

The logo for UCIrvine, featuring the text "UCIRVINE" in a large, black, serif font. The letters "U", "C", and "I" are significantly larger than the other letters, and the "R" and "V" are also larger than the "I" and "N". The letters "E" and "S" are smaller and positioned to the right of the "I" and "N".

UCIRVINE

The text "INTERNAL AUDIT SERVICES" in a black, serif font, arranged in two lines. The word "INTERNAL" is on the top line and "AUDIT SERVICES" is on the bottom line.

INTERNAL
AUDIT SERVICES

Department of Radiological
Sciences

Internal Audit Report No. I2023-205

September 8, 2023

Prepared By

Darlene Nuñez, Senior Auditor

Reviewed By

Niran Joshi, Manager

Approved By

Mike Bathke, Director

September 8, 2023

**VAHID YAGHMAI
CHAIR OF RADIOLOGY
SCHOOL OF MEDICINE – RADIOLOGICAL SCIENCES**

**RE: Department of Radiological Sciences Audit
Report No. I2023-205**

Internal Audit Services has completed the review of the Department of Radiological Sciences in the School of Medicine (SOM) and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Sincerely,



Mike Bathke
Director

Attachment

C: Audit Committee
Christine Ysabal, Department Administrator – SOM - Radiological Sciences

I. MANAGEMENT SUMMARY

In accordance with the fiscal year (FY) 2022-2023 audit plan, Internal Audit Services (IAS) conducted a review of the Department of Radiological Sciences in the School of Medicine. In general, controls and processes appear to be functioning as intended. Based on the audit work performed, some internal controls need improvement and should be strengthened to minimize risks, ensure compliance with University policies and procedures, and/or best business practices. Specifically, IAS notes the following concerns.

Travel Reimbursements – Travel reimbursement processes need improvement. A meal was counted twice and meal expenses incurred by individuals other than the traveler were reimbursed and resulted in an overpayment to the traveler. Also, one traveler was reimbursed at the per diem rate instead of receiving the appropriate reimbursement of actual lodging expenses which resulted in an underpayment. This observation is discussed in section V.1

Entertainment Reimbursements – Request to serve alcohol for entertainment events are not always approved in compliance with UCI policy. This observation is discussed in section V.2.

Internal Purchase Request Forms – Various versions of the internal purchase requisition forms are utilized and require different approvals which does not promote consistency. The details related to this observation are noted in Section V.3.

Invoice Log – Recordkeeping for both accounts receivable and accounts payable are maintained on one document, the invoice log, which does not allow for proper monitoring and management of accounts receivable and accounts payable functions. Further details related to this issue are provided in section V.4.

II. BACKGROUND

Radiological Sciences (RS) is a department under the UCI School of Medicine (SOM) conducting clinical care to patients, biomedical imaging research, and providing education. Approximately 400,000 radiological exams are performed each year through the utilization of all imaging modalities including conventional radiography, angiography and image-guided therapies, ultrasonography, computerized tomography (CT), magnetic resonance imaging (MRI), 3D tomosynthesis, nuclear medicine, and molecular imaging. With access to some of the most advanced technology available, radiologists diagnose and treat a variety of conditions. Radiologists are subspecialized in molecular imaging, musculoskeletal imaging, and breast imaging. Such specialized knowledge results in more effective patient care and the department is frequently called upon to provide specialty interpretations for imaging centers throughout California.

The department has trained nearly 300 board certified radiologists. The RS doctors are a combination of physician, scientist, and UC faculty member and are committed to providing the highest quality and most advanced patient care available. The unique educational and research environment fosters groundbreaking biomedical imaging research with the potential to significantly improve diagnostic imaging and lifesaving interventional radiologic procedures.

RS is made up of faculty researchers, physicians, administrative staff, and students. The Chair, who serves as the academic leader and administrative head, reports directly to SOM. The Department Administrator, who reports to the Chair, directs the administrative operations.

III. PURPOSE, SCOPE AND OBJECTIVES

The purpose of this audit was to perform a review of RS to assess business risks, internal controls, and compliance with University policies and procedures. The scope included reviewing and the sample testing of data from July 1, 2022 through June 30, 2023.

The audit included the following objectives:

1. Verify that the review of financial budgets and general ledger reconciliations were performed on a regular basis and that variances were explained and documented;
2. Review the methods to monitor service agreements to determine if they are properly managed;
3. Determine if there are adequate controls over the billing and collections process;
4. Evaluate purchasing practices and determine if they were properly authorized, documented, and reconciled;
5. Verify that travel and entertainment reimbursements were adequately reported and approved in accordance to University policy;
6. Assess personnel practices related to overtime and performance evaluations;
7. Verify that incentive/bonus compensation (Z) payments were paid accurately, approved, and documented and;
8. Determine whether system controls are limited to authorized individuals and at appropriate levels.

IV. CONCLUSION

In general, controls and processes appear to be functioning as intended. However, RS could improve controls and processes in the areas of travel and entertainment reimbursements, purchasing practices, and accounts receivable and accounts payable management.

IAS discussed observation details and recommendations with management, who formulated action plans to address the issues. These details are presented below.

V. OBSERVATIONS AND MANAGEMENT ACTION PLANS

1. Travel Reimbursements

Background

Travel expenditure reimbursements are documented on an internal purchase requisition form, processed and approved through the Quali Financial System (KFS), and must comply with UC Office of the President Business and Finance Bulletin G-28 (G-28).¹

Observation

IAS reviewed a sample of travel expense reimbursement requests and found the following concerns:

- An instance where the traveler was reimbursed twice for the same meal expense resulting in an overpayment for \$77.08. IAS's further review of meal receipts also found expense reimbursement to the traveler for meals incurred by one to three individuals other than the traveler. Additionally, the reimbursement request was delinquent and submitted beyond the 45 days after the end of a trip as required by policy.

Nine months later, the traveler subsequently repaid the University for the overpayment, however, the details of the total amount repaid to the University do not indicate whether it includes the expenses incurred by the individuals other than the traveler and/or the meal that was reimbursed twice.

- One traveler was reimbursed the maximum lodging per diem rate of \$304 per night for a five night stay, however, they should have been reimbursed for the actual lodging expense of \$500 per night. This resulted in an underpayment of approximately \$980 to the traveler. G-28 states that a traveler who is required to attend a conference where the prearranged conference lodging

¹ "G-28 Travel Regulations." *University of California – Policy G-28*, revised Nov 2022, <https://policy.ucop.edu/doc/3420365/BFB-G-28>

rate exceeds the \$275 per night cap may stay at the conference hotel without exceptional approval.

Management Action Plan

Management will correct the overpayments and underpayments and ensure sufficient details and documentation are maintained. Also, adequate business practices will be established to ensure that travel reimbursement are properly reviewed and processed in accordance the University travel policy. In addition, the travel policy requirements will be communicated to all staff and faculty to strengthen travel reimbursement controls.

Due date: October 20, 2023

2. Entertainment Reimbursements

Background

Expenditures for business meetings, entertainment, and other occasions must comply with UC Business and Finance Bulletin BUS-79² and all applicable UC Irvine policies. IAS selected a sample of entertainment expense reimbursements for review to determine if the department complied with University and campus policy.

Observation

Two of the samples IAS reviewed mentioned serving alcoholic beverages. Per UCI Policy Sec. 900-13,³ at least 20 business days prior to each event, a *Request to Serve or Sell Alcoholic Beverages* form must be submitted which requires the signatures from the Event Location Approver, Approving Authority, and Hospitality & Dining Services (HDS). One sample did not have the HDS approval signature and the other obtained the approval signatures from the approving authority and HDS three and half months or 106 days after the event.

Failure to abide by applicable regulations covering the possession, serving, and selling of alcoholic beverages can create personal and organizational liability. A sponsoring organization found in violation of UCI Policy Sec. 900-13:

1. May be held responsible for any costs incurred by the University due to non-compliance and may be required to pay fines when recommended by University officials and appropriate legal authorities.

² "Expenditures for Business Meetings, Entertainment, and Other Occasions." *University of California – Policy BUS-79*, revised Nov 2022, <https://policy.ucop.edu/doc/3420364/BFB-BUS-79>

³ "Section 900-13: Policy on the Sale, Service and Consumption of Alcoholic Beverages." *UCI Official University Policies & Procedures*, revised March 2018, <https://www.policies.uci.edu/policies/pols/900-13.php>

2. May have future Events cancelled and the Sponsoring Organization or individual restricted from serving alcoholic beverages on UCI premises for a designated period of time.
3. May have their Event Requests denied if previous Events held by the Sponsoring Organization or individual have required repeated Police assistance to control participants, violated any regulations governing the conduct of non-affiliates on UCI premises, or presented situations that the University considered unsafe or unmanageable with reasonable University resources.

Management Action Plan

Policy requirements will be communicated to faculty and staff to ensure compliance in adequately completing the *Request to Serve or Sell Alcoholic Beverages* form in a timely manner.

Due date: October 20, 2023

3. Internal Purchase Request Forms

Background

RS department policy requires purchases to be pre-authorized on an *Internal Purchase Requisition* form documenting purchase justification, description of items, approval signatures, and other purchasing details.

Observation

IAS sampled PALCard and purchase orders for review and noted the following:

- There are two different versions of the *Internal Purchase Requisition* forms, one requiring the finance manager or Principal Investigator (PI) signature approval and another requiring two approval signatures from the PI and finance manager or department administrator.
- Some employees are also using the *Internal Purchase Requisition* forms when requesting travel reimbursements. Without a structured and unified process, requests may be processed without the necessary review and approvals. Management should ensure the correct forms are used to ensure consistent processes and that proper approvals are obtained.
- For two of the seven purchase transactions IAS reviewed, the description of the items purchased was noted instead of the business purpose, which would state the appropriateness of the expense. Purchase justifications clearly document that the purchase is a benefit to the University.

Management Action Plan

Management will update the *Internal Purchase Requisition* form to ensure consistency and advise staff to adequately justify the reason for the purchase on the form. The current travel reimbursement process will be reviewed to determine if reimbursements will be submitted on a separate form from the *Internal Purchase Requisition* form.

Due date: October 20, 2023

4. Invoice Log

Background

The invoice log is a departmental tool used to monitor accounts payable (AP); track invoices received from outside entities; and record details such as invoice number, date, amount, and payment status. The log is also used to track accounts receivable (AR) and recharges.

Observation

AP and AR information are maintained on one document which does not promote efficient management. Information for these functions should be separate to reduce the risk of fraud, mitigate potential errors, and ensure accuracy. Additionally, although AP invoices are noted as paid, the date they were paid is not reflected on the invoice log to enable proper tracking of AP and ensure timely payment of invoices.

Management Action Plan

Management will separate the accounts receivable from the accounts payable information into two separate logs/spreadsheets. The date invoices are paid will be recorded on the AP invoice log to allow for proper monitoring and tracking.

Due date: October 20, 2023