

UCSD AUDIT & MANAGEMENT ADVISORY SERVICES
SCOPE OF SERVICES - DEPARTMENT AUDITS

I. Preliminary Survey - Information Gathering

(client information is generally compiled before, during, and after the formal entrance conference with the client - timing for each item is determined on a case-by-case basis.)

- A. **General Information** - Compile from various sources including but not limited to web pages, the UCSD General Catalog, prior audit reports (both internal and external), consultant reports, central administrative units, etc.
- B. **Financial Information** - Obtain/prepare financial overview or snapshot of client *(usually limited to current and/or prior fiscal year)*:
1. Financial statements prepared by Client, if available,
 2. IFIS summary reports/extracts (by the auditor) via Financial Link,
 - 3 or IFIS Operating Ledgers *(for a predetermined limited scope review)*.
- C. **Operational Information** - Obtain and Review:
1. Mission Statement and Major & Minor Program Descriptions,
 2. Organizational Chart and reporting relationships,
 3. Specific unit business objectives,
 4. Overview of Business Office responsibilities:
 - a. Segregation of duties matrix (prepare with the client),
 - b. IFIS approval hierarchies (LVPO, HVPO, Pay Auth, JV's, etc.),
 - c. PPS Update/Inquiry Profiles,
 - d. Signature Authorizations - delegations of authority.
 5. Gain an understanding of information systems
 - a. Systems and platforms in use,
 - b. DSA and Data Steward, if applicable,
 - c. Systems security and data security for in-house systems,
 - d. Unique departmental systems needs and issues.
 6. Gain a detailed understanding of transactional processes (as needed) for:
 - a. Payroll Processing (PTR's, PAN's, PARS, DOPES, etc) & Timekeeping,
 - b. Personnel activities,
 - c. Purchasing activities (LVPO, HVPO, Pay Auth, etc.),
 - d. Equipment management,
 - e. Travel, entertainment, etc.,
 - f. Contract and grant activity - pre-award and post-award,
 - g. Others.
 7. Overview of Programmatic Issues - In light of the unit mission, review:
 - a. Business methodologies, mechanisms, and practices,
 - b. Affiliations with other entities, if any (i.e., for SOM, faculty service agreements, clinical arrangements with other healthcare providers/facilities),
 - c. Research, teaching, healthcare practices (i.e., for SOM, professional fee billings to third party payers; participation in corporate compliance training programs; org. structure of clinical practice including no. of participating faculty and locations),
 - d. Recharge operations (i.e., for SOM, specialty laboratory operations or other services),
 - e. Academic and student affairs practices,
 - f. Misc. issues, e.g. EH&S practices, customer service issues, etc.

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- D. **Compliance** - Obtain and Review Relevant Policies and Procedures (P&P's):
1. System-wide P&P's (e.g. BUS-series),
 2. Campus P&P'S (PPM's.) or guidelines,
 3. Departmental P&P's,
 4. Regulatory requirements (e.g. EH&S, OMB A-21/CAS, HIPAA, etc.) and
 5. Research sponsor agency requirements.

II. Risk Assessment Process

- A. Meet with management and key personnel to obtain concerns (entrance conference).
- B. Perform risk assessment exercises:
1. Brainstorming with the client - formal and/or informal exercises
What do you think are your biggest areas of business risk?
 2. In-house risk-ranking of preliminary survey issues
What does AMAS think are your biggest areas of business risk?
- C. Develop *baseline* conclusions with respect to whether departmental activities for managing risks in high risk areas provide a reasonable assurance that:
1. Activities are in compliance with applicable laws, regulations, and University policies and procedures;
 2. Operations are effective and efficient; and
 3. Financial reporting is accurate and reliable.
- D. Develop detailed audit procedures for purposes of validating or refuting the baseline risk assessment conclusions with respect to the three categories of business objectives.

III. Detailed Audit Fieldwork/Testing

- A. Perform detailed audit procedures as designed, and modify baseline risk assessment conclusions as needed.

IV. Reporting

- A. Conduct status meetings with client management, as needed, throughout the engagement to discuss significant issues as they arise,
- B. Prepare draft report summarizing audit procedures and results,
- C. Conduct exit meeting with client to discuss draft report, and develop consensus on next steps for the unit for addressing issues raised, if any,
- D. Modify the report, as needed, based on the exit conference, and
- E. Issue final report to the client management, cognizant VC, VC-RMP, Dean, Controller, University Auditor (UCOP), and others as warranted.

V. Audit Follow-up

- A. Meet with client approximately six months after final report is issued (and again thereafter as needed),
- B. Determine status and adequacy of corrective actions and, when adequate,
- C. Close out the audit (*usually, an AMAS administrative action*).