The Regents of the University of California

COMPLIANCE AND AUDIT COMMITTEE
July 17, 2019

The Compliance and Audit Committee met on the above date at the UCSF–Mission Bay Conference Center, San Francisco.

Members Present: Regents Anguiano, Elliott, Estolano, Makarechian, Sures, Um, and Weddle; Chancellors Christ, Gillman, Hawgood, Khosla, and Leland; Staff Advisor Klimow

In attendance: Regent Napolitano, Faculty Representative Bhavnani, Assistant Secretary Lyall, General Counsel Robinson, Chief Compliance and Audit Officer Bustamante, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, and Recording Secretary Johns

The meeting convened at 9:35 a.m. with Committee Chair Elliott presiding.

1.   **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of May 15, 2019 were approved.

2.   **UPDATE ON SYSTEMWIDE AUDIT OF ADMISSIONS**

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chief Compliance and Audit Officer Bustamante introduced the discussion about this audit of UC systemwide admissions, which focused on the nine UC campuses with undergraduate programs. Systemwide Deputy Audit Officer Matthew Hicks recalled that the University initiated this audit in response to the recent nationwide college admissions scandal concerning attempts to gain fraudulent admission to U.S. universities, including the University of California. The primary objective of the audit was to assess process. In coordination with the internal audit departments at the nine undergraduate campuses, the Office of Ethics, Compliance and Audit Services (ECAS) performed detailed reviews of the admissions process at each campus and identified controls in place that facilitate compliance with policy and reduce the risk of fraud. ECAS reviewed the process by which athletics and other departments make recommendations for admission on the basis of special talent, as well as processes governing the application of Regents Policy 2105: Policy on Undergraduate Admissions by Exception, which allows campuses to admit a limited number of students who do not meet minimum eligibility requirements. ECAS also reviewed processes in place to verify information provided in admissions applications and

to identify potentially falsified information, as well as processes to monitor student-athletes' participation in the athletic programs for which they were recruited.

The audit report was issued on June 20. ECAS found that several opportunities existed to strengthen controls and to make it more difficult for bad actors to manipulate the system. The report included 34 recommendations. There were several recommendations to enhance policies and procedures related to admissions documentation, conflict of interest, and training. ECAS also recommended several additional procedures to ensure that non-standard admissions, such as admissions for special talent and admissions by exception, are appropriately supported, verified, and approved. The recommendations also include new monitoring protocols to ensure that only authorized individuals have access to the admissions system and that admissions decisions are not inappropriately influenced by personal relationships, donations, or legacy status. ECAS recommended a change to organizational structure to ensure that athletics compliance has an independent reporting line to the campus' chief ethics and compliance officer to escalate issues when appropriate.

In accordance with standard Internal Audit protocol, each campus was developing Management Corrective Actions (MCAs) to address each of the report's recommendations, and there would be follow-up to ensure that MCAs were completed by target dates. In the meantime, ECAS had initiated planning for a second internal audit of undergraduate admissions, which would involve close review of high-risk areas such as special talent admissions and admissions by exception. For each area, ECAS would select samples, review documentation, and evaluate the operating effectiveness of existing controls. ECAS expected to complete this second audit in the next six months. The prior month, the Joint Legislative Audit Committee had approved a State audit of UC's admissions practices. The initiation of the State audit would be delayed until after ECAS completes its review, or six months from the date of the audit approval, whichever occurs first. There was overlap between areas being reviewed by ECAS and the planned objectives of the State audit. The State Auditor has indicated that its office might rely on UC's work in certain areas and reduce the scope of the work that it performs. ECAS would work with the State Auditor's office to ensure that the State Auditor has full access to ECAS' report and all its audit work papers.

Committee Chair Elliott asked about the timeline for UC audit activities versus those of the State Auditor. Mr. Hicks responded that, in response to the University's first internal audit, the campuses were required to complete development of the MCAs the prior week. ECAS was reviewing the MCAs and hoped to finalize them by the end of the current month, at which point the campuses would begin implementing them. Committee Chair Elliott asked if the proposed MCAs must be approved by ECAS before they can be implemented. Mr. Hicks responded in the affirmative. When campuses assert that they have implemented the actions, ECAS verifies this implementation. ECAS would then conduct its second audit over the next six months. The State audit included a delay of six months or the completion of the University's audit, and Mr. Hicks anticipated that the State audit would probably commence around January 2020. Mr. Bustamante noted that ECAS uses the same mechanisms in this as in other audits to review MCAs and ensure that they are implemented.

Committee Chair Elliott asked if this situation was unique in that different campuses would be carrying out different MCAs. Mr. Bustamante responded that the campuses address issues in different ways and might use different approaches to satisfy regulatory, legal, and compliance requirements. He stressed that the campuses must meet baseline requirements established by ECAS.

Regent Makarechian referred to recommendations for UC athletic departments and asked which recommendations concerned new approaches and which concerned already existing approaches. Mr. Hicks responded that the first audit found that some campuses have appropriate policies and procedures in place but that most campuses did not have the full admissions process documented to ensure consistency in the process. There was some level of documentation in place, but ECAS was recommending that a minimum standard be applied. The audit found that protocols regarding conflict of interest were communicated verbally; for example, that an admissions reviewer should abstain from reviewing an application if he or she knows the applicant. ECAS was recommending that these protocols be formalized in policy. Overall, the audit found that protocols were in place but not formalized or were in place only at a handful of campuses. Mr. Bustamante added that some campuses had very effective controls in some areas but not others. The audit identified best practices at UC, and these practices have been disseminated across the system so that all campuses meet the required threshold. In cases where the audit found that no appropriate control was in place, ECAS worked with campus audit directors to develop baseline controls. The audit found that the compliance function in athletics departments was often isolated. The University created an outlet so that chancellors and campus chief ethics and compliance officers have access to and awareness of athletics compliance issues and can address these issues as they arise. Information would flow to the chancellors and to ECAS.

Regent Makarechian observed that this was an example of the University addressing an issue when it had become a crisis. He asked if the University's Internal Audit function, at ECAS and the campuses, engages in discussions about areas in which one needs to be forward-thinking and if it tries develop procedures in anticipation of future problems. He asked if the University could have foreseen this situation. Mr. Bustamante responded that the extent of the 2019 college admissions bribery scandal, or so-called "Varsity Blues" scandal, took people across the nation by surprise. It was surprising that people would go to such lengths to secure fraudulent admission to colleges. The University did not have access to much of the information it would need in order to identify an issue like this, such as money transfers and bank accounts. Nevertheless, there are ways for UC to strengthen its processes. At the first indication of this issue, the University immediately engaged with the office of the U.S. Attorney who was in charge of the investigation. Athletics admissions account for about one percent of the admissions process. UC examined its entire admissions process, including the 99 percent that had not been touched by these fraud allegations. Mr. Bustamante underscored that, while one percent of the University's audit was reactive, 99 percent of this effort was proactive, and it would help strengthen the UC admissions system and make it harder for the next person or persons who attempt to manipulate the system and gain admission fraudulently.

Regent Sures asked how many students at this point had been found to have gained admission fraudulently. Mr. Bustamante responded that this would have to be discussed in closed session, as federal investigations were under way. The University did not know how much longer the federal investigation might last.

Regent Sures referred to the information technology aspect of the investigation and asked if it was possible for one individual to access admissions databases and change the status of an application. Mr. Hicks explained that the University was discussing this risk. The first audit found that most campuses did not have formal protocols in place to review access on an ongoing basis and to ensure that access is appropriate. The University did not find any instances of what Regent Sures described; this was a risk that UC would like to mitigate with the implementation of additional controls. Mr. Bustamante added that segmented roles and responsibilities, extra documentation, and various layers of review were important mechanisms to address this risk and identify possible problems. An employee who inputs data into the admissions database should not have more access than is required for that task. Responsibilities are broken down so that one individual could not have access and take actions beyond his or her responsibilities.

Regent Anguiano asked about the verification process and expressed concern that this process might have the unintended consequence of excluding certain applicants, students who are qualified but for whom verification takes longer due to circumstances beyond their control. Undergraduate Admissions Director Han Mi Yoon-Wu responded that the verification process that was being addressed in this audit was a pre-admission verification process that examines information provided by students. The verification process referred to by Regent Anguiano was a post-admission process in which the University asks students who intend to enroll to provide documentation such as transcripts and official test scores.

Chancellor Hawgood referred to Regent Makarechian's earlier question about whether the University was proactively trying to identify high-risk situations in order to mitigate them. He confirmed that UC campuses have robust annual audit work plans. There is a great deal of collective input on where campuses perceive potential vulnerabilities. Campuses then initiate proactive audits to address high-risk areas.

Chancellor Gillman noted that the scope of the planned State audit included the following: "Determine the extent to which UC considers student diversity during the admissions process and report on the diversity of admitted students." This question was not related to the triggering event for the UC and State audits. The University was restricted by Proposition 209. He asked if the Legislature genuinely wondered whether UC was complying with Proposition 209 or if there was another motivation for this element of the State audit scope. Mr. Bustamante responded that he could not speak on behalf of the Legislature and did not know the intent of this element of the State audit scope. He noted that there was a great deal of overlap between the UC audit and the other elements of the State audit.

Regent Weddle remarked that there had been much attention to the admissions scandal by the news media. She asked what efforts UC was making to communicate with its broader

community about the protocols and recommendations that would be implemented. Mr. Bustamante responded that the campus audit directors report to the chancellors and to ECAS. ECAS also briefed State government representatives about the University's audit. UC tries to disseminate this information to stakeholders as broadly as it can.

Regent Weddle asked about communication with external stakeholders, such as applicants, their families, and the broader community. Mr. Bustamante responded that others should answer this question; this was outside his responsibilities.

Regent Park stated that she was surprised at the lack of documentation that the audit found at some campuses. Eligibility in the Local Context and admission by exception deserve greater scrutiny, but these are valuable tools in striving for greater equity, and it would be unfortunate to lose them. Students do not all have the same advantages when they enter the University. She referred to the section of the audit report about verifying application information and the risk of fraudulent admissions based on falsified information. She asked about the verification process. Mr. Hicks responded that there was a systemwide verification process carried out by Undergraduate Admissions, a random sample of all applicants, looking at one item in each application in the sample. The item could be the applicant's personal statement, work experience, or volunteer experience. A third party is engaged to request and review documentation to substantiate what is stated in the application.

Regent Park asked if applicants' statements about their volunteer experience would be at greater risk for falsification. Mr. Hicks responded that ECAS does not provide comments on which application elements might present greater risk. ECAS recommends that Undergraduate Admissions perform its own analysis, based on historical trends or other relevant information, to determine which items might be more susceptible to or present a greater risk for falsification. ECAS recommends a risk-based approach rather than a purely random sampling.

In response to another question by Regent Park, Mr. Hicks noted that this is a systemwide process run by Undergraduate Admissions at UCOP. Regent Park asked which part of this verification process is run by the campuses. Mr. Hicks responded that the campuses verify all test scores and grades. The other, non-academic elements of the application mentioned earlier are verified by the systemwide office. Regent Park requested more information on this point.

Regent Estolano stated her perception that the campuses would likely advise on which elements of the application would present the greatest risk for falsification. Mr. Hicks responded that this might be true for a particular data point but that this process would be driven by data collected by the systemwide office. Regent Estolano noted that these data might vary by campus. Ms. Yoon-Wu commented that Undergraduate Admissions was currently analyzing about seven years of data. This verification process had been in place since 2002, but the third-party vendor has changed over the years, so UC currently had seven years of data at its disposal. The data were being analyzed to examine the categories

and numbers of students who do not respond to verification requests or who have falsified information in order to determine if there are trends.

Committee Chair Elliott asked if this analysis was based on communications to UC by the third-party vendor rather than on information from the campuses. Ms. Yoon-Wu responded that this was correct because the verification process is carried out at the systemwide level. Campuses also receive reports and claims of falsification from external sources and follow up on these reports. Undergraduate Admissions has records of these reports and considers them as well.

Regent Estolano referred to the audit review of admission by exception and Eligibility in the Local Context and asked about non-responses to verification of elements other than test scores and grades. She asked what proportion of these cases concerned admission by exception and Eligibility in the Local Context. It would be desirable to understand this breakdown in future analyses because students admitted by exception or deemed eligible in the Local Context might be in the least favorable position to provide verification. These categories of applicants were receiving scrutiny, and it was important to ensure that the University was providing access for these students, who might have outstanding abilities but attend a high school where it is harder to document these abilities. Ms. Yoon-Wu responded that Undergraduate Admissions was examining demographic factors in cases of non-responding students and students who are shown to have falsified information. The selection has been random, and Undergraduate Admissions would be assessing whether or not it should continue with a random sample or a more stratified sample based on information that has been gained.

Regent Estolano referred to the planned State audit of UC admissions, which would follow after the ECAS review was completed. The scope of the State audit included these activities: "determine the extent to which UC considers student diversity during the admissions process and report on the diversity of admitted students" and "identify and assess any trends related to the admission of nonresident and resident students since academic year 2010-11." This was an indication of information in which the State was interested. It would be important for the Legislature to understand the University's analysis of admission by exception and Eligibility in the Local Context. As part of UC's communications strategy, it was important to make it clear to the public and the Legislature how seriously the University takes this matter and how many staff hours and resources it was spending on reviewing its admissions process and addressing any vulnerabilities. She requested more detail on staff time devoted to this review. Mr. Hicks responded that the second audit would occupy a total of about 3,000 hours. The number of hours might increase or decrease as the scope of the audit was finalized. Mr. Bustamante added that the University has communicated with the State government about this audit but could provide more information.

Regent Estolano commented that communicating the number of hours UC has spent on this audit was an important message to the people of California. In addition, UC should highlight the fact that it audited not only admissions of student athletes, but reviewed the entire system.

Chair Pérez recalled that, in a past audit, the State Auditor and the University had disagreed about the impact of nonresident students and about how UC calculates grades and test scores for out-of-state students. For in-state students, UC can evaluate Grade Point Averages in a consistent way. In the case of out-of-state applicants from other schools and states for which UC does not have contextual information, an evaluation process takes place at the campus level that gives the campuses comfort that these applicants are as qualified as in-state applicants. There might have been inconsistency in how campuses recorded the evaluations that were made, and the evaluation process was not tracked in a way that would convince some outside observers that out-of-state applicants were as qualified as or more qualified than in-state applicants who were not selected. Chair Pérez underscored the value of capturing these data.

3.   **APPROVAL OF INTERNAL AUDIT PLAN FOR 2019-20**

The Senior Vice President – Chief Compliance and Audit Officer recommended that the Compliance and Audit Committee approve the Internal Audit Plan for 2019-20, as shown in Attachment 1.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chief Compliance and Audit Officer Bustamante introduced the Internal Audit Plan for 2019-20, which was based on a consistent and thorough risk assessment process and consisted of individual campus audits as well as systemwide audit efforts.

Systemwide Deputy Audit Officer Matthew Hicks explained that the Internal Audit Plan was a consolidation of the over 300 planned audit and advisory services projects identified by the Office of Ethics, Compliance and Audit Services (ECAS) and by Internal Audit departments at each of the campuses and Lawrence Berkeley National Laboratory. The Internal Audit Plan was based on a comprehensive risk assessment process. All UC locations follow a consistent methodology for prioritizing and rating risks. The annual risk assessment process typically begins in January and includes mechanisms to solicit information from internal sources, primarily through interviews, surveys, and data analysis, as well as information from external sources, such as industry trends, external audits, and regulatory developments. The result of the risk assessment process is a prioritized list of risk areas and corresponding audit and advisory projects to address those risks. Each year, ECAS identifies a set of systemwide audits that it asks the campuses to include in their audit plans. The select number of systemwide audits targets high-risk and priority areas. The systemwide audits are performed by all UC Internal Audit departments using a consistent approach, and the results are consolidated in a systemwide report. ECAS had identified six systemwide audits for this fiscal year: foreign influence, undergraduate admissions, executive compensation, outside professional activities, the Fair Wage/Fair Work Plan, and UCPath readiness.

Mr. Hicks presented a chart showing planned projects by functional area. Over half the planned hours were allocated to three functional areas: financial management, information

management and technology, and health sciences operations. The remaining project hours spanned a variety of financial, operational, and compliance areas. He then presented a chart listing Internal Audit Plan themes. Some of the themes represented systemwide audits; the themes also represented risk areas that had been prioritized by multiple campuses, such as business continuity planning, conflicts of interest, and medical billing. When ECAS identifies these themes in campus audit plans, it facilitates information-sharing between campus Internal Audit departments to discuss the audit scope and approach, emerging risk areas, and best practices. The Internal Audit Plan included several cybersecurity audits to be conducted by the Cybersecurity Audit Team. Mr. Hicks anticipated that a detailed review of these planned audits would be presented at the September meeting.

Regent Makarechian asked about the cost per hour for the Internal Audit Plan. Mr. Hicks responded that, based on salaries paid and soft costs, the cost was approximately $75 to $80 per hour. Regent Makarechian estimated that this hourly cost times the total number of planned audit hours, about 166,000, resulted in a total cost of almost $17 million, which seemed excessive. Mr. Bustamante responded that it is a standard best practice for any major organization in the U.S. to have an internal mechanism to examine and identify its own risks. Doing less than this would subject the University to greater risk of non-compliance with external regulations.

Regent Makarechian stated that he did not question the need for an internal audit function but the number of audit hours spent every year in the same areas, given that the University has sometimes overlooked major items that should have been examined.

Committee Chair Elliott expressed understanding of Regent Makarechian's concern but noted that not all audit topics were ongoing. The audit of the Fair Wage/Fair Work Plan was a new audit topic that had arisen in response to Regents' concerns; it might cease being an audit topic when the Regents had ascertained that the Fair Wage/Fair Work Plan was functioning as intended. An important element of the annual process was assessing whether the University's money and efforts were being spent in necessary areas.

Regent Makarechian referred to a chart in the Internal Audit Plan for 2019-20 document showing the distribution of direct hours, and he questioned the rationale for a distribution with 49 percent planned audits, 23 percent advisory services, and only nine percent investigations. He suggested that more time and money spent on investigations might be better for the UC system.

Mr. Bustamante suggested that the annual risk assessment process could be explained in more detail at a future meeting. He emphasized that the University does not repeat the same audits every year. Each campus goes through a detailed process to determine what it believes are the highest risks. This is a proactive effort by the campuses to diagnose problems that have not occurred but might occur, and to ensure that processes are functioning as intended. The risk assessment process starts anew each year. The audit topics in the Internal Audit Plan were risks that had been identified by the campuses and the Office of the President, taking data, past occurrences, and the regulatory environment

into account; these were not rote audits. The University does not use a repetitive, checkbox approach.

Committee Chair Elliott concurred that such a presentation would be helpful in providing guidance regarding audit plans in subsequent years.

Faculty Representative Bhavnani referred to the cybersecurity audit plans to be presented in September. She asked that the presenters help the Regents think through issues of privacy and personal information that might not be relevant for a cybersecurity audit. Mr. Bustamante responded that ECAS understands privacy concerns. The planned audits would not examine content and would not have access to content. The audits would examine the overall health of the University's cybersecurity to ensure that UC has the best system in place so that the University can preserve the work of academics, intellectual property, and all its valuable resources. He stressed again that the audits would not look at content, such as email messages, but focus on the ecosystem and cybersecurity coverage. Ms. Bhavnani thanked ECAS for working with the Academic Senate and the Senate's University Committee on Academic Computing and Communications.

Ms. Bhavnani referred to the chart showing planned projects by functional area and asked about the 11 percent of planned project hours that would be devoted to the category of "Academic Units and Programs." Mr. Hicks responded that audits in this category are typically reviews of the financial management of individual academic units. One of the risk factors considered during the risk assessment process is the question of how recently an academic department or unit has been reviewed, to ensure that there is periodic review across the UC organization. These audits of academic departments determine if appropriate financial controls are in place and include expenditure reviews and reviews of deficits and mechanisms to manage deficits.

Regent Anguiano suggested that the future presentation on the risk assessment process include benchmarks indicating how UC's internal audit resources compare to those of other large entities and organizations.

Regent Estolano praised the UC Internal Audit program for the planned foreign influence audits; the University was addressing this issue in advance of other institutions and entities. She commended UCLA and UC Merced for the planned audits of disaster recovery, emergency planning, and business continuity plans. There had been powerful earthquakes in Southern California that month. UC campuses are assets to their communities and all the campuses should focus on their ability to resume operations following an earthquake or other disaster.

Chancellor Leland commented on the positive contribution of Internal Audit's advisory services. Campus senior leadership receives valuable advice that assists in risk prevention and can lead to consideration of new audit topics.

Upon motion duly made and seconded, the Committee approved the Senior Vice President – Chief Compliance and Audit Officer's recommendation.

4. **REPORT ON INDEPENDENT ASSESSMENT OF AUDIT IMPLEMENTATION STATUS**

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Kurt Sjoberg of Sjoberg Evashenk Consulting recalled that his firm had covered every step of the Office of the President's (UCOP) response to the recommendations of the California State Auditor following its audit of UCOP administrative expenditures. UCOP had engaged all its areas of operation to address the recommendations. Sjoberg Evashenk had also visited the campuses and had seen a substantial response, modification of practices, and improvements over the first two years of the implementation period. Mr. Sjoberg pointed out a chart in his firm's report indicating that UCOP had implemented nine of the ten first-year recommendations and nine of the 11 second-year recommendations. He anticipated that the timing of the presentation and approval of the UCOP budget would continue to be an issue for the State Auditor, who wished to see the UCOP budget approved in April and would continue to deem this recommendation as only partially implemented.

Marianne Evashenk of Sjoberg Evashenk Consulting referred to the two second-year recommendations considered only partially implemented, numbered 22 and 23 on the chart. Recommendation no. 22 was the comprehensive budget issue. The State Auditor had accepted all changes UCOP had made to its budget, including presentation and development, with the exception of the date. Recommendation no. 23 pertained to salaries. The State Auditor had accepted all of UCOP's adjustments regarding salaries with the exception of the recent decision to move the midpoint of salary ranges closer to market. This issue had been discussed with the Regents and vetted over a number of months, and the decision was within the President's discretion. Sjoberg Evashenk had anticipated that the State Auditor might not be happy with this action.

Committee Chair Elliott noted that Sjoberg Evashenk had not communicated its expectation that the State Auditor would be displeased. Ms. Evashenk responded that in its last report, Sjoberg Evashenk had stated that it was likely that these decisions would not result in salary savings. Achieving savings at UCOP and returning these savings to the campuses was an important issue for the State Auditor. UCOP had undertaken many activities to increase efficiencies but since the budget had been flat since 2016, many of these savings were used to address the cost of operations. UCOP had also made efforts to identify funds and provide information that would allow the Regents to consider if any funds could be directed to the campuses.

Committee Chair Elliott asked if Sjoberg Evashenk believed that the State Auditor would view further recommendations as not implemented. Ms. Evashenk responded that it was still early in the third year of the implementation period and much financial information was yet to be determined. Mr. Sjoberg added that Sjoberg Evashenk's role was to ensure that UCOP was making every effort to implement the State Auditor's recommendations. Mr. Sjoberg and Ms. Evashenk had conducted audits similar to this audit by the State Auditor and had made hundreds of recommendations. In reading the State Auditor's report,

it was clear that there was a focus on salaries and tracking State employee salaries rather than salaries at Association of American Universities (AAU) research institutions. He anticipated that the State Auditor's emphasis on State salary levels would not change. UCOP's action on its salary ranges was market-based and entirely appropriate for an AAU research institution.

Committee Chair Elliott asked Mr. Sjoberg what the University should expect with regard to Recommendation no. 23. Mr. Sjoberg responded that the State Auditor regularly reports to the Legislature's budget committees on State audits and the status of recommendations. The State Auditor might report to these budget committees that one of the recommendations was only partially implemented. It would then be up to the Legislature to act on this.

Committee Chair Elliott asked if anything might change the State Auditor's view of this recommendation as partially implemented Mr. Sjoberg responded that nothing he had observed over the past 18 months would suggest that. Ms. Evashenk observed that the State Auditor had responded to the market-based eight percent movement of the UCOP salary range midpoints. While UCOP was likely continuing to have discussions with the State Auditor about this issue, Sjoberg Evashenk had not been briefed on any progress.

5.   **UNIVERSITY OF CALIFORNIA HERBICIDE TASK FORCE UPDATE**

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Associate Vice President and Chief Risk Officer Cheryl Lloyd began the discussion by recalling that President Napolitano had recently issued a temporary suspension on the use of glyphosate-based herbicides at UC and formed a task force. The UC Herbicide Task Force had been meeting every other week. While the Task Force had a November deadline, there was pressure to arrive at a resolution sooner.

Executive Director of Environment, Health and Safety Ken Smith explained that President Napolitano's temporary suspension of glyphosate-based herbicides included four exceptions: agricultural operations, fuel-load management programs to control vegetation and reduce wildfire risk, native habitat preservation or restoration activities, and research that requires glyphosate-based herbicides. The temporary suspension had taken effect and to the best of Mr. Smith's knowledge, all locations were in compliance with the suspension. The suspension allows a process by which locations can request a specific exemption. To date no location had requested a specific exemption outside the four exceptions noted. The Task Force received inquiries about what would constitute agricultural operations for the purpose of the suspension.

Prior to the suspension, several UC locations had already taken initiatives to suspend the use of glyphosate-based herbicides. Four out of the five medical centers were not using them. UCLA and UCSF had discontinued their use prior to the suspension. UC Riverside had discontinued using them on its main campus but was still using them in its agricultural

operations. All UC locations were actively evaluating and testing alternatives. There was significant student interest in this topic.

There was scientific disagreement about the hazards of glyphosate, but President Napolitano moved quickly to establish the Task Force to study questions of glyphosate use and make recommendations regarding herbicide use in general. Mr. Smith presented a list of the Task Force members, who included stakeholders and experts within the UC system: faculty in the fields of toxicology, reproductive health, plant sciences, and environmental law, a student representative, as well as representatives from the Division of Agriculture and Natural Resources, Facilities Maintenance, Environment, Health and Safety, and the Office of the General Counsel (OGC). The Academic Senate had appointed two representatives and the Task Force was still waiting for a final nominee for a union representative.

President Napolitano charged the task force with a number of responsibilities, including compiling a summary of glyphosate-based herbicide use by UC locations and documenting the justifications for such use, possible alternatives, and the estimated fiscal impact of the alternatives; evaluating current toxicological research and relevant legal considerations; recommending a longer-term approach to glyphosate-based herbicides and herbicide use in general, which the Task Force considers to be perhaps its most important responsibility; and recommending a strategy for the sustainable use of pesticides in general. President Napolitano requested that the Task Force provide its recommendations by November 1. The Task Force appreciated the need to act quickly, and Mr. Smith anticipated that partial recommendations might be available before the November 1 date.

The Task Force recognized the significant internal and external interest in the issue of pesticide use and the use of glyphosate. The Task Force members were committed to addressing these issues in a meaningful and holistic fashion. The Task Force's objective was to protect the University's students, staff, faculty, and visitors and to do this in a manner based on scientific principles. The Task Force would address these issues while remaining sensitive to the various approaches taken by the campuses. Mr. Smith stated that the Task Force would likely recommend that UC adopt an Integrated Pest Management policy. Such a policy would require that UC locations evaluate alternatives before considering the use of an herbicide or pesticide. Controls would be in place, in case a pesticide application is needed, to ensure that there is adequate training for applicators, adequate personal protective equipment, notifications to the campus community, and use reports after the fact. This policy could be aligned with existing UC policies and would be implemented in a manner appropriate for each location.

Regent Estolano asked if any members of the Task Force received grant funding or research support from any person or entity that manufactured, distributed, or had a financial interest in glyphosate-based herbicides or pesticides. Mr. Smith responded that each Task Force member was asked to complete a disclosure regarding conflict of interest. The responses were reviewed by OGC. While several members had conducted research in this field, OGC did not believe that this presented a conflict that would preclude their participation on the Task Force. Senior Counsel Barton Lounsbury responded that one Task Force member had

received the type of funding Regent Estolano referred to. OGC reviewed this individual's report and concluded that his receipt of funding would not cloud his judgment. An inherent challenge in this process was that many experts in the field had aligned themselves with one side or another in this debate about glyphosate. Mr. Lounsbury stated his view that the Task Force was a balanced, representative group that was moving toward an agreeable solution in the interest of everyone at UC. There had not been much controversy regarding the approach. The goal of the Task Force was to reduce the University's dependence on pesticides as much as possible. Any potential conflict of interest on the Task Force had not become an actual conflict of interest.

Regent Estolano stated that she hoped that there did not have to be unanimity among the Task Force members in order to produce recommendations. She requested that any split in the decisions of the Task Force be noted.

Committee Chair Elliott observed that the exceptions to the suspension were significant. Based on the Task Force's charge, he asked if there was an assumption that there would be continued use of glyphosate-based herbicides. Mr. Smith responded that the Task Force had not yet reached a decision on this question.

Committee Chair Elliott referred to language on a slide summarizing one of the charges of the Task Force, to "research and recommend long-term glyphosate-based herbicide application and management practices…" This appeared to indicate that UC would continue to use glyphosate-based herbicides. Mr. Smith responded that the Task Force did not wish the President to discontinue the suspension or decrease the number of exemptions that were permitted. The Task Force had not yet reached a decision on the question of long-term approaches or policy.

Committee Chair Elliott stressed that the language on the slide suggested that the University was examining how best to continue using glyphosate-based herbicides. Mr. Smith responded that pesticides and herbicides produce a risk. They are designed to kill something. The Task Force had been discussing the rationale for targeting a specific pesticide; the University might examine pesticides recognized by the State of California as carcinogenic or reproductive health hazards. It was pointed out in these discussions that all insecticides, as a class of pesticides, are included in the Proposition 65 list. This might preclude the University from ever using an insecticide. The Task Force was evaluating whether the Integrated Pest Management approach could provide assurance and a procedure, steps that UC would have to go through before reaching a decision on application of a chemical. The Task Force was considering three guiding principles in this area. The first was limitation, including discussions of which pesticides would be permitted or not permitted, or whether that decision is left to the state as a whole. The second principle was justification: the University must have a strong reason to use a pesticide. The third principle was optimization, including the question of how, if UC decides it must use a pesticide, it can apply the pesticide at as low a level as reasonably possible.

Committee Chair Elliott expressed approbation for the work of the Task Force, noting that another of the charges, to take into account relevant legal considerations, was important to the Compliance and Audit Committee as well.

With regard to legal considerations, Regent Um observed that, in the current environment, when lawsuits were being brought against manufacturers, there might be legal exposure for the University as well. He asked if the Task Force's discussions of this matter took into account attorney-client privilege regarding findings and the final recommendations. He cautioned that the University might issue information that would result in increased legal exposure. Mr. Lounsbury responded that the University was taking attorney-client privilege into consideration. The Task Force wished to be forthcoming with the University community and the public about its conclusions, but certain elements would appropriately be confidential under attorney-client privilege. The Task Force would carefully consider this point as it drafted its final report.

Regent Weddle commended the inclusion of a student representative on the Task Force. Noting that the exceptions to the suspension were very broad, she suggested that referring to this as a "partial suspension" might be more accurate. She asked if the University had any information on other research institutions that might have taken a more proactive approach to eliminating the use of pesticides and herbicides. Mr. Smith responded that many cities and counties in California had implemented permanent bans or suspensions on the use of glyphosate. UC has been communicating with other universities and appeared to be in the forefront on this issue. The Task Force would have a presentation later that week by representatives of the University of Colorado, which had already implemented a number of alternatives. Mr. Lounsbury added that UC had significant in-house expertise in Integrated Pest Management. Although UC did not currently have a systemwide policy on Integrated Pest Management, it was one of the institutions that generated the most significant progressive documentation of this approach.

Regent Park asked how much Integrated Pest Management was being practiced throughout UC and what the areas of greatest exposure were for this herbicide. Mr. Smith responded that the University promotes Integrated Pest Management externally. The Division of Agriculture and Natural Resources teaches and produces educational materials on Integrated Pest Management. Within UC, it appeared that not many of UC's Integrated Pest Management plans had been implemented as rigorously they should be. The Task Force had been able to identify only two locations that had a policy on Integrated Pest Management rather than just a plan limited to a certain department. With regard to Regent Park's second question about where the risk was greatest, this depended on which pesticide was in use, in this case glyphosate, and the amount of exposure that occurred. The most extensive uses of glyphosate to date were in UC's agricultural operations, in which UC applied pesticide to a crop product over a large acreage. Herbicides were used along rights-of-way to prevent weeds from encroaching on drivable surfaces, but there might not be many people who walk in these areas. The areas of greatest risk were probably those with the highest density, in the campus core, along pathways, in the landscaping around buildings, or near childcare centers.

Regent Park cautioned that the University might not be practicing what it preached. She recalled that there had been laws on the books for a long time regarding use of the least toxic alternatives to pesticides at K-12 schools and on State grounds and buildings. It was surprising that UC had not done more to embrace these measures, given the amount of research that takes place in the UC system. She asked that there be an update on the work of the Task Force at the September meeting and specifically regarding the literature that the Task Force was reviewing. If there were legal considerations, this could be discussed in closed session. Committee Chair Elliott added that the Committee would like regular updates.

Faculty Representative Bhavnani asked how maintenance workers who use glyphosate would be involved in the work of the Task Force. Mr. Smith responded that the Task Force was waiting for a union representative. One of the Task Force members was the Executive Officer of Facilities Management at UCLA with oversight over grounds and landscaping activities. Ms. Bhavnani asked how maintenance workers themselves, who work with glyphosate, could communicate their concerns other than through a union or to a facilities director.

Committee Chair Elliott stated his understanding that the union representative on the Task Force would represent these employees. Ms. Lloyd commented that the work of Environment, Health and Safety was to protect the safety of UC employees on a daily basis. This included ensuring that employees have appropriate protective equipment.

Mr. Lounsbury anticipated that the union representative on the Task Force would be a landscape or maintenance worker. He hoped that the Task Force would have time to disseminate its findings and recommendations with all relevant stakeholders and receive feedback. The Task Force hoped to receive the opinions of groups affected by this issue about the proposal before the final report was submitted to President Napolitano.

Staff Advisor Klimow stated that it was important that the implementation of the Task Force recommendations extend to field level staff members. It would be desirable to have UC employees with this practical experience, which was different from research or scientific experience, involved in the deliberations.

The meeting adjourned at 11:15 a.m.

<div align="center">Attest:</div>

<div align="center">Secretary and Chief of Staff</div>

Internal Audit Plan Objectives

- Improve the effectiveness of campus governance, risk management and control processes;

- Assist campus leadership in the discharge of their oversight, management, and operating responsibilities;

- Assist management in addressing the University's significant financial, operational and compliance risks and making informed risk acceptance decisions;

- Support and leverage campus efforts to identify, evaluate and mitigate risks;

- Support management's restructuring and budget coping strategies;

- Serve the needs of campus/laboratory leadership while addressing broader issues from a systemwide perspective;

- Support the evolution of the Systemwide Compliance Program; and

- Meet the challenge to enhance the value of the Internal Audit Program.

Internal Audit Plan Development
Risk Assessment Process for 2019-20

Solicit input from the Regents, Senior Management, system-wide and campus management

Rely on existing risk identification processes wherever they exist (e.g. Compliance, Risk Services, functional areas)

Gather and assess input from external sources (e.g. regulatory, industry)

Share information among campus/laboratory auditors to leverage input and ensure consistent consideration of risks of interest, industry sources

The result of the risk assessment is an informed perspective on the current risk environment – including a prioritization of risks that are scalable to available resources.

Planned Projects by Functional Area

This chart illustrates the distribution of our FY2019-20 planned projects by functional area. Over half of the planned project hours are allocated to health sciences operations, information management and technology, and financial management.
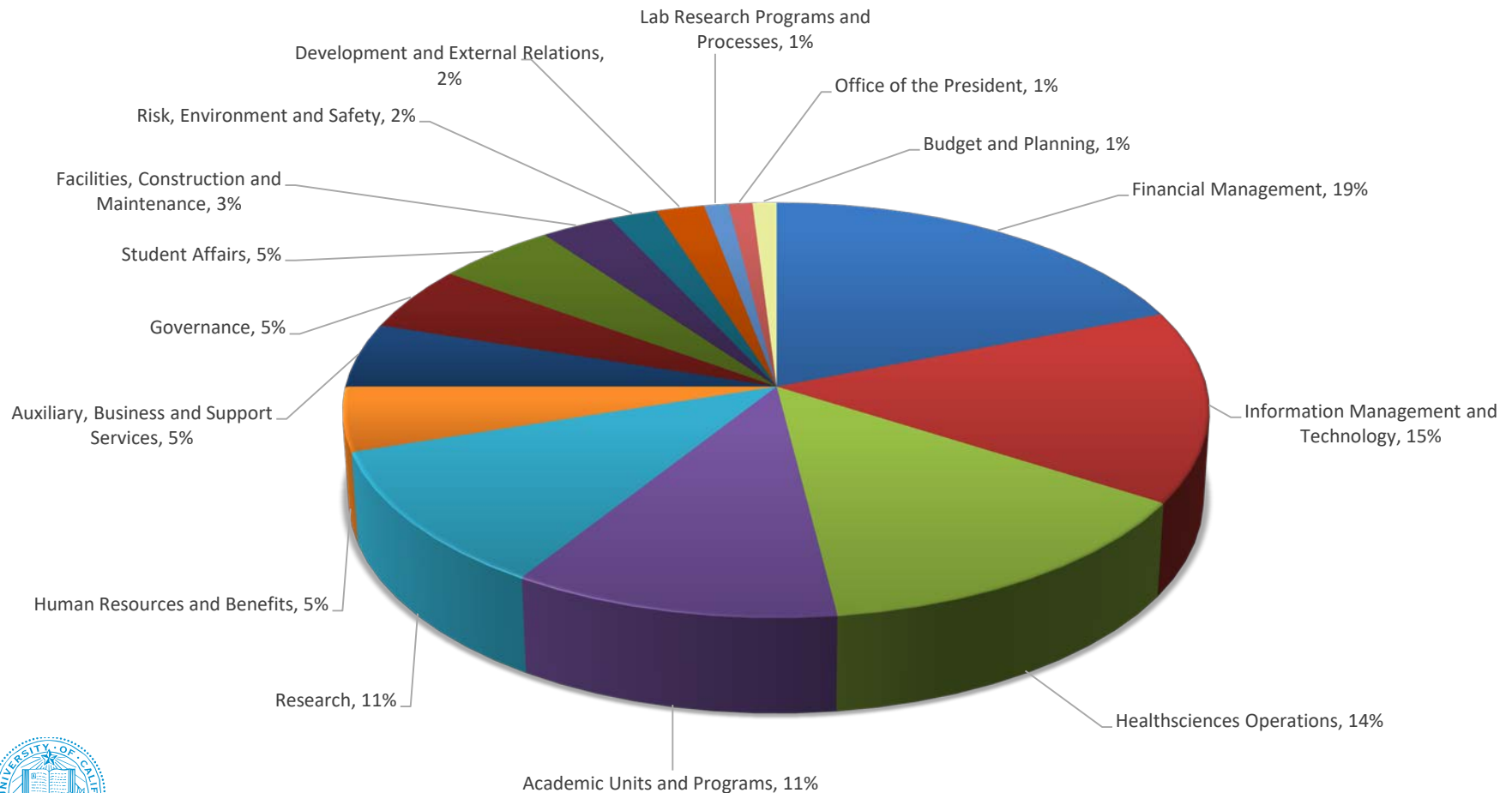
Systemwide Audits

Systemwide audits are conducted for the purpose of reviewing an existing or potential issue across the University system to identify and address common risk areas. These audits have a common scope and approach and are usually conducted by the local Internal Audit departments at each University location, and overall results are typically summarized in a systemwide audit report.

Foreign Influence	• Identify and evaluate categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence • Review grants for compliance with requirements associated with foreign influence risk
Undergraduate Admissions	• Assess the operating effectiveness of controls identified in the FY2019 systemwide audit of undergraduate admissions • Perform analysis of categories of students admitted under nonstandard admissions processes
Executive Compensation*	• Evaluate annual executive compensation reporting information for completeness, accuracy and conformance with requirements • Assess controls supporting annual executive compensation reporting
Outside Professional Activities	• Review systems and processes for ensuring disclosure, authorization, and appropriateness of outside professional activities for members of the Senior Management Group
Fair Wage/Fair Work	• Assess compliance with Fair Wage/Fair Work Plan requirements
UCPath Readiness Assessment	• Identify and assess risks that could adversely impact UCPath deployment readiness for in-scope campuses

* Performed by the campus Internal Audit departments on a rolling three-year cycle

Highlights of Consolidated Audit Plans

Personnel:	FY20 Plan		Prior Year Plan	
Authorized staff level	113	FTE's	116	FTE's
Average staff level	100	FTE's	106	FTE's

Distribution of Planned Activities:

By Audit Activity Type (hours/%):	FY20 Plan		Prior Year Plan	
Audits	99,117	65%	94,374	62%
Advisory Services	38,399	25%	41,737	28%
Investigations	14,590	10%	15,302	10%
	152,106	100%	151,413	100%

	FY19 Plan	Prior Year Plan
By University area:		
Campus/Laboratory*	77%	77%
Health Sciences	23%	23%
	100%	100%

Includes Lawrence Berkeley National Laboratory (LBNL), Agriculture & Natural Resources (ANR), and UCOP

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Allocation of Available Resources

Available Resources

	FY20 Plan		3/31/19 Annualized	
Weighted Average FTE	100		100	
	Hours	**Percent**	**Hours**	**Percent**
Personnel Hours	222,003	97.9%	209,492	98.3%
Other Resource Hours	4,760	2.1%	3,528	1.7%
Gross Available Hours	226,763	100.0%	213,019	100.0%
Less: Non-Controllable Hours	36,839	16.2%	38,600	18.1%
Less: Admin/Training	23,494	10.4%	29,428	13.8%
Total Direct Hours	**166,430**	**73.4%**	**144,991**	**68.1%**

Available Resources

The table to the left depicts the staffing level assumed in the Plans and quantifies the human resources available to assign to audit activities. Total hours are reduced for non-controllable hours (vacation, holiday and illness per University policy) and for program administration and training.

Resource Allocation

	FY20 Plan		3/31/19 Annualized	
Audit Program	**Hours**	**Percent**	**Hours**	**Percent**
Planned Audits* (235 projects)	81,425	48.9%	66,268	45.7%
Supplemental Audits	11,032	6.6%	6,413	4.4%
Audit Follow Up	6,660	4.0%	8,620	5.9%
Total Audit Program	**99,117**	**59.6%**	**81,301**	**56.0%**
Advisory Services				
Planned Projects* (73 projects)	19,892	12.0%	N/A	N/A
Supplemental Hours	18,507	11.1%	N/A	N/A
Total Advisory Services	**38,399**	**23.1%**	**34,029**	**23.5%**
Investigations	**14,590**	**8.8%**	**16,209**	**11.2%**
Audit Support Activities	**14,324**	**8.6%**	**13,451**	**9.3%**
Total Direct Audit Hours	**166,430**	**100.0%**	**144,991**	**100.0%**

Resource Allocation

The table to the left displays the deployment of the Available Resources among our activities by type (audit, advisory services and investigations). While the mix over time tends to shift somewhat between Investigations and Advisory Services, the commitment of the majority of our efforts to a substantial program of regular audits remains evident.

*Total Hours for 308 Planned Projects = 101,317 (See Planned Projects at Appendix 1)

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Distribution of Direct Hours

The chart below depicts the direct audit coverage of our FY20 plan. It demonstrates that over half of our planned direct hours have been allocated to planned and supplemental audits, with the remaining time allocated to our other lines of service, advisory services and investigations, as well as audit follow up and audit support activities. (refer to the next page for the specific detail of the direct areas).

FY20 Direct Hours

- Audit Follow Up 4%
- Supplemental Audits 7%
- Audit Support 8%
- Investigations 9%
- Advisory Services 23%
- Planned Audits 49%
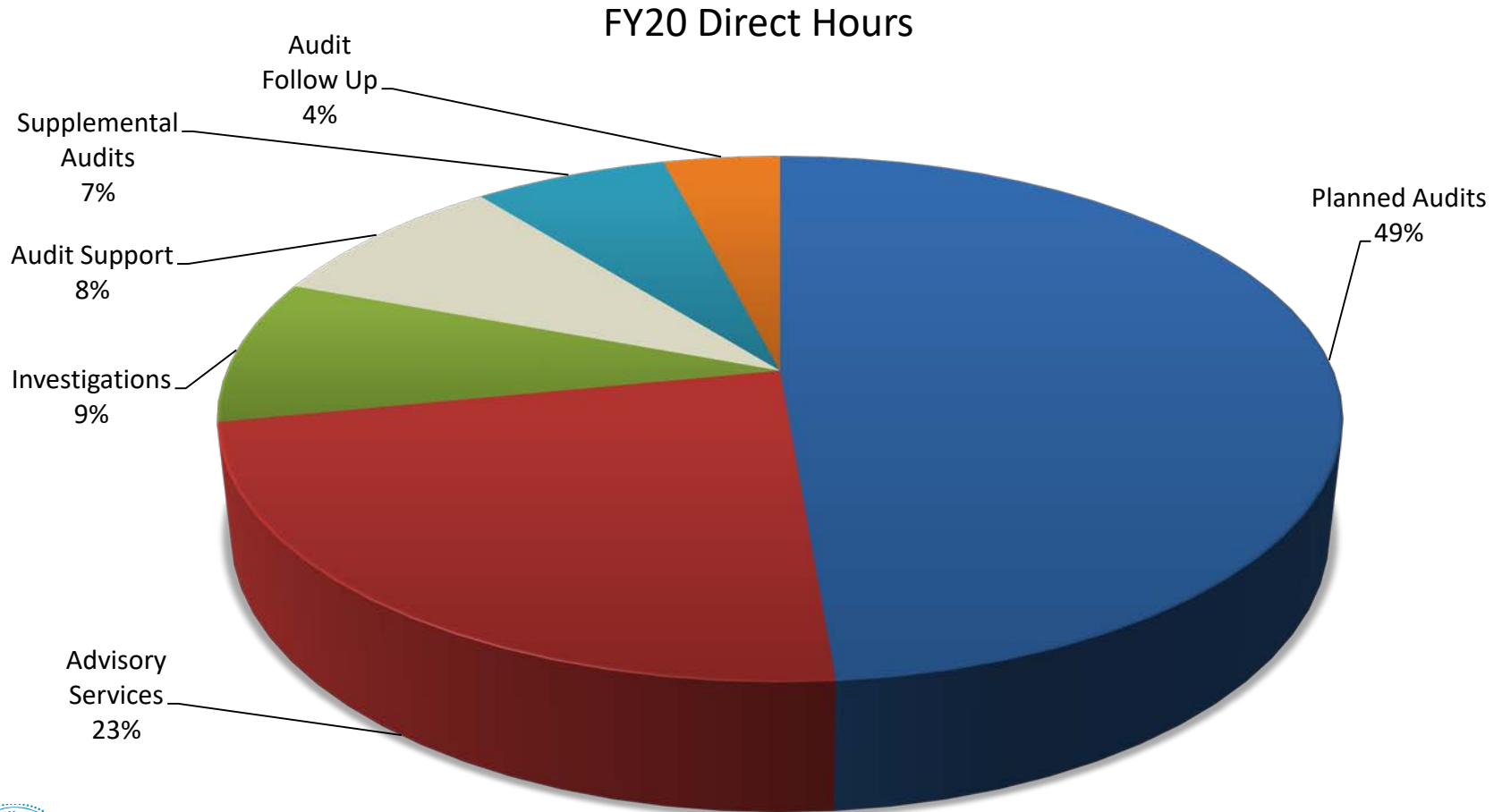
Distribution of Available Hours

	FY20		3/31/2019 Annualized	
	Plan	**Percent**	**Actual**	**Percent**
INDIRECT HOURS				
Administration	14,548	7.6%	21,272	12.2%
Professional Development	8,085	4.3%	8,155	4.7%
Other	861	0.5%	-	0.0%
Total Indirect Hours	**23,494**	**12.4%**	**29,428**	**16.9%**
DIRECT HOURS				
Audit Program				
Planned New Audits, PN	81,425	42.9%	66,268	38.0%
Supplemental Audits, PS	11,032	5.8%	6,413	3.7%
Audit Follow up, PNF	6,660	3.5%	8,620	4.9%
Total Audit Program Hours	**99,117**	**52.2%**	**81,301**	**46.6%**
Advisory Services				
Consultations/Spec. Projects, SC	23,837	12.6%	23,611	13.4%
Ext. Audit Coordination, SE	6,920	3.6%	5,836	3.3%
Systems Dev., Reeingineering Teams, etc.,	2,670	1.4%	635	0.4%
Internal Control & Accountability, SI	1,581	0.8%	1,237	0.7%
Compliance Support, SU	2,995	1.6%	2,303	1.3%
IPA, COI & Other, SP	396	0.2%	408	0.2%
Total Advisory Services Hours	**38,399**	**20.3%**	**34,030**	**19.5%**
Investigations Hours, IN	**14,590**	**7.7%**	**16,209**	**9.2%**
Audit Support Activities				
Audit Planning	3,952	2.1%	3,367	1.9%
Audit Committee Support	1,640	0.9%	1,176	0.7%
Systemwide Audit Support	3,815	2.0%	5,117	2.9%
Computer Support*	3,770	2.0%	2,967	1.7%
Quality Assurance	1,147	0.6%	824	0.5%
Total Audit Support Hours	**14,324**	**7.5%**	**13,451**	**7.7%**
Total Direct Hours	**166,430**	**87.6%**	**144,991**	**83.1%**
TOTAL NET AVAILABLE HOURS	**189,924**	**100.0%**	**174,419**	**100.0%**

Distribution of Available Hours

The table to the left provides a more detailed breakdown of planned time as a basis for ongoing accountability. From this detail the continuing commitment to timely audit follow-up is displayed by the plan to invest nearly 7,000 hours. The category of Compliance Support is intended to facilitate our efforts to integrate the Compliance and Audit Programs into joint efforts such as annual plan development, project coordination and ongoing risk monitoring.

* Includes time spent on TeamMate (Audit Management System) upgrades and functional enhancement

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Appendix – List of FY20 Audit and Advisory Service Projects by Location

This appendix lists all the planned audit and advisory service projects at each location, their proposed general scope and corresponding planned hours budget. The progress and status of these projects are reported quarterly.

LBNL - Audits	Scope Statement	Hours
FY19 Cost Allowability	As required by the DOE contract, LBNL prepares, certifies and submits a Statement of Costs Incurred and Claimed (SCIC) after each fiscal year. This statement serves as LBNL's claim and certification that the costs incurred and claimed are allowable in accordance with the terms of the contract.	800
FY19 UCNL Home Office Costs	Based on DOE AL 2012-04, DOE Bay Area Site Office requests Internal Audit to annually perform an audit to verify whether UCNL Home Office costs charged to LBNL include costs for activities that benefit LBNL, and are allowable, reasonable, and allocable in accordance with regulations.	350
Office of Management and Budget Circular A-123	Review selected IT controls related to Lab financial reporting and assess effectiveness of cyber security management. This project is performed to comply with OMB Circular A-123, as a component of the Federal Managers Financial Integrity Act (FMFIA).	250
Foreign Influence, Foreign Visitors, UFVA Action Plan	There is increased attention to security and access controls related to foreign nationals from sensitive countries performing work at the Lab. This review will be performed at all UC campuses using a standard system-wide audit program that will be developed by UCOP.	400
Conflict of Interest	The audit will assess the adequacy of controls in the Lab's Conflict of Interest (COI) program to oversee compliance with Lab/UC policy and DOE requirements (Contract 31 Clause I.66, I.92) for outside business activities and conflicts of interest.	300
Succession Planning - Talent Retention Management	Vacancies in key positions have resulted in longer period of acting/interim appointments, which can impact a department's performance and strategic direction. There is concern over leadership gaps and single points of failure, operational continuity, and lack of/loss of expertise and institutional knowledge.	300
R&D Subcontract Processing	There have been significant delay and long turnaround time in the processing of R&D subcontracts. The audit will look at bottleneck and root cause of the delay in awarding the R&D subcontracts.	400
Division Business Process Controls - Invoice Certification	The audit will focus on the effectiveness of invoice certification work flow and understanding of subcontract requirements overseen by invoice certifiers.	400

Post-Performance Audits - Cost Type Subcontracts	This is an audit of a subcontractor's claimed reimbursable costs to determine if the costs comply with the subcontract terms and conditions, and are allowable, allocable, and reasonable under appropriate federal cost principles.	400
UCPath Readiness Assessment	In coordination with UC Systemwide audit plan, this review will assess the readiness of LBNL in the implementation of UCPath PeopleSoft 9.2 platform as a replacement for the current HRIS.	400
	LBNL sub-total	**4,000**

UC Berkeley - Audits	Scope Statement	Hours
General Prior Year Cleanup	N/A	500
Identity and Access Management	Evaluate the adequacy and effectiveness of internal controls related to identity and access management for significant enterprise applications	350
Effort Reporting (Post UCPath)	Evaluate the adequacy and effectiveness of internal controls related to effort reporting in the post-UCPath environment.	350
Payroll Cost Transfers/Direct Retro Transactions (Post UCPath)	Evaluate the adequacy and effectiveness of internal controls related to direct retro transactions (formerly known as payroll cost transfers) in the post-UCPath environment.	350
Recreational Sports	Risk-based, comprehensive departmental audit including, but not limited to, the use of contract employees, student fees, and compliance of programs involving minors.	350
Procurement Card Program	Evaluate the adequacy and effectiveness of internal controls related to the campus procurement card program	350
Human Resources – Employees Outside of California	Evaluate the adequacy and effectiveness of internal controls related to the hire-to-retire lifecycles of employees working and/or living outside of California	350
Pre-College Outreach Programs	Assessment of the comprehensive portfolio of campus pre-college outreach programs.	350
Undergraduate Admissions (systemwide)	The second systemwide audit of Admissions will assess the operating effectiveness of controls identified in the FY 2019 audit.	300
Foreign Influence (systemwide)	This systemwide audit will focus on identifying and evaluating categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence.	300
Outside Professional Activities (systemwide)	This recurring annual audit will review systems and processes for ensuring disclosure, authorization, and appropriateness of outside professional for selected SMG members.	50
Fair Wage/Fair Work (systemwide)	This audit will assess campus compliance with the Fair Wage/Fair Work requirements as they pertain to suppliers.	150

Executive Compensation (Annual Report of Executive Compensation, Chancellor's Expenses)	Recurring audit of the completeness of campus disclosures related to the systemwide Annual Report of Executive Compensation. Recurring audit of compliance with reporting requirements related to the Chancellor's Immediate Office, University House, and potentially taxable expenses.	250

UC Berkeley - Advisory	Scope Statement	Hours
Classroom Assignment and Utilization	Assessment of current classroom assignment protocols (general and unit-controlled) and the efficiency of use based upon observable utilization patterns.	200
Internal Investigation Protocols	External benchmarking of internal investigation protocols with emphasis on optimal delegation, assignment, investigation, reporting and follow-up for different categories of allegations.	200

UC Berkeley sub-total   4,400

UC Davis - Audits	Scope Statement	Hours
Admissions	The second systemwide audit of Admissions will assess the operating effectiveness of controls identified in the FY 2019 audit.	300
Chemistry Department	This review will assess policies, procedures, and internal controls at the Department of Chemistry. Additionally, it will assess the overall status of the department's finances.	300
College of Biological Sciences Information Technology	This review will survey IT governance, operations, and security in the College of Biological Sciences.	300
Financial Deficits	This review will assess campus-wide policies and practices for defining, identifying, and managing financial deficits.	300
Purchasing Card	This review will focus on internal controls over administration and management of the purchasing card program, with an emphasis on centralized oversight and monitoring.	250
Box Account Administration	This review will assess governance over access to Box accounts. It will include an evaluation of user permission levels and procurement processes.	250
Conflict of Interest	This review will assess policies and procedures related to industry sponsored research, technology transfer, and outside startups. The focus will be on controls for identifying and managing potential conflicts, as well as on resources and guidance in support of outside activity.	300
Controlled Substances in Animal Labs	This review will assess controls over the use of controlled substances in animal labs. Risk factors to be assessed include drug diversion, federal regulations, and personnel safety.	300
Fair Wage/Fair Work	This audit will assess campus compliance with the Fair Wage/Fair Work requirements as they pertain to suppliers.	200

Foreign Influence	This systemwide audit will focus on identifying and evaluating categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence.	300
Human Resources - Recruitment and Compensation	This review will assess the efficiency and effectiveness of recruitment and compensation processes within the Human Resources function.	500
Institutional Review Board	This review will evaluate the efficiency of the IRB process. Consideration will also be given to opportunities to use third-party IRBs for protocols involving multiple institutions.	300
Outside Professional Activities	This recurring annual audit will review systems and processes for ensuring disclosure, authorization, and appropriateness of outside professional for selected SMG members.	100
Contracting	This review will assess administrative processes for ensuring that UCDH receives full agreed-upon performance from contract vendors.	250
CoPay Collection	This review will evaluate procedures for collecting copays. Spot audits of several departments and/or clinics will be conducted to identify opportunities for process improvements and to quantify lost revenue. Findings will help leadership develop a copay collection function within the Central Access Unit.	250
Department of Biochemistry and Molecular Medicine	This review will assess policies, procedures, and internal controls at the Department of Biochemistry and Molecular Medicine. Additionally, it will assess the overall status of the department's finances.	250
Drug Licensing	This review will evaluate the preparedness of various units within UCDH to comply with new federal and state drug regulations. The focus will be on procedures for the licensing of providers and Pyxis machines, as well as monitoring of compliance by the central pharmacy.	250
Mobile Technology	This review will assess UC Davis Health policies and practices for the use of mobile devices. Areas of emphasis may include: training and awareness of security procedures and policies; responses to loss or theft of devices; measures to prevent unauthorized storage of ePHI; access controls; use of virus protection; and software controls.	300

UC Davis - Advisory Services	Scope Statement	Hours

Administrative and Transition Reviews:
   Continuing Professional Education
   Diversity, Equity and Inclusion
   Engineering
   Finance, Operations and Administration
   Global Affairs
   Graduate Studies
   IET and Health IT
	Administrative and transition reviews evaluate internal controls over financial and administrative processes within a dean's, vice chancellor's or vice provost's office, along with the unit's five-year financial performance. The unit's major accomplishments, challenges, and opportunities, as well as how those factors impact administrative operations, are identified and reported.	2,250

Campus Committees	AMAS serves on a number of advisory committees charged with activities related to assessment of controls, accountability, risk management and compliance.	50
Fraternities and Sororities	This project will include a review of Title IX's impact on Greek life at UC Davis, along with oversight for fraternities and sororities, and whether leaders are participating in mandatory trainings. We may also assess the case management workload at the Office of Student Support and Judicial Affairs (OSSJA), which could include a review of conflicts of interest and the case management process.	250
McClellan Nuclear Research Center	This review will assess policies, procedures, and internal controls over administrative and financial matters at MNRC.	300
External Audit Coordination	AMAS is responsible for the external audit coordination function. AMAS guides departments through audits performed by outside entities such as funding agencies, and gathers data to facilitate and expedite these reviews.	1,200
Faculty Funds	This review will rely on data mining and interviews to conclude and report on campus practices regarding faculty funds. Areas of focus will include methodologies for allocating faculty funds, and faculty discretionary accounts.	250
Fraud Risk Management	AMAS is partnering with other stakeholders to develop a fraud risk management program.	160
How to Survive an Audit	On a semi-annual basis, AMAS teaches a staff development course titled "How to Survive an Audit." This course is required as part of the Research Administration Certificate series, and provides information to participants on working with external regulatory auditors and internal auditors.	50
IT Committees	AMAS participates in various IT-related committees, including the cyber-safety risk assessment committee, and the IT security committee.	32
Law Fellow	Each year AMAS employs a Law Fellow who works as a member of the AMAS team on group and independent projects. These hours are for the work performed by the Law Fellow.	1,000

Use of Outside Laboratories	This review will evaluate the impact of physicians' use of outside laboratories on the revenue and mission of UCDH. It will attempt to quantify lost revenue and patient burden resulting from orders placed with external labs for services that could be provided in-house. It will also explore opportunities for routing lab orders through Pathology for approval.	300
Shadow IT Systems	This review will survey IT systems and services that are not managed by central UCDH IT. Fieldwork will include testing cybersecurity postures, compliance with policy and regulations, procurement processes, and administration and governance.	300
UC Davis Health Committees	AMAS serves on a number of advisory committees charged with activities related to privacy and security; operations and facilities compliance; professional fee billing; and executive-level issues.	50
Director - Advisory Services	N/A	500
	UC Davis sub-total	11,692

UC Irvine - Audits	Scope Statement	Hours
Business Associate Agreements	The review will focus on the internal controls and practices when contracting for services that require a BAA to ensure compliance with HIPAA regulations.	300
Financial Services Billing	Review internal controls relating to student and non-student billing activities and management of student accounts receivables and sundry debt receivables.	350
School of Business Travel & Entertainment	This review will focus on the School's internal controls around processing travel and entertainment expenditures, including authorization and approval as well as reconciliation and monitoring.	250
Emergency Medicine	Determine whether there are adequate internal controls over key administrative and financial processes, such as financial management, research administration, and compensation plan activities.	300
Foreign Influence - Systemwide	This systemwide audit will focus on identifying and evaluating categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence.	300
UC Path Operational Readiness Assessment - Systemwide	The review will assess the readiness of UC Irvine as part of the UC Path implementation. This review will be performed at select UC campuses using a standard system-wide audit program that will be developed by UCOP for the UC Path initiative.	250

Student Organizations	The review will focus on the structure and oversight of student organizations and assess the related systems, controls and procedures that govern student organizations to ensure they align with the University's objectives.	400
Lab Safety Training	This audit will determine if adequate internal controls have been implemented over hazardous material handling by laboratories to ensure compliance with policies, procedures, and regulations.	300
COC Reporting - Sunshine Act/Open Payments Data	Using data analytics and analysis, this review will focus on physician payments per the Sunshine Act and reconciliation with School of Medicine faculty member reporting requirements in the new UC Outside Activity Tracking System (OATS) to assess compliance with regulations and University policies and procedures on COC disclosures.	300
Contract Employees	Identify campus Contract Employees and review selected contracts for compliance with applicable laws and University Policy.	300
Bookstore Ghost Card Program	The review will verify if internal controls have been established to prevent unauthorized purchases and that proper processes to review, approve, and reconcile related transactions are functioning as intended.	200
Data Center - Engineering Gateway	This review will emphasize the operational and security controls being used to manage the Engineering Gateway Data Center.	500
Item Master File	The review will assess the accuracy and completeness of the Item Master, include a review of the processes used update, and monitor the file.	300
Payroll Certification	Post UC Path Implementation, this review will assess PCS completeness to ensure the system is capturing all awards and contains correct information. In addition, a selection of PCS reports will be reviewed for timeliness.	450
340B Compliance	Review policies and procedures, evaluate the monitoring program, and test transactions to validate 340B drug pricing program compliance.	450
Fair Wage Fair Work - Systemwide	This audit will assess campus compliance with the Fair Wage/Fair Work requirements as they pertain to suppliers.	200
Outside Professional Activities - Systemwide	This recurring annual audit will review systems and processes for ensuring disclosure, authorization, and appropriateness of outside professional for selected SMG members.	50
Undergraduate Admissions - Systemwide	The second systemwide audit of Admissions will assess the operating effectiveness of controls identified in the FY 2019 audit.	300
Student Housing Physical Security	The review will evaluate the adequacy of the physical security internal controls used to protect the safety of Housing students and employees as well as to prevent crime.	300
Technology, Engineering, and Computing (TEC) Business Center	The review will focus on TEC post-award activities and include an assessment of expense monitoring and financial reporting practices to ensure compliance with policies and procedures.	400

UC Irvine - Advisory Services | Scope Statement | Hours

Data Analytics	Utilizing data analytics and analysis identify unusual trends and investigate irregular transactions.	200
Student Intern Program	Administer the student intern program, which provides two graduate students, per quarter, course credit by working on internal audit projects with professional staff and management and learning about internal audit.	200
State Audit Follow-Ups	Follow-up on campus related state audit recommendations and implementation activities.	150
Continuous Auditing Corporate Card Transactions	Utilizing data analytics, test sample corporate card transactions to detect non-compliant transactions or fraud.	100
Physical Inventory Observations	Review a sample of department year-end physical inventory activities, including test counts and compliance with policies and procedures.	50
Fraud Awareness Training	Conduct regularly scheduled training on Fraud Awareness.	50
	UC Irvine sub-total	6,950

UC Los Angeles - Audits | Scope Statement | Hours

Bruin Café - Cashiering Audit	The primary purpose of the review is to ensure that the Bruin Café's structure and controls, and the related systems and procedures surrounding cashiering activities are conducive to accomplishing its business objectives. The potential scope will include collections, transfers, and deposits, accountability structure, reconciliations and monitoring, physical security, and information systems.	325
H&HS - Information Technology Equipment Inventory	The primary purpose of the review is to ensure that H&HS IT's organizational structure and controls surrounding information technology inventorial equipment are conducive to accomplishing its business objectives. The potential scope will include equipment management, equipment disposals, and purchasing, receiving, and invoice processing.	350
Housing Accounts Receivable	The primary purpose of the review is to ensure that Housing Services' organizational structure and controls, and the related systems and procedures supporting accounts receivable activities are conducive to accomplishing its business objectives. The potential scope will include billing, recording, and collection of accounts receivable, refunds, bad debt write-offs, monitoring and reconciliation, and policies and procedures.	325
UCLA Catering	The primary purpose of the review is to ensure that Catering's organizational structure and controls surrounding the catering operation are conducive to accomplishing its business objectives. The potential scope of the audit will include financial management, event arrangements, revenue, information systems, and food inventory.	450

Dining Services Purchasing (Non-Food)	The purpose of the review is to ensure that Dining Services' organizational structure and controls and the related systems and procedures are conducive to accomplishing its business objectives surrounding non-food purchasing. The potential scope of the audit will include restaurant purchasing controls, disbursements, reconciliation and monitoring, accountability structure, and non-inventorial theft sensitive purchases.	400
F&T - Shop Operations	The primary purpose of the audit is to ensure that the Fleet Services Maintenance Shop's organizational structure and controls, and the related systems and procedures are conducive to accomplishing its business objectives. The potential scope of the audit will include work orders, and billing business practices.	250
F&T - Fuel Accountability	The primary purpose of the review is to ensure that Fleet Services organizational structure and controls, and the related systems and procedures surrounding fuel accountability activities are conducive to accomplishing its business objectives. The potential scope of the audit will include fuel purchasing and receiving, and fuel keys and cards.	300
Parking Permit Inventory	The primary purpose of the audit is to ensure that E&T's structure and controls, and the related systems and procedures surrounding the parking permit inventory activities are conducive to accomplishing its business objectives. The potential scope will include purchasing, receiving, dispensing, returns and destruction, physical security, accountability, separation of duties, and reconciliation and monitoring.	250
Cash Management	The primary purpose of the audit is to ensure that UCPD's organizational structure and controls, and the related systems and procedures surrounding cashiering operations, are conducive to	425
Procurement and Asset Management	The primary purpose of the audit is to ensure that the related systems and procedures surrounding procurement and asset management activities are conductive to accomplishing IT Services' business objectives. The potential scope of the audit will include purchasing, receiving, invoice processing, procurement cards, equipment inventory, equipment disposals, and accountability structure.	350
Central Warehouse Inventory Review (F&IS)	The primary purpose of the audit is to ensure that F&IS' organizational structure and controls related to the Central Warehouse are conducive to accomplishing its business objectives. The potential scope of the audit will include inventory procedures and controls, physical security, receiving, and issuance of inventory.	400
Equipment Inventory Review (F&IS)	The primary purpose of the audit is to ensure that F&IS' organizational structure and controls related to equipment inventory are conducive to accomplishing its business objectives. The potential scope of the audit will include departmental records, inventory management, physical inventory, and system controls.	400
Custodial Services Review (M&A)	The primary purpose of the audit is to ensure that the related systems and procedures surrounding the Custodial Services unit's organizational structure and controls are conducive to accomplishing its business objectives. The potential scope of the audit will include custodial building inspections, and receiving and inventory.	400

Key Security (M&A)	The primary purpose of the audit is to ensure that Maintenance and Alteration's organizational structure and controls related to key security are conducive to accomplishing its business objectives. The potential scope of the audit will include issuance business practices for master, sub-master, and off-master key rings. Monitoring and physical security of master and sub-master key and vehicle keys. Return business practices for master and sub-master key rings.	300
Negotiated Contracting Review (M&A)	The primary purpose of the audit is to ensure that the associated procedures and practices surrounding FM's organizational structure and controls over negotiated contracts are conducive to accomplishing the department's business objectives. The potential scope of the audit will include contract awards and supporting documentation, separation of duties, and policies and procedures.	450
Insurance and Risk Management	The primary purpose of the review is to ensure that the organizational structure and controls surrounding IRM's operations are conducive to accomplishing its business objectives. The potential scope of the audit will include the travel insurance program, Be Smart About Safety program, temporary disability benefits, general liability, worker's compensation, child abuse and neglect reporting, and third party administrator reviews.	450
Employee Time and Attendance Reporting	The primary purpose of the audit is to ensure that Capital Program's organizational structure and controls surrounding its time and attendance processes are conducive to accomplishing its business objectives. The potential scope of the audit will include labor cost budgets, employee timesheets, overtime compensation, and labor cost transfers.	350
Materials and Equipment Purchasing	The primary purpose of the review is to ensure that Capital Program's organizational structure and controls surrounding its materials and equipment management processes and procedures are conducive to accomplishing its business objectives. The potential scope of the audit will include materials and equipment purchases, equipment inventory and disposals, the Asset Management System, and physical security.	400
Project Closeout Process	The primary purpose of the review is to ensure that internal controls and related systems and procedures surrounding project close-out are conducive to accomplishing Capital Programs' business objectives. The potential scope of the audit will include timeliness of project close-outs, required documentation, and training.	400
Recharge Process	The primary purpose of the review is to ensure that Capital Program's organizational structure and controls surrounding recharge activities are conducive to accomplishing its business objectives. The potential scope of the audit will include recharge procedures, recharge processes and calculations, recharge reconciliations, and information systems.	400

Lu Valle Commons Store	The primary purpose of the review is to ensure that the related systems and procedures surrounding the Lu Valle Commons business practices are conducive to accomplishing ASUCLA and the University's business objectives. The potential scope of the audit will include cash	350
Operations Division: *Food Service Operations*	The primary purpose of the review is to ensure that the related systems and procedures surrounding the Operations Division are conducive to accomplishing ASUCLA and the University's business objectives. The potential scope of the audit will include policies and procedures, third party restaurants accounting, group coupons, employee meal cards, storeroom transfers, and information systems.	350
Special Events Division: *Catering & Concession*	The primary purpose of the review is to ensure that ASUCLA's organizational structure and controls, and the related systems and procedures surrounding the Catering operations are conducive to accomplishing its business objectives. The potential scope of the audit will include financial management, event arrangements, cash handling, purchasing, supply inventory, and payroll. Note: The audit could also be scoped to review concessions, which were not part of the last audit cycle.	350
Main Cashier's Office/Cash Count Verifications	The purpose of the audit is to review internal controls over cashiering operations. The potential scope of the project will include accountability and physical security, authorized funds, cash collections, deposits, and reconciliations, and separation of duties.	350
Athletics - Compliance	The potential scope of the audit will include monitoring and evaluation, financial aid, boosters, eligibility, investigations and self reporting, and recruiting.	600
UCLA Foundation	The purpose of the audit is to perform an annual compliance review for fiscal year 2018-19 to ensure that dispositions of restricted funds transferred from The UCLA Foundation to the University for that period complied with the purposes and restrictions set forth by the donors. The scope of the review will include a general assessment of the Foundation's active endowed and current expenditure funds for fiscal year 2018-19.	500
Fair Wage/Fair Work	This audit will assess campus compliance with the Fair Wage/Fair Work requirements as they pertain to suppliers.	200
Outside Professional Activities (OPA)	This recurring annual audit will review systems and processes for ensuring disclosure, authorization, and appropriateness of outside professional for selected SMG members.	200
Early Care and Education	The primary purpose of the review is to ensure that Early Care and Education's organizational structure and controls are conducive to accomplishing their business objectives. The potential scope of the audit will include financial management, student fees, personnel and payroll, purchasing, and equipment inventory.	500

Referenda Fees	The purpose of the review is to ensure referenda fees have been properly accounted for and reported. A preliminary survey will be performed to determine which referenda fees and undergraduate fees to review. The audit will include reviewing business processes within CFS Student Accounting, ASUCLA, and Student Affairs.	400
Deficit Management	The purpose of the audit is to ensure controls have been established on campus to monitor and resolve deficit balances. Attention will be focused on deficits in sponsored projects.	500
California Nanosystems Institute (CNSI)	The purpose of the audit is to ensure there are adequate internal controls over administrative and financial activities. The potential scope of the audit will include financial management, research administration, cash handling, equipment inventory, information technology and security, conflict of commitment, budget and planning processes, and faculty hiring and diversity.	600
School of Theater, Film, and Television	The purpose of the audit is to ensure there are adequate internal controls over administrative and financial activities. The potential scope of the audit will include financial management, research administration, cash handling, equipment inventory, information technology and security, conflict of commitment, budget and planning processes, and faculty hiring and diversity.	600
Enrollment Management - Financial Aid and Scholarships	The purpose of the audit is to ensure internal controls have been established over financial aid transactions to comply with federal, state, and campus policies and procedures.	600
Student Health	The purpose of the audit is to ensure there are adequate internal controls over administrative and financial activities. The potential scope of the audit will include financial management, research administration, cash handling, equipment inventory, information technology and security, budget and planning processes.	600
Graduate Division	The purpose of the audit is to ensure there are adequate internal controls over administrative and financial activities. The potential scope of the audit will include financial management, cash handling, security over patient records, equipment inventory, information technology and security, and budget and planning processes.	600
UCLA Film and Television Archive	The purpose of the audit is to ensure there are adequate internal controls over administrative and financial activities. The potential scope of the audit will include financial management, research administration, cash handling, equipment inventory, information technology and security, conflict of commitment, budget and planning processes, and faculty hiring and diversity.	400
Foreign Influence	This systemwide audit will focus on identifying and evaluating categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence.	300

Admissions	The second systemwide audit of Admissions will assess the operating effectiveness of controls identified in the FY 2019 audit.	300
Medical Devices	The audit will evaluate the adequacy of controls over the security features of medical devices.	400
Disaster Recovery/Business Continuity	The audit will evaluate the sufficiency of processes to assure recovery after a disaster and continued business processing in the event of system failures or attacks.	500
Wound Care	The audit will evaluate key administrative and fiscal operating practices associated with the purchased services contract.	500
Gifts Administration	The audit will evaluate the adequacy of gift accounting processes and evaluate whether expenditures comply with the terms of the donations.	500
Payroll Time & Leave Reporting	The audit will assess the adequacy and effectiveness of internal controls over processes.	450
Nurse Volunteer Programs	The audit will assess the adequacy and effectiveness of internal controls over key activities, including on-boarding and scope of work.	500
Sleep Lab (@CHS)/Clinical & Translational Research Center (CTRC)	The audit will assess the adequacy and effectiveness of internal controls over key activities.	400
Tiverton House	The audit will assess key administrative and financial functions.	500
Joint Ventures/Affiliations	The audit will assess the sufficiency of internal controls over key provisions of the operating agreement.	425
Fair Wage/Fair Work (Systemwide)	This Systemwide audit will determine whether Procurement has implemented the provisions of the program as they relate to service vendors.	275
Main Cashiering Office - Westwood	The audit will evaluate key processes, including accountability for and safeguarding of funds.	500
Imaging Center	The audit will assess the adequacy and effectiveness of controls over key processes, including charge capture.	475
Faculty Practice Group-Clinics (5)	Audits of multiple clinics will assess the adequacy and effectiveness of internal controls over key activities, including payment handling, revenue capture, and healthcare vendor relationships.	2,625
Faculty Practice Group-Central Cash Reconciliation	The audit will assess the adequacy of reconciliation processes employed by FPG to monitor bank deposits against payments posted in CareConnect, the latter of which now feed directly to the campus General Ledger.	600
School of Medicine (Campus)-Department Audits (2)	Audits of departments will determine whether there are adequate internal controls over key administrative and financial processes, such as financial management, research administration, and compensation plan activities.	1,600
School of Medicine (Campus)-Deficit Management	The audit will determine the extent of deficit balances and evaluate the adequacy of remediation plans.,	300
School of Medicine (Campus)-Foreign Influence (Systemwide)	The audit will determine the adequacy of controls over potential foreign influences in the research, donor, and other operating segments.	300

School of Dentistry	The audit scope is to be determined	600
Director Audit Time	N/A	1,000
	UCLA Sub-total	28,125

UC Merced - Audits	Scope Statement	Hours
Emergency Planning and Business Continuity	This audit will review planning for emergencies, disaster recovery, and business continuity. The	300
Academic Personnel Hiring Process	This audit will review steps taken to ensure a diverse pool of candidates for academic positions. We will review compliance with the recruitment policies outlined in the Academic Personnel Manual. This audit will impact the Academic Personnel department and the schools.	300
Admissions (Systemwide)	The second systemwide audit of Admissions will assess the operating effectiveness of controls identified in the FY 2019 audit.	300
Business Contracts and Consulting Contracts	This audit will evaluate compliance with business contracts and verify that spending for products and services is consistent with the negotiated agreements. We will review whether consulting contracts are properly monitored and comply with UC policy. The audit will include Procurement Services and other departments responsible for managing significant consulting contracts.	300
Managing Federal Awards - Cost Transfers and Payroll Costs	This audit will review post-award spending. The audit will include evaluating how payroll costs processed by UCPath are charged to federal awards and whether payroll costs are resulting in untimely cost transfers. The audit will include Sponsored Research Services and department	300
Space Planning and Building Use	This audit will review procedures for determining building use and how employees and departments are assigned to different building space. The audit will evaluate the costs related to restructuring and reallocating space and the related employee moves. There are certain	200
Foreign Influence (Systemwide)	This systemwide audit will focus on identifying and evaluating categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence.	300
Fair Wage / Fair Work (Systemwide)	This audit will assess campus compliance with the Fair Wage/Fair Work requirements as they pertain to suppliers.	100

UC Merced - Advisory Services	Scope Statement	Hours
Working with Minors Review	This review will evaluate UC Merced's steps to protect minors. This review will evaluate compliance with the Child Abuse and Neglect Reporting Act (CANRA) and other measures for protecting minors.	300
Consultations for Alpha Financials System Implementation	UC Merced will be implementing a new Oracle financial system. Internal Audit will be involved with the Advisory Committee in order to recommend controls in the system, risk management, and best practices for managing the project.	120

Monthly Data Analytics	This is an ongoing data analysis project that monitors for conflicts of interest, and other parts of the Fraud Risk Management Program. The use of data analytics is now part of the overall risk assessment process. Reviewing for trends and unusual transactions helps identify areas that should be reviewed more closely.	100
	UC Merced sub-total	2,620

UC Office of the President - Audits	**Scope Statement**	**Hours**
Executive Compensation (systemwide)	The purpose of this review will be to determine that the annual report data is complete and accurate, compensation components and amounts are approved in conformance with University policy.	200
Outside Professional Activities (systemwide)	This recurring annual audit will review systems and processes for ensuring disclosure, authorization, and appropriateness of outside professional for selected SMG members.	200
Fair Wage/Fair Work (systemwide)	This audit will assess campus compliance with the Fair Wage/Fair Work requirements as they pertain to suppliers.	200
Foreign Influence (Systemwide)	This systemwide audit will identify and evaluate categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence, and review grants for compliance with requirements associated with foreign influence risk.	350
Medical Centers Clinical Enterprise Management Recognition Plan (CEMRP)	Phased assessment which will include review of FY 2019-20 goals and FY 2018-19 award calculations.	300
Admissions (Systemwide)	The second systemwide audit of admissions will assess the operating effectiveness of controls identified in the FY 2019 audit, and analyze categories of students admitted under nonstandard admissions processes.	350
Office of the Treasurer Annual Incentive Plan (AIP)	Phased assessment which will include review of FY 2019-20 goals and FY 2018-19 award calculations.	300
Employee Recruitment	This audit will review the employee recruitment process to ensure adherence to University policy.	250
Vulnerability Assessment and Penetration Testing – Research Data Security focused – Systemwide / Multiple locations	This audit will focus on high risk research areas across UC and will include detailed scanning for vulnerabilities and manual penetration testing to identify opportunities for improvements in security controls. In addition, the audit will review the vulnerability management process overall to identify opportunities for improvement to better manage cyber-risks.	2500
Vulnerability Assessment and Penetration Testing – UCOP	This audit will include detailed scanning for vulnerabilities and manual penetration testing to identify opportunities for improvements in security controls at UC Office of the President. In addition, the audit will review the vulnerability management process overall to identify opportunities for improvement to better manage cyber-risks.	200

		Hours
Clinical Data Warehouse Year 2	This audit is focusing on the oversight, cyber-risk management, and security controls in place to effectively secure and manage cyber-risks associated with the Clinical Data Warehouse.	350
Threat detection and intelligence (TDI) implementation – systemwide	This audit will review the systemwide investment in the implementation of FireEye at each UC location. The audit will include an initial assessment of the TDI implementation across the UC system determining the scope of the networks being monitored for security threats, and include other areas of review to determine the overall effectiveness of the UC implementation of TDI to help manage cyber-risks across the system.	300
ANR - Nutrition Policy Institute (NPI)	The purpose of this project is to perform a programmatic review of this State-wide program, including a review of effort reporting and adherence to federal regulations.	250
Electric Service Provider (ESP) Power Supply Verification	Annual audit of power content reporting to the California Energy Commission (CEC).	150

UC Office of the President - Advisory Services	Scope Statement	Hours
Proposition 56 Funds - Graduate Medical Education (GME)	Evaluate the internal controls over Proposition 56 funds for graduate medical education.	300
RGPO - SmartSimple Controls Review	This advisory service project will review and evaluate the system controls of the grants management system (SmartSimple).	200
UCPath Readiness Assessment (Systemwide)	Independent assessment of the readiness and highlight any key risks that could adversely impact UCPath deployment for in-scope campuses.	500
State Audit Follow-up	Advise and, where appropriate, provide independent assurance on State audit recommendation implementation activities.	200
RASC Redwood Implementation	This advisory service project will review the internal controls with the new retirement system software.	220
ANR 4H - Youth, Family and Community (YFC) Program	The 4H advisory service project will review and assess the internal control environment in the YFC program.	200
ANR UCPath - Post Go-live Controls Review	Review the ANR business processes at ANR to ensure they are operating effectively after UCPath implementation.	200
	UCOP sub-total	7,720

UC Riverside - Audits	Scope Statement	Hours
Architects and Engineers	Review and evaluate the controls and processes over the operations and perform data analytics over its financial transactions considering the high and recent turnover in management and staff.	200
Vice Chancellor Resource Planning and Budget Transition Review	Evaluate the controls and financial transactions of operations of units with new VCs and/or Deans and to determine a "clean bill of financial health" for the new VC/Dean.	300
Contracts & Grants	The audit will focus mainly on post award processing including cost transfers, payroll certification etc.	400
Athletics	The purpose of the audit is to ensure that there are adequate internal controls over the business operations of Athletics. The potential scope of the audit will include financial management, accountability structure, human resources and payroll, purchasing, travel & entertainment, and employee reimbursements.	320
Foreign Influence (Systemwide)	This systemwide audit will focus on identifying and evaluating categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence.	400
Conflict of Interest	Assess the program design and oversight as well as effectiveness of COI policies and procedures.	390
Annual Analytic Review & Fraud Detection	Examine campus financial data to determine if activities in selected areas include significant errors or questionable transactions that warrant further review. General ledger, accounts payable, payroll and other data will be extracted to evaluate high-risk transactions involving liquid resources, and identify areas of concern by combining and analyzing multiple data sets.	1170
Executive Compensation (Systemwide)	The purpose of this review will be to determine that the annual report data is complete and accurate, compensation components and amounts are approved in conformance with University policy.	145
Senior Manager Group Travel (Systemwide)	Review travel and entertainment expenditures of SMG members for compliance with policies Business and Finance Bulletin (BFB) G-28 and BFB BUS-79.	170
Chancellor Associates Expenses (Systemwide)	Review the annual fiscal and tax year reports of expenses incurred on behalf of the Chancellor.	145
Admissions (Systemwide)	The second system wide audit of Admissions will assess the operating effectiveness of controls identified in the FY 2019 audit.	370
Outside Professional Activities (Systemwide)	This recurring annual audit will review systems and processes for ensuring disclosure, authorization, and appropriateness of outside professional for selected SMG members.	150

RED Management Transition Audit	Evaluate the controls and financial transactions of operations of units with new VCs and/or Deans and to determine a "clean bill of financial health" for the new VC/Dean.	320
School of Business	General overall audit to determine the adequacy of internal controls and evaluate compliance with applicable University policies and procedures as well as identify and review accumulated budget surpluses and proposed uses.	320
Fair Wage Fair Work (Systemwide)	This audit will assess campus compliance with the Fair Wage/Fair Work requirements as they pertain to suppliers.	200

UC Riverside - Advisory Services	Scope Statement	Hours
Safety of Minors	Review internal controls over safety of minors on campus and evaluate compliance with various regulations and applicable UC policies and procedures.	390
UC Path Post Implementation	Evaluate internal controls over payroll processing at the UCPath Center as well as actions taken to identify and address post implementation bugs, errors, control weaknesses and inefficiencies (esp. in the shared services). Review the four Shared Service centers to determine consistencies in processes, training, methods and tools.	340
Chemical Inventory	Review internal controls over Chemical inventory and evaluate compliance with various regulations and applicable UC policies and procedures.	410
Training - other	Conduct various training sessions related to controls as requested.	135
Training - WB & Fraud	Conduct regularly scheduled Supervisor training on Fraud Awareness and the Whistleblower Policy.	95
	UC Riverside sub-total	6,370

UC Santa Barbara - Audits	Scope Statement	Hours
Prior Year audit wrap-up	N/A	350
IT: Campus Environmental Control and Metasys	The purpose of this audit is to identify risks associated with building automation systems and environmental controls. The scope would include a review of the building automation system Metasys.	300
Export Controls	The purpose of this audit is to evaluate the University's current export controls program and the coordination of campus offices to ensure compliance with export control regulations. The scope of the audit may include be limited to selected procedures and related to transactions.	300
Recharge Activities	The purpose of the audit is to determine whether adequate procedures and internal controls have been implemented at the University of California, Santa Barbara (UCSB) to ensure that campus recharging practices are in compliance with University policies and procedures, local guidelines, and external regulations.	300

Admissions (Systemwide)	The second systemwide audit of Admissions will assess the operating effectiveness of controls identified in the FY 2019 audit.	300
Disaster Recovery / Business Continuity – Phase 2	This audit will evaluate the current campus emergency management (EM) program and to determine if disaster recovery and business continuity plans in place to prevent, mitigate, prepare for, respond to, and recover from any adverse event or disruption, including all types of emergencies and disasters.	300
Religious Studies – Internal Control Review	Along with essential business practices, we will review internal controls in one or more areas selected based on risk, with possible coverage of procurement, inventory, payroll, and/or other areas.	275
Americans With Disabilities Act Compliance	Audit and Advisory Services will develop a risk assessment to determine the adequacy of internal control processes to ensure compliance with relevant governmental regulations and UC and UCSB polices related to the Americans with Disabilities Act.	300
IT: Desktop Practices – College of Letter and Sciences	Possible areas of focus include user education and awareness, employee onboarding and separation practices, desktop access/locking, password management, physical security, virus and malware protection, use of administrator privileges, unauthorized or unlicensed software, data storage and backup, security of protected information	300
IT: UCPath: Implementation Support - Business Process Evaluation	This project will help evaluate proposed business processes to provide assurance to the campus that processes within UCPath are documented, adequate internal controls are present, segregation of duties exist and there is compliance with UC policies.	300
University Inventories	This project will identify the types, locations, and value of campus inventories (and non-inventoried stock) and select a subset for physical inventory counts.	300
Foreign Influence (Systemwide)	This systemwide audit will focus on identifying and evaluating categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence.	300
IT: Campus Financial System (CFS) – Internal Control Review- Follow-up	The purpose of this audit is to complete an evaluation of internal controls and processes. We will determine the scope of the review based the results of our prior assessment. An area of interest would be separation of duties and access control management.	300
Alumni Affairs and Alumni Association – Internal Control Review	Along with essential business practices, we will review internal controls in one or more areas selected based on risk, with possible coverage of procurement, inventory, payroll, and/or other areas.	275
Construction Project Costing	This audit would identify and evaluate campus processes for identifying and allocating non-construction costs charged to construction projects, from planning through occupancy. The audit would include design and construction overhead, and planning and other costs.	300
Fair Wage / Fair Work (Systemwide)	This audit will assess campus compliance with the Fair Wage/Fair Work requirements as they pertain to suppliers.	200

| Outside Professional Activities (Systemwide) | This recurring annual audit will review systems and processes for ensuring disclosure, authorization, and appropriateness of outside professional for selected SMG members. | 50 |

UC Santa Barbara - Advisory Services	Scope Statement	Hours
Succession Planning – Advisory Report on Department Practices	This follow-up advisory service will include a survey to compare department practices with accepted best practices, and a report on the results to senior leadership for their follow-up and action.	300
IT: Social Media Sites	Audit and Advisory Services will identify social media sites using the UCSB name and/or logo to determine whether there is a process to register social media sites and whether they are included in an official inventory, and there are adequate controls in place to mitigate campus reputational risks and compliance and legal liability.	300
IT HIPPA and FERPA Assessment	Audit and Advisory Services will collaborate with the campus CISO to identify the security controls to protect restricted information in the Hosford Clinic and the Koegel Autism Center and Clinic that could be at risk for exposure or breach.	300
Transportation and Parking Services	This advisory service will help to evaluate whether there are adequate internal controls to ensure parking permits fees are properly processed by payroll. This project will include limited testing of interfaces.	300
IT: Information Security: Password and Secret Management Phase II	The objective of the review will be to assess if password management for campus application administrators have appropriate security control and safeguards to protect University data.	300
Financial Controls, Tracking and Reporting	This advisory would evaluate tracking and reporting processes to monitor financial information. Budget and Planning is working on developing financial reports to help departments to improve monitoring budget, expenses, and debt management.	300
Data Analytics Program - Development and Collaboration	We have set aside hours for training and other activities for development of our data analytics program, including possible collaboration with Business & Financial Services.	250
Outreach, Training and Presentations	We will continue our Ethics and Fraud presentation series as part of the Controller's Financial Management Certificate Program, Sponsored Projects Training for Administrators in Research (STAR), PPS Basics classes, and other programs.	150
	UC Santa Barbara sub-total	6,950

UC Santa Cruz - Audits	Scope Statement	Hours
Change Management	This audit will review changes to the UCSC production environment in an effort to identify unauthorized alterations and errors that could impact the campus.	350
Disability Accommodation	This audit will address compliance obligations concerning state and federal laws and UC policy as it relates to disability accommodations.	300
Lab Safety	This audit will review state and federal regulations as they pertain to lab safety and UC policy safety procedures.	350
Center for Agro ecology and Sustainable Food Systems (CASFS)	The CASFS apprentices and fellows are neither employees or students and it may be difficult to apply student or employee policies and procedures. This audit will review these governance issues.	350
Business Continuity Planning	This audit will address roles and responsibilities, training and continuity processes to ensure the campus can adequately respond to events that could negatively impact operations.	350
Outside Professional Activities (systemwide)	This recurring annual audit will review systems and processes for ensuring disclosure, authorization, and appropriateness of outside professional for selected SMG members.	50
Extramural Fund Accounting	This audit will look at procedures to ensure that extramural funds are managed effectively and there is compliance with regulations.	350
UCPath Operational Readiness Assessment (systemwide)	In coordination with UC Systemwide audit plan, this review will assess the readiness of the implementation of UCPath system at UCSC.	250
Foreign Influence (systemwide)	This systemwide audit will focus on identifying and evaluating categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence.	300
Fair Wage/Fair Work (systemwide)	This audit will assess campus compliance with the Fair Wage/Fair Work requirements as they pertain to suppliers.	150
Physical Plant Materials and Equipment	The physical plant warehouse management is responsible for managing its inventory of materials and equipment and this audit will review controls to ensure that resources are used effectively and efficiently.	250
Admissions	The second systemwide audit of Admissions will assess the operating effectiveness of controls identified in the FY 2019 audit.	300

UC Santa Cruz - Advisory Services	Scope Statement	Hours
NCAA Report Annual Review	This review will confirm the accuracy of the financial data included in the Office of Physical Education, Recreation and Sports (OPERS) NCAA Equity in Athletics Data Analysis (EADA) Report for Fiscal Year 2019.	90
UNEX Annual Monitoring	This project will review the adequacy of controls and accuracy of financial reporting of account balances.	200

Limited Scope Consultations	We perform a number of smalls scale advisory service reviews during the year.	75
Student Intern Program	We will administer the department's student intern program that provides up to two students per Quarter, course credit learning about internal auditing and working hands on projects with professional audit staff.	75
	UC Santa Cruz sub-total	3,790

UC San Diego - Audits	Scope Statement	Hours
Foreign Influence (System-wide)	This systemwide audit will focus on identifying and evaluating categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence.	300
Conflict of Interest / Conflict of Commitment	The purpose of this review will be to evaluate controls and processes related to Conflict of Interest and Conflict of Commitment reporting across the institution, to determine whether disclosure processes provide reasonable assurance that potential conflict situations are appropriately identified and managed.	400
Outside Activity Tracking System (OATS) – Conflict of Commitment	This review will evaluate the implementation of OATS to assess whether internal controls provide reasonable assurance that processes related to the implementation of general and application controls are appropriately managed and monitored.	300
Kuali Conflict of Interest	This review will evaluate the implementation of Kuali COI to assess whether internal controls provide reasonable assurance that processes related to general and application controls are appropriately managed and monitored.	300
Rady School of Management	The purpose of this audit project is to perform an overall assessment of Rady School of Management administrative internal control environment, compliance with University policies and procedures, and effectiveness of unit operations.	350
Division of Biological Sciences	The purpose of this review will be to perform an overall assessment of Division of Biological Sciences business operations to determine whether internal controls provide reasonable assurance that financial results are accurately reported, operations are effective and efficient, and activities are compliant with relevant policies & procedures.	350
Birch Aquarium	The purpose of this review will be to perform an overall assessment of Birch Aquarium business operations to determine whether internal controls provide reasonable assurance that financial results are accurately reported, operations are effective and efficient, and activities are compliant with relevant policies & procedures.	350
Overtime	The purpose of this review is to assess how overtime is managed and monitored to ensure compliance with the applicable University policies and procedures and bargaining unit agreements governing overtime, in select areas.	300

Construction Plant Accounts	This review will assess processes to close out construction plant accounts to assess timeliness of actions to identify funds that may be able to be released back to campus accounts. This review will also evaluate compliance with standards developed in the prior review.	250
Fair Wage/Fair Work (Systemwide)	This audit will assess campus compliance with the Fair Wage/Fair Work requirements as they pertain to suppliers.	300
Admissions Processes (System-wide)	The second systemwide audit of Admissions will assess the operating effectiveness of controls identified in the FY 2019 audit.	300
Controlled Substances	The purpose of this review will be to evaluate internal controls for controlled substances in the hospital and clinic environments.	500
Limited English Proficiency / Interpreter Services	This review will evaluate whether internal controls provide reasonable assurance that processes related to services for LEP populations are effective and compliant with policy and regulations.	400
Health System Facilities Recharges	The purpose of this review will be determine whether internal controls provide reasonable assurance that processes for Health System Facilities Recharges are effective and result in accurate billing to customers.	300
Department of Orthopedic Surgery	The purpose of this review will be to perform an overall assessment of Department of Orthopedic Surgery business operations to determine whether internal controls provide reasonable assurance that financial results are accurately reported, operations are effective and efficient, and activities are compliant with relevant policies & procedures.	400
Department of Pathology	The purpose of this review will be to perform an overall assessment of Department of Pathology business operations to determine whether internal controls provide reasonable assurance that financial results are accurately reported, operations are effective and efficient, and activities are compliant with relevant policies & procedures.	400
School of Medicine Accounts Receivable	The purpose of this review is to evaluate whether internal controls for Accounts Receivable provide reasonable assurance that operations are effective and efficient, financial results are accurately reported, and activities are compliant with relevant policies & procedures.	400

UC San Diego - Advisory Services	Scope Statement	Hours
Enterprise System Renewal - Oracle Financial Information System	The purpose of this review will be to evaluate from an advisory perspective the planning efforts of the campus FIS implementation to ensure that adequate consideration is given during the implementation process to the risks inherent to an ERP implementation, including the design and implementation of internal controls.	600

Enterprise System Renewal – Identity and Access Management	This advisory service project is planned based on risks associated with project management challenges associated with the implementation of an enterprise wide administrative information system, in support of key business processes.	350
UCPath Readiness Assessment and Payroll Data and Reporting	This advisory service will be conducted based on a system-wide audit program. The scope of the review will include UCSD's operational readiness for the UCPath implementation based on the system-wide approach. The local review will also include validation of payroll data and reports, as appropriate.	400
Annual Report on Executive Compensation (AREC)	The purpose of this review will be to determine that the annual report data is complete and accurate, compensation components and amounts are approved in conformance with University policy.	200
Oracle Financial System Implementation – Health System	The purpose of this review will be to evaluate from an advisory perspective the planning efforts of the Health System FIS Project Management Office to ensure that adequate consideration is given during the implementation process to the interfaces with existing systems, training of users in new processes, and potential impact to operations.	250
Charge Lag	The purpose of this review will be to evaluate from an advisory perspective processes for identifying and addressing delays in charge entry processes.	250
Security Services	The purpose of this review will be to evaluate from an advisory service perspective processes related to the Security Services function, and the plans to augment operations through budgeting and organizational changes.	300
Homeless Patient Discharges	The purpose of this review will be to evaluate from an advisory service perspective implementation of new policy and processes to promote compliance with regulations regarding discharge of homeless patients, and documentation of those efforts.	250
Contract Management	The purpose of this review will be to evaluate from an advisory service perspective UCSDH progress toward implementation of a Contract Management solution to promote visibility and institutional review of agreements with external parties.	250
	UC San Diego sub-total	8,750

UC San Francisco - Audits	Scope Statement	Hours
Research Conflict of Interest (COI) Disclosures	Assess the processes and controls surrounding COI disclosures in Research and determine that mitigation action plans to address COI risks identified have been developed and effective controls & monitoring processes are in place.	300
Contracts and Grants	Review the controls over the award financial closeout process to ensure accurate and timely reporting.	300
Controlled Substances in Labs	Evaluate the controls over the procurement, administration, and security of controlled substances usage in research laboratories.	300

Professional Service Agreements	Review the processes and controls over physician purchased services agreements to ensure there is compliance with regulations; documentation of all aspects of the relationship and periodic reviews of the agreements are performed.	300
Export Controls Corrective Actions Follow-Up	Validate that procedures and controls have been implemented to adequately address the issues identified in prior assessment.	250
Research - Sub-recipient Monitoring	Evaluate the processes and controls for awarding of subawards and monitoring subawards recipients to ensure compliance with Federal regulations and NIH grant policies related to expenditures for subawards.	300
Foreign Influence in Research (Systemwide)	This systemwide audit will focus on identifying and evaluating categories of federal grants for potential factors contributing to higher levels of risk related to foreign influence.	300
Procurement - Sole Sourcing	Validate that there are controls in place to ensure appropriate use of sole source contracts, including justification, initiation, and renewal.	300
Annual Review of Executive Compensation (AREC)	The purpose of this review will be to determine that the annual report data is complete and accurate, compensation components and amounts are approved in conformance with University policy.	150
G-45, Chancellors' Associates	Review the accounting and reporting of Chancellor's funds and expenses to validate that expenses charged to the Chancellor's administrative and housing maintenance funds are properly processed, supported, and reported consistent with policy requirements.	150
Fair Wage / Fair Work (Systemwide)	This audit will assess campus compliance with the Fair Wage/Fair Work requirements as they pertain to suppliers.	150
Outside Professional Activities (Systemwide)	This recurring annual audit will review systems and processes for ensuring disclosure, authorization, and appropriateness of outside professional for selected SMG members.	50
Consulting Services Contracting	Assess the controls in place for contracting and monitoring of consulting services agreements.	300
Capital Construction Projects	Review construction project invoiced costs and fees to ensure compliance with contract agreement.	300
Travel and Entertainment	Assess whether travel and entertainment expenses reimbursed were in accordance with applicable University policies.	150
Emergency Management - Mass Notification System	Assess the implementation of the new mass notification system and validate that post-implementation testing and issue identification and remediation is effective.	100
Database Access Provisioning and De-provisioning	Validate that appropriate controls are in place for access provisioning, de-provisioning and periodic reviews for selected databases containing PHI.	300
Database Logging and Monitoring - HIPAA Compliance	Review the logging tools and monitoring performed for selected databases containing PHI for compliance with HIPAA requirements.	250

Prima Medical Foundation Clinics	Validate the outpatient clinics that became part of UCSF's clinical enterprise as a result of our master alliance agreement with Marin General Hospital are following key UCSF policies and procedures.	300
340B Pharmacy Program Compliance	Evaluate 340B program for governance, monitoring, and controls in place to ensure compliance with regulatory requirements.	300
Emergency Services Department - Charge Capture	Review changes recently implemented to help improve and automate charge capture workflows to validate that controls are in place for accuracy and completeness of posted charges.	300
Pharmacy - Controlled Substances in clinics	Evaluate controls in place for ordering, receiving, securing, and monitoring controlled substances in selected clinics.	300
EPIC Master Files	Validate that appropriate controls are in place for access provisioning, de-provisioning, and periodic reviews for selected EPIC Master Files	250
Health Affiliations Planning	Review affiliation planning and due diligence processes to validate that UCSF is adequately considering and being protected from undue risk.	300
Affiliates IT Security Assessment	Validate that corrective actions implemented have addressed the issues and risks identified in the previous security risk assessments performed for UCSF Health affiliates.	300
Specialty Pharmacy	Validate controls in place to ensure compliance with pharmacy requirements.	300

UC San Francisco - Advisory Services	Scope Statement	Hours
Clinical Trials Process Improvement	To review and advise on the clinical trials workflows changes to ensure adequacy of controls.	250
Quality/Safety Plan Implementation	Validate that there are sufficient controls and processes in place for following up on quality/safety action plans.	200
Financial Management Dashboard	Continue with optimization and implementation of the Phase 2 of the financial and compliance dashboard.	500
Continuous Monitoring / Data Analytics	Use data analytics to identify areas for continuous improvement and monitoring of controls.	400
External Audit Coordination	Internal Audit assists with the external audit coordination function, which involves guiding units through audits performed by outside entities and helps gather data to facilitate external reviews.	300
Investigations Support	Hours devoted to investigation support.	700
Enterprise Wide Data Analytics	Use data analytics to identify areas for continuous improvement and monitoring of controls.	300

Fraud Risk Program	Continue education and training on fraud risk awareness; developing fraud risk assessment and analysis to identify high risk areas for fraud and assist departments to design and implement control activities to prevent and detect fraud.	200
Accounts Payable Process Improvement	To review and advise on proposed changes to the Accounts Payable processes and workflow changes, specific to travel and entertainment reimbursement and invoice payments to ensure that adequate internal controls are built into the new processes.	200
UC Path Readiness	Assess UCSF's operational readiness for UC Path implementation and identify any risks that could impair the deployment.	300

UC San Francisco sub-total   9,950

TOTAL AUDIT AND ADVISORY SERVICE PROJECT HOURS   **101,317**