE**

The purpose of this review was to evaluate the governance and oversight of UCSF Campus Dept IDs and UCSF Health cost centers to ensure effective management and monitoring. The scope of the review covered Campus Dept ID and Health cost center management processes and activities for fiscal year 2023-24.

Procedures performed as part of the review included: (1) reviewing relevant policies and procedures, (2) interviews and walkthroughs with key stakeholders, (3) testing cost center additions, deactivations and changes on a sample basis, and (4) assessing cost center ownership and communication of changes. For more detailed steps, please refer to Appendix A.

Work performed was limited to the specific activities and procedures described above. As such, this report is not intended to, nor can it be relied upon to provide an assessment of compliance beyond those areas specifically reviewed. Fieldwork was completed in March 2025.

## III. **SUMMARY**

Based on work performed, the controls for segregation of duties around cost center/Dept ID maintenance, and management oversight are operating effectively. In addition, cost

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<sup>3</sup> ServiceNow is a platform that manages and automates customer service processes (among others).

center/Dept ID change management and maintenance processes have adequate controls in place to safeguard the integrity of the COA and financial accounts.

Opportunities for improvement exist in the areas of cost center management governance, enhancements to processes related to maintaining up to date cost center and Dept ID owners listings, change maintenance processes related to communication, and maintaining adequate supporting documentation.

The specific observations from this review are listed below in order of significance.

1. A comprehensive governance structure is not in place over cost center/Dept ID management.
2. Current list of cost center and Dept ID owners and expense approvers is outdated, incomplete, and contains significant inaccuracies, including separated employees, employees not on the approved list, incorrect names, and no owners assigned to cost centers.
3. UCSF Health cost center change management processes are not always consistently applied.

Additionally, during the course of this review, potential opportunities for improvement were noted for enhanced monitoring and reporting tools, follow-up of GL Verifications, review of COA hierarchy, and availability of adequately trained back-up personnel related to cost center maintenance.

Finally, within the next few years, UCSF is transitioning to a new enterprise resource planning solution. This provides opportunities for updating underlying business processes and developing and automating robust reporting/monitoring tools. However, there are risks that controls present in the current state are not carried forward into the new system or the new business processes.

**IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS (MCAs)**

<b>No.</b>	<b>Observation</b>	<b>Risk/Effect</b>	<b>Recommendation</b>	<b>MCA</b>
1	<p><b><i>A comprehensive governance structure is not in place over cost center/Dept ID management.</i></b></p> <p>A documented and comprehensive governance structure for cost centers/Dept IDs, containing the following elements, does not exist for either UCSF Campus or Health:</p> <ul style="list-style-type: none"> <li>Detailed policies and procedures that outline key controls and processes related to cost center management, cost center maintenance (including additions, deactivations, and modifications).</li> <li>Definition of separation of duties controls for data integrity related to cost center management.</li> <li>Definition of cost center management roles and responsibilities.</li> <li>Required forms to be used and required fields within the forms related to cost center management.</li> <li>A comprehensive training plan with required training that includes cost center management roles and responsibilities, monitoring and management responsibilities, along with tools/reports available.</li> <li>Defined communication channel and tracking of cost center/Dept ID changes.</li> </ul> <p>Both Campus and Health have some guidance in place on web pages, which includes cost center management guidance, monitoring tools, forms related to change requests and role changes, job aids/flowcharts, and training slides. However, inconsistent processes have been noted around the use of the forms, incomplete forms, and communication of the status of the change request forms. Additionally, the instructions for the change request forms are not consistent with the use of the forms. Ad-hoc trainings are performed, however, no formal training is performed and tracked.</p> <p>Per UC Policy Business and Finance Bulletin (BFB) BUS-10: Principles of Accountability with Respect to Financial</p>	<p>Without a comprehensive governance structure, there may be inconsistent processes and unclear procedures related to cost center/Dept IDs governance which could lead to inaccurate financial reporting, non-compliance with regulatory requirements and fraudulent behavior being undetected.</p>	<p>UCSF Health and Campus should develop a comprehensive governance structure that includes the following:</p> <ul style="list-style-type: none"> <li>Comprehensive policies and procedures that document the key controls and processes related to cost center management, cost center maintenance (including additions, deactivations, and modifications along with separation of duties controls, roles and responsibilities defined, and clear guidance on how to request cost center changes, communication channel of key stakeholders of the changes, along with required fields to be completed, training requirements, and monitoring requirements;</li> <li>Communication/workflow for the change management process; and</li> <li>A comprehensive training plan should be</li> </ul>	<p>A revised chart of accounts (COA) governance is being addressed as part of Oracle ERP implementation with Deloitte. This governance will include updated policies and automated request and approval workflows within the Enterprise Data Management (EDM) tool in Oracle. This tool will be centrally managed by a group of representatives from both Campus and Health.</p> <p>Refer to the meeting notes in connection with our kickoff meeting with Deloitte.</p> <p><b>Responsible Party:</b> UCSF Associate Vice Chancellor (VC), Controller and UCSF Health Vice President (VP) /Chief Accounting Officer (CAO), Financial Operations</p> <p><b>Target Completion Date:</b></p>

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>Transactions, which “provides an overview of financial accountability, financial management, data integrity, and compliance associated with financial transactions throughout the University. Campuses should develop policies and procedures to ensure these transaction accountability principles are met.”</p>		<p>developed with required training that includes roles and responsibilities defined and monitoring and management oversight, along with available monitoring tools for management oversight.</p> <ul style="list-style-type: none"> <li>• Cost center/Dept ID owners should have access to monitoring tools and reports to assist in monitoring activities within the cost center/Dept ID.</li> </ul>	<p>Oracle ERP go-live date for Health in April 2026 (Phase 1). Oracle implementation date for Campus in July 2027 (Phase 2).</p> <p>Periodic updates will be provided along with specifics on data will be managed in both PeopleSoft and Oracle during the “interim” period from April 2026 – July 2027.</p>
2	<p><b><i>Current list of cost center and Dept ID owners and expense approvers is outdated, incomplete, and contains significant inaccuracies, including separated employees, employees not on the approved list, incorrect names, and no owners assigned to cost centers.</i></b></p> <p>A review of the population of employees in the Campus Functional Role List<sup>4</sup> identified the following:</p> <ul style="list-style-type: none"> <li>• 22 (3%) out of 887 employees in the Campus Functional Role List were inactive, with end dates ranging from 2016 to 2024.</li> <li>• 5 (0.4%) out of 1,207 employees listed as Campus MyExpense Approvers<sup>5</sup> were inactive.</li> </ul> <p>A review of the population of employees in the Health Cost Center Master (CCM) Dashboard<sup>6</sup> identified the following:</p>	<p>Without an up-to-date list of cost center/Dept ID owners and expense approvers, the monitoring of cost centers/Dept IDs activities may not be effective, potentially resulting in non-compliance, inaccurate financial reporting, and/or undetected fraudulent activity.</p>	<p>UCSF Health and Campus should implement a process to review and update the CCM Dashboard/ Department Functional Roles List on a regular periodic basis (at least annually). Additionally, UCSF Health and Campus should explore automating this process and connecting to the HR data for updating cost center owners / department functional roles listings when responsibilities transition among personnel.</p>	<p>In connection with the Oracle ERP implementation, the Cost Center Master will be moved into the EDM tool in Oracle. As both the Finance and Human Capital Management (HCM) will be within the same ERP, we are designing the cost center management roles to be linked to the HR system, such that when changes occur, they are automatically refreshed in the cost</p>

<sup>4</sup> The Campus Functional Role List is a listing of Dept ID functional role listing assigned to Campus Dept IDs maintained in PeopleSoft.

<sup>5</sup> Campus MyExpense Approvers are authorized approvers over DeptID expenses.

<sup>6</sup> The Health Cost Center Master (CCM) Dashboard is a compiled listing of Health cost centers owners.

No.	Observation	Risk/Effect	Recommendation	MCA
	<ul style="list-style-type: none"> <li>• 22 (4%) out of 578 employees in the Health CCM Dashboard were no longer active employees, with end dates ranging from 2015 to 2024.</li> <li>• 53 (9%) out of 578 employees in the Health CCM Dashboard were not spelled accurately; therefore, they were not able to be identified in the job data.</li> <li>• 552 (96%) out of 578 employees in the Health CCM Dashboard were not located in the Signature Authority Listing<sup>7</sup>.</li> <li>• 2 (0.2%) out of 1,010 employees in the Health Signature Authority Listing were inactive.</li> </ul> <p>In addition, an analysis of the population of Health cost centers in the Health CCM Dashboard compared to the Health Signature Authority Listing identified the following:</p> <ul style="list-style-type: none"> <li>• 624 (33%) out of 1,893 active cost centers in the Health CCM Dashboard were not in the Health Signature Authority Listing, resulting in an incomplete listing of authorized approvers who are responsible for approving transactions for the missing cost centers.</li> <li>• 112 (6%) out of 1,893 active cost centers have no cost center owner assigned as the VP, Director, and Manager role is blank on the Health CCM Dashboard.</li> <li>• 633 (25%) out of total 2,526 cost centers listed in the Health CCM Dashboard were inactive, which may cause confusion.</li> </ul> <p>The Health CCM Dashboard tracks UCSF Health cost center ownership. Currently, when someone transfers or leaves the organization, there is not a documented and consistent process to update the CCM Dashboard. Departments are responsible for notifying UCSF Health Accounting, but this process is not effective. As a result, the listings are not updated regularly, leading to some areas conducting ad-hoc clean-ups.</p>		<p>UCSF Health should explore automation opportunities to implement and document a process for reviewing and updating the Health Signature Authority approvers in coordination with personnel changes, ensuring the CCM Dashboard is updated accordingly.</p> <p>UCSF Campus should implement and document a process for reviewing and updating the MyExpense approvers on a regular periodic basis (e.g., at least annually) in coordination with personnel changes.</p>	<p>center master. This will eliminate intervention by Accounting.</p> <p><b>Responsible Party:</b> UCSF Associate Vice Chancellor (VC), Controller and UCSF Health Vice President (VP) /Chief Accounting Officer (CAO), Financial Operations</p> <p><b>Target Completion Date:</b> Oracle ERP go-live date for Health in April 2026 (Phase 1). Oracle implementation date for Campus in July 2027 (Phase 2).</p>

<sup>7</sup> The Health Signature Authority Listing is the Health expense approver listing.

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>Updating the Health CCM Dashboard is currently a manual process and is prone to errors with names and format. There is an opportunity to explore connecting this process to the HR data to automate this process.</p> <p>For Campus DeptID ownership, Department Functional Roles in PeopleSoft identify employees who hold key operational functions within a department or who support a department. Access Administrators for departments are responsible for maintaining and updating Department Functional Roles in PeopleSoft. Though this role is also manual, there is a connection with HR data since roles are assigned by Employee ID.</p> <p>Per UC Policy BFB BUS-10: Principles of Accountability with Respect to Financial Transactions under the Financial Accountability section, “University management formally delegates signature responsibility to provide a method to control who may approve financial transactions and to meet the University’s financial stewardship responsibilities... The delegation should be reviewed for appropriateness on a regular basis or as necessary.” Additionally, under the Data Integrity section, it states that “each department—including shared services units—must establish and implement procedures to ensure data integrity.”</p>			
3	<p><b><i>UCSF Health cost center change management processes are not always consistently applied.</i></b></p> <p>A sample of Health cost center changes were selected (15 additions, 15 inactivations, and 9 revisions), and the following inconsistencies were noted:</p> <ul style="list-style-type: none"> <li>• One cost center was added and inactivated during the scope of FY 2023-24 and no paperwork was found to support either of the changes.</li> <li>• One cost center that was inactivated had no paperwork to support this change.</li> <li>• One cost center was changed from inactive to active in June 2024 for a year-end journal entry to be processed; however, there was no request form for this change, and it was not tracked. Therefore, it was left active and not</li> </ul>	<p>The inconsistent application of the process for cost center maintenance (e.g. creation, modification and deactivation) can result in unjustified, improperly approved, and/or undocumented changes. This may lead to miscommunication, operational</p>	<p>UCSF Health should leverage Project One to improve its cost center management processes and consider incorporating the following capabilities:</p> <ul style="list-style-type: none"> <li>• Clear communication of the status of the change request forms.</li> <li>• Identifying and notifying all key stakeholders of changes.</li> <li>• Maintaining supporting documentation of all changes, including</li> </ul>	<p>As part of Project One we will be implementing the EDM application for all COA updates; therefore, all changes will be controlled in the system and will be automatically routed for the appropriate approval.</p> <p><b>Responsible Party:</b> UCSF Associate Vice Chancellor (VC),</p>

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>changed back to inactive once the year-end process had been completed.</p> <ul style="list-style-type: none"> <li>Seven out of a sample of 9 cost center changes (78%) involved being assigned the wrong cost center number initially. In FY23-24, there were 19 cost centers whose number had to be changed multiple times (a total of 114 changes in the system), with each change requiring a form to be filled out, approved, and processed. These correction needs lead to unnecessary operational burden.</li> </ul> <p>In addition, one Health Cost Center Manager noted that a Health Cost Center Change Request form was submitted to deactivate a cost center; however, no information was provided on the status of the request after it was emailed to the Director, Finance, and other approvers. That cost center was not closed, and there was still activity on the cost center account. Health Accounting was not aware of the request and had not received a completed request form, indicating that the request form was lost in the communication channel of the approval process due to the lack of a tracking system in place for these requests.</p> <p>A further process inconsistency noted was that Health and Campus change request forms have a field for an explanation for a new cost center; however, there is not an explanation field for inactive account requests.</p>	<p>burden/inefficient use of resources, and errors, which could result in inaccurate or incomplete financial data and the potential for fraudulent activities going undetected.</p>	<p>explanations for inactive accounts.</p> <ul style="list-style-type: none"> <li>A process to identify the correct number to assign to the cost center.</li> <li>A process to capture and track all changes (additions, inactivations, and revisions)</li> </ul>	<p>Controller and UCSF Health Vice President (VP) /Chief Accounting Officer (CAO), Financial Operations</p> <p><b>Target Completion Date:</b></p> <p>Oracle ERP go-live date for Health in April 2026 (Phase 1). Oracle implementation date for Campus in July 2027 (Phase 2).</p> <p>Periodic updates will be provided along with specifics on data will be managed in both PeopleSoft and Oracle during the “interim” period from April 2026 – July 2027.</p>

**V. OPPORTUNITIES FOR IMPROVEMENTS**

No.	Observation	Risk/Effect	Recommendation
1	<p><b><i>Enhancing Health Cost Center monitoring processes and reporting tools could improve the effectiveness and efficiency of monitoring efforts.</i></b></p> <p>Currently, UCSF Health Finance uses various tools, including the Variance Analysis Tool (VAT), to review budget-to-actual variances; however, additional homegrown tools have been used since the VAT does not meet all the Finance analysis needs. Cost Center managers use dashboards and reports related to labor, productivity, and other metrics to manage their cost centers.</p>	<p>Without proper monitoring and reporting tools, it may lead to inaccurate financial reporting, non-compliance with regulatory</p>	<p>UCSF Health should determine a standard monitoring process for the different roles within the cost center management process. Additionally, UCSF Health should determine the appropriate tools, leveraging the Project One capabilities for monitoring and management oversight related to cost centers,</p>

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	<p>Health Cost Center managers are responsible for maintaining appropriate transaction oversight of expenses posted to their cost center accounts; however, they may not have the necessary tools or awareness to review transactional details or to flag and correct the accounts when unusual or incorrect transactions occur. In addition, there is no requirement for Health cost center managers to review their transactions on a monthly basis, as compared to the requirement for Campus under the Campus Administrative Policies 300-46 General Ledger Verification (GLV), which requires departments to examine detailed GL transactions to ensure they are expected, supported, and accurate. Campus uses the GLV tool for monitoring Dept IDs; Health does not have such a tool or monitoring process.</p>	<p>requirements, and fraudulent activities going undetected.</p>	<p>including flagging of unusual transactions, along with training on tools/reports available and how to use them to perform their management responsibilities.</p>
<p>2</p>	<p><b><i>Reducing the number of duplicative and unnecessary chartfields added to the Chart of Accounts (COA) will lessen the efforts needed to review for consistent nomenclature and update the reporting hierarchy tree.</i></b></p> <p>Of the 12 newly created Campus Dept IDs reviewed, three (25%) had no activity. One was requested in error and subsequently closed. The other two were created in anticipation of activity; however, they were not utilized.</p> <p>Additionally, the process for authorizing Dept IDs did not always catch those that were duplicative or unnecessary, which required one unit to conduct a COA optimization review.</p> <p>With Project One, Campus and Health are in the process of reviewing the COA structure, cost center accounts status and naming convention, along with the reporting hierarchy trees. As part of the clean-up process, management has identified accounts that should be inactive, addressed the need for clean-up of the naming convention of the accounts, and identified other enhancements to the hierarchy trees.</p>	<p>Changes in the organization's structure and operations that are not reflected in updates to the cost center hierarchy may lead to misalignment with business needs, inaccurate financial reporting, and challenges in financial planning and analysis.</p>	<p>As UCSF transitions to Project One, UCSF Health and Campus should review their cost center and Dept ID trees to ensure that they appropriately represent the organizational units responsible for oversight of transactions or resources. Additionally, a methodical process, including annual updates, should be implemented to help ensure that only distinctive and necessary chartfields are added to the COA, that accounts with no activity for determined period of time are reviewed and closed if necessary, and reporting hierarchy trees are accurate and complete.</p>
<p>3</p>	<p><b><i>Continuing the practice of following up on incomplete General Ledger Verifications (GLV) actions could help provide better assurance of an accurate financial position.</i></b></p> <p>Campus uses the GLV tool to help ensure that financial transactions are recorded in accordance with relevant policies, regulations, and sponsor terms and conditions. The GLV tool tracks management's attestation that department transactions are accurately recorded. The Controller's Office sends an email notification to follow up on incomplete Department Approvals.</p>	<p>Transactions, recorded incorrectly, may not be identified and corrected timely. As a result, account balances may not be accurate and may not reflect</p>	<p>As the Campus transitions to a new enterprise resource planning solution, the CO should develop and implement a governance policy explicitly stating the roles and responsibilities of the key stakeholders in the cost center management process – including the responsibility for verifying transactions.</p>

No.	Observation	Risk/Effect	Recommendation
	<p>Within the GLV tool, the departments must attest that they have performed the GLV review. There was a transaction verification rate of 84-89% during the scope period of this review, which appears to be sufficient to help ensure that transactions recorded in the GL are reasonable and accurately represent Dept ID activity, have been properly recorded, and errors have been identified and corrected. Then, the Control Point must approve that the GLV transaction review was performed. However, a lower department approval rate of 65-71% was noted and could be improved.</p> <p>There is no additional monitoring to determine if this control has been met. It is the Control Point's responsibility to review the dashboard for their unit.</p>	<p>the true financial position of the department.</p>	<p>The CO should consider if additional escalation actions of outstanding verifications are warranted, if trends are identified.</p>
<p>4</p>	<p><b><i>Documenting cost center management processes and providing training for back-ups in Health Accounting roles will ensure better coverage and knowledge transition for key activities.</i></b></p> <p>The processes performed by the Health Accounting department related to cost center management oversight, cost center maintenance (including additions, deactivations and modifications), updating the cost center owner/functional roles, and other key processes related to cost center management and COA are the result of extensive experience by individuals within the department, and are not fully documented. Therefore, there is overreliance on the individual having the knowledge. It does not appear that process documentation is maintained, and training has not been provided to others for role transition when the main accountable individual is absent.</p> <p>The documentation of cost center management processes performed by the Health Accounting team should include key controls and separation of duties, such as reviewing cost center requests forms for appropriate approval, making the approved changes (new cost center, inactivating a cost center, or other changes to cost center) within the accounting system, tracking the changes, and maintaining supporting documentation for the changes.</p> <p>Without documented cost management processes and proper training for role transition may result in inconsistent processes, which could cause errors and inaccurate/incomplete financial data.</p>	<p>Inconsistent processes due to a lack of documented Health Accounting roles and processes related to cost center management (e.g. creating, modifying, and deactivating) and a role transition process with appropriate training may lead to the organization's chart of accounts structure not being updated to reflect current operations. This may result in inaccurate financial reporting</p>	<p>UCSF Health Accounting department should document cost center management oversight, cost center maintenance, updating cost center owner/functional roles, and other key processes related to cost center management and COA.</p> <p>Also, UCSF Health Accounting department should identify the roles and responsibilities related to cost center management key activities that are performed within their department and provide appropriate training to perform the role by more than one person within their team.</p>

No.	Observation	Risk/Effect	Recommendation
	<p>For example, in Observation 3, inconsistencies noted in the process may have been due to someone else on the team who was not trained on all the necessary steps for performing the process.</p> <p>Per UC Policy BFB BUS-10: Principles of Accountability with Respect to Financial Transactions, “Tasks shall only be delegated to people who are qualified to perform them. A qualified person must:</p> <ul style="list-style-type: none"> <li>• be actively involved in the tasks being performed;</li> <li>• have the appropriate knowledge and technical skills to perform those tasks, including knowledge of relevant regulations and policies;</li> <li>• understand the key control role the person plays in performing the task; and</li> <li>• have the authority to carry out the tasks.”</li> </ul>	<p>and challenges in financial planning and analysis.</p>	

**APPENDIX A**

To conduct our review the following procedures were performed for the areas in scope:

- Obtained and reviewed policies, guidelines, and procedures related to cost center/Dept ID management;
- Interviewed key stakeholders from UCSF Health and Campus to obtain an understanding of the key controls and processes related to cost center/Dept ID management which includes key controls for cost center management operations, including roles and responsibilities, cost center/Dept ID maintenance, monitoring and management oversight, training, along with role transition, separation of duties controls, record retention, and assigned owners;
- Assessed the governance structure over cost center/Dept ID management processes;
- Reviewed training requirements related to cost center management processes to determine if the required training is adequate for roles and responsibilities, maintenance, and monitoring and management oversight;
- Reviewed and evaluated the UCSF Health and Campus COA structure to determine if there is a clear structure to identify the cost center/Dept ID owner, sufficient and adequate processes to update the listings and hierarchy trees, and determine if cost center/Dept ID roles and responsibilities are clearly defined, owners are aware of their responsibilities, and have adequate training and monitoring tools to perform management oversight;
- Reviewed the processes of updating and disseminating the cost center/Dept ID structure with cost center/Dept ID functional owners;
- Evaluated the UCSF Health and Campus cost center/DeptID change management request forms by reviewing the guidance and instructions on how to complete and submit the form, communication channel of approval process, and whether there are adequate required fields on the form;
- Performed an analysis to validate that the Health CCM Dashboard and the Campus Functional Role List are complete, updated, and contained only active employees;
- Performed an analysis to validate that the Health Signature Authority Listing and the Campus MyExpense Approvers Listing was complete, updated, and contained only active employees;
- Reviewed Campus GLV processes to determine if there are appropriate internal controls to monitor transactions within the Dept IDs; and
- Selected a judgmental sample of UCSF Health and Campus cost center/Dept ID additions, deactivations and changes to determine:
  - If appropriate segregation of duties are in place;
  - If there is sufficient explanation to support the requests;
  - If the key stakeholders are informed of the changes; and
  - If there is appropriate approval and supporting documentation retained.