

How to Survive an Audit

Research Administration Certificate Series
Staff Development and Professional Services

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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 conduct reviews of 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
 - ◆ Perform a risk assessment
 - ◆ Establish a data inventory and classify data
 - ◆ Gain an understanding of legal and sponsor requirements for data management
 - ◆ Create a data management plan
 - ◆ Establish a conversation with your Unit Head and Unit Information Security Lead
 - ◆ Advise researchers to seek advice from the UC Davis Information Security Office and the UC Davis Library 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



Desk Review Example.pdf

Supporting Documents

- ◆ What is supporting documents?
- ◆ 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

Class Activity

Breakout rooms



Are these activities disallowable, always allowable, or allowable only if certain conditions are met?

If allowable, what record should be generated to show that these actions were completed appropriately?

A. Department Chair

- Pays out of pocket for monthly staff meetings and the reimbursement amount is frequently within \$5 of the limit.
- Sometimes purchases laboratory materials to be shipped to her home address.

B. Tenured Faculty Member

- Recently travelled to Iran to interview research subjects.
- Regularly requests travel cash advances for travel to countries without a reliable banking infrastructure.

C. Department Chief Administrative Officer/MSO

- Receives reimbursement from the department for out-of-pocket expenses related to a bulk purchase for the annual staff appreciation party.
- Recently chose to drive rather than fly to a professional conference in New York. Submitted a travel expense claim for rental car, gas, and mileage expenses.
- Works from home but is expected to attend a monthly in-person meeting at the Davis campus; submits a travel expense claim for mileage from home to campus.

How to prepare now for a future audit?

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

Any questions?

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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/>)
- ◇ Administrative Responsibilities Handbook (<http://financeandbusiness.ucdavis.edu/finance/controls-accountability/admin-handbook>)
- ◇ 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

- ◆ Federal Cost Principles for Institutions of Higher Education - Uniform Guidance 2 CFR, Part 220 (https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)
- ◆ UCOP Contracts and Grant Manual (<http://www.ucop.edu/research-policy-analysis-coordination/resources-tools/contracts-and-grants-manual/index.html>)
- ◆ UCD Contracts and Grants Accounting (<https://financeandbusiness.ucdavis.edu/finance/contracts-grants-accounting>)
- ◆ Office of Research (<http://www.research.ucdavis.edu/>)
- ◆ Guide to Research Compliance (http://research.ucdavis.edu/wp-content/uploads/UCDavis_Guide_to_Research_Compliance_-20132.pdf)
- ◆ PPMs (<https://manuals.ucdavis.edu/policy-and-procedure-manual>)
 - ◆ PPM 330-31 Administration of Contract and Grant Projects