



New Department Chair Workshop

September 11, 2024

Tony Firpo, Associate Director

Audit & Management Advisory Services

UC Davis Audit and Management Advisory Services

The Regents Committee on Compliance
and Audit

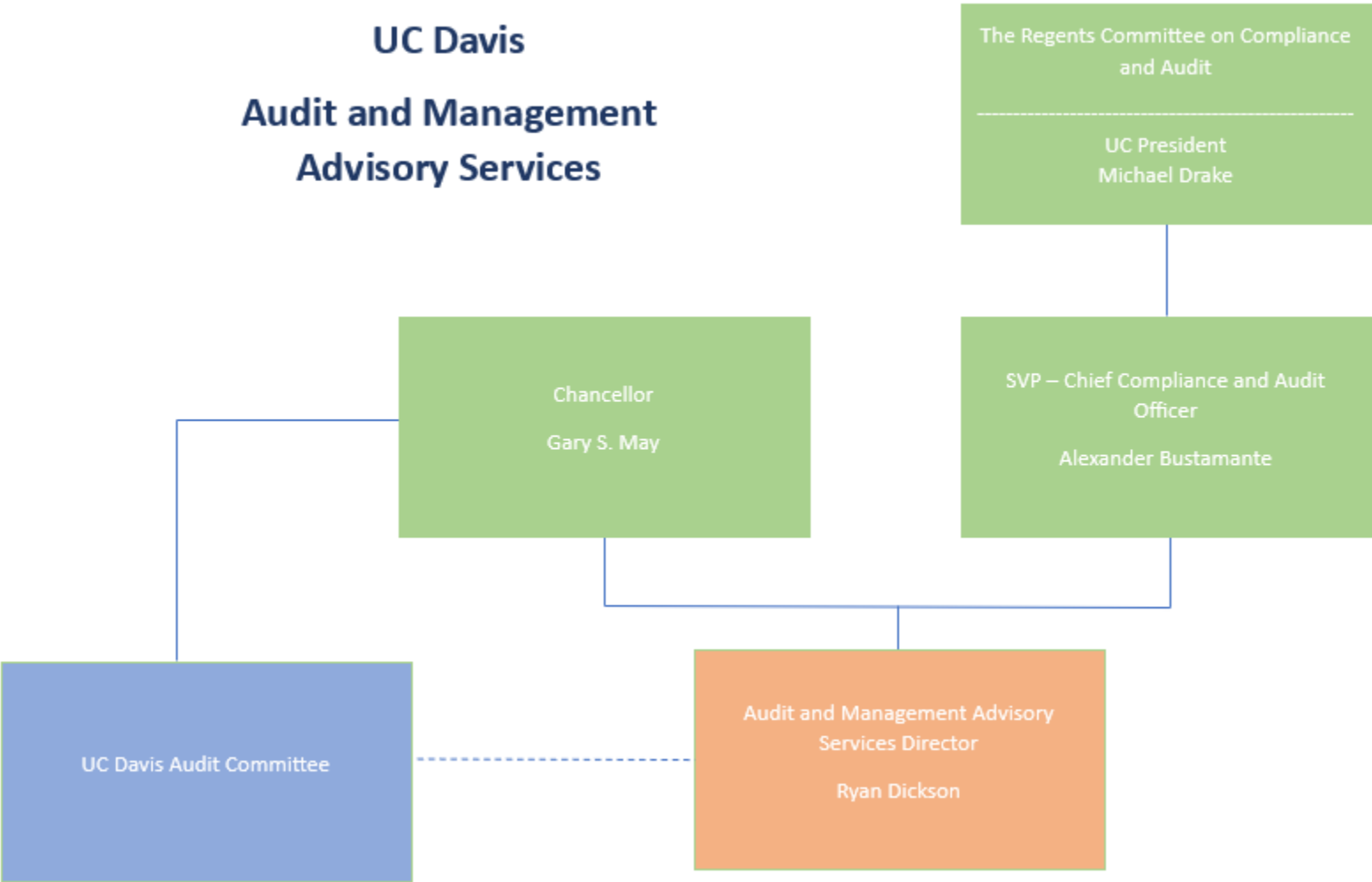
UC President
Michael Drake

Chancellor
Gary S. May

SVP – Chief Compliance and Audit
Officer
Alexander Bustamante

UC Davis Audit Committee

Audit and Management Advisory
Services Director
Ryan Dickson



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.



“Could you explain this, frankly, implausible spike in travel expenses in late December?”

Topics To Cover Today

- Transition Reviews
- Common Findings
- External Audits
- Critical department practices
- IS-3 Unit Head Responsibilities

Transition Reviews

The purpose of a transition review (also referred to as an Administrative Review) is to provide incoming or existing unit leadership and campus executives with an overview of the financial and operational landscape of the unit, and to assess administrative processes and controls within the unit's executive offices as well as other major subunits within the organization.

We perform a broadly-focused evaluation of the finances and operations of the unit to identify risks affecting its ability to achieve its mission.

Frequent Findings

- Account deficits
- Outstanding accounts receivable
- Lack of supporting documentation for transactions/decisions
- Outdated, deficient, or non-existent procedural documentation
- Non-compliance with mandatory training requirements
- Unclear reporting structure/outdated position descriptions
- Infrequent financial/budgetary monitoring

Question

An external agency emails you, notifying you of a financial review of a grant for which you are the PI. What should you do?

External Audit Process

EXTERNAL AUDIT PROCESS

Notification/ Engagement Letter

Entrance meeting (optional)

Submission of requested documentation

Response to follow-up questions

Closeout report

Corrective actions (not always)

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

externalaudits@ucdavis.edu

The Chair's role in internal control

You set the standard

UC Davis expects you to be a champion of policy. This is different from an enforcer of policy, whose job would be to punish noncompliance. A champion of policy:

1. Thinks policy is important and makes efforts to know what policy is and how it can be interpreted;
2. Is visible in their own compliance, and vocal to their team about its importance.

The Chair's role in financial oversight

Effective Chairs oversee finances by:

Understanding what they are approving;

Ensuring PI review of expenditures on extramural awards;

Knowing how separation of duties functions in financial transactions;

Ensuring timely performance of general ledger reviews;

Monitoring of overall department financial performance.

Critical Department Practices

Approvals:

It is critical that you have an understanding of what you are approving, and that you review supporting documentation.

The financial and travel systems have audit trails showing when and by whom receipts and supporting documentation are reviewed (or not).

Critical Department Practices

Grant Monitoring:

Make sure PIs are monitoring grants to ensure expenses are allowable and allocable.

PI is in the best position to assess appropriateness.

Lack of oversight regarding extramural funding creates a huge vulnerability.

Critical Department Practices

Separation of duties:

Different components of a transaction should be performed by different, independent people.

The person authorizing should have sufficient knowledge to vouch for validity of the transaction.

Information Security

Chairs are becoming more responsible for information security:

UC Electronic Information Security Policy BFB-IS-3

One of your most important relationships is with your IT manager.

Ask about your department's Information Security Management Plan.

Self-Assessment: Can you say no to all of the following?

1. I have username and password information written down somewhere
2. I use shared login credentials (i.e. a departmental username and password)
3. I store important data in Box
4. I use flash drives
5. I email research data to colleagues outside UC Davis
6. I have not installed DUO yet
7. Sometimes I use my personal computer to get work done
8. I access my department's network from home without using a VPN
9. Antivirus software is my best line of cyber defense

We're Here to Help!

Audit and Management Advisory Services is available to assist you. Don't hesitate to contact us and take advantage of our advisory services.

- **Ryan Dickson, Director, rsdickson@ucdavis.edu**
- **Tony Firpo, Associate Director, affirpo@ucdavis.edu**
- **External Audit Coordination Team, externalaudits@ucdavis.edu**