How to Survive an Audit

Research Administration Certificate Series
Staff Development and Professional Services

Presented by:
Ryan Dickson, Manager
Pamela Ranslow, Sr. Auditor/ External Audit Coordinator
Mariyam Azam, Sr. Auditor/ External Audit Coordinator
Audit & Management Advisory Services
Objectives

✧ Participants will learn about the role of Audit & Management Advisory Services on campus.

✧ Participants will learn about internal and external audits, and how to prepare for them.

✧ Participants will learn about commonly requested documents during audits and resources available to them in the event of an audit.
Audit & Management Advisory Services

AMAS supports the mission of UCD by partnering with management to provide them with independent and objective assurance and consulting services designed to add value and improve operations.
Internal Audit

- What is an internal audit?
- What gets audited?
- How does a unit benefit from an internal audit?
Advisory Service

- How is an advisory different from an audit?
- Who can request an advisory service?
- Note on confidentiality and transparency
Internal Audit and Advisory Service Process

- Notification
- Entrance Conference
- Progress updates
- Report drafting
- Exit conference
- Report finalization
- Follow-up

This process helps us involve stakeholders and avoid surprises. That’s how we ensure reporting that is accurate and recommendations that are aligned with your unit’s strategy.
Investigation

❖ How is an investigation different from an audit or an advisory?

❖ How can I request an investigation?
Note on Data Security

- It is becoming routine for internal and external auditors to care about data security

- How can you demonstrate data security?
  - Gain a general understanding of UC policy BFB IS-3 Electronic Information Security
  - Be able to articulate the implications of UC policy BUS 80
  - Establish a conversation with your Unit Head and Unit Information Security Lead
  - Advise researchers to seek advice from the UC Davis Information Security Office during the application phase of a project
External Audit

- What is an External Audit?
- External Audit Coordination (EAC) Team
- Responsibilities of the EAC team
- Benefits of the EAC team
External Audit Process

Planning & Coordination

- Notification/ Engagement Letters
  - Purpose
  - Scope
  - Planning requests
- Internal parties

Notifications and engagement letter should be forwarded to the External Audit Coordination Team as soon as possible.
External Audit Process

Fieldwork

- Entrance Conference
- Fieldwork
- Exit Conference

Both the department and the EAC team should keep the audit focused, resolve audit issues as soon as they are made known, and keep informed of the auditor’s progress.
External Audit Process

Reporting

- Draft Report
- Final Report & Follow up
- Consequences of Non-Compliance

Management is responsible for addressing the findings and completing the corrective actions.
Desk Reviews

- Same basic process as a full audit – only on a smaller scale
Class Activity

Breakroom
How can we prepare?

- **PURPOSE** - What is the audit about?

- **DOCUMENTATION** - What sort of documentation should there be for travel reimbursements? And where is it located?

- **WHAT COULD GO WRONG?** - What would or could happen if there was a problem with travel reimbursements?

- **SIGNIFICANCE OF THE RISK** - If something did go wrong, how significant would the problem be? (Amount of money, amount of liability, etc.)
How to prepare now for a future audit?

Internal Audit
- Understand and track your unit/program risks
- Be prepared to offer solutions

External Audit
- Know policies and procedures
- Retain documentation
- Be proactive
- Avoid spreadsheets
- Embrace change
- Do the right thing

- Understand the award, including amendments
- Accurately track time and effort
What Does Being Prepared Look Like?

- Know policies and procedures
- Retain documentation
- Be proactive
- Avoid spreadsheets
- Embrace change
- Do the right thing
- Familiarized yourself with the subject matter
Supporting Documents

- What is supporting documents?
- EAC Responsibilities
- Retention requirement

Areas Frequently Tested

- Payroll
- Supplies & Equipment
- Travel
- Sub-awards
- Subcontractors
- Cost Transfers
- Expenses at Award End
- Cost Sharing
- Recharges
- Indirect Costs
- Fringe Benefits
Commonly Requested Supporting Documents for External Audits

- Policies and procedures on contract and grant administration
- Chart of accounts
- Certified effort reports
- Invoices, receipts, purchase orders
- Financial reports – ledger details, payroll ledgers
- F&A rate documentation
- ICR calculations
Any questions?

Contact Information:
Ryan Dickson - rsdickson@ucdavis.edu
Pamela Ranslow - pxranslow@ucdavis.edu
Mariyam Azam - marazam@ucdavis.edu
External Audit Team - externalaudits@ucdavis.edu
References

- UC Davis Audit and Management Advisory Services (http://audit.ucdavis.edu/)
- UCOP Ethics, Compliance and Audit Services (http://www.ucop.edu/ethics-compliance-audit-services/)
- UCD Finance (http://financeandbusiness.ucdavis.edu/)
- PPMs (https://manuals.ucdavis.edu/policy_and_procedure_manual)
  - PPM 320 Series, Records and Archives
  - PPM 330 Series, Financial Management and Services
  - PPM 290-06 Safety Standards and Interactions with Regulatory Agencies
  - PPM 380-17 Improper Governmental Activities/Whistleblower Protection
- UC Davis Health P&P – Research Compliance (https://health.ucdavis.edu/compliance/research/policies_resources/)
- UC Retention Schedule (https://recordsretention.ucop.edu/)
- UCOP Whistleblower Policy (http://www.ucop.edu/uc-whistleblower)
Contracts & Grants References


- Office of Research (http://www.research.ucdavis.edu/)


  - PPM 330-31 Administration of Contract and Grant Projects