

Risk Administration and Compliance Forum

Berkeley Risk Intelligence Data Gathering Exercise

Recently Issued Audit Reports

- Annual Report of Executive Compensation
- Chancellor's Expenses (BFB-G-45)
- Commercialization of Intellectual Property
- Executive Travel
- Facilities Services
- Fair Wage/Fair Work
- Human Resources – Information Management
- Information and Technology Disaster Recovery
- Intercollegiate Athletics – Expenses
- International Agreements
- Leave Management and Liability
- Procurement in the International Environment
- **Restricted Gifts**
- **Sponsored Projects – Award Closeout**
- **Supporting International Research**

http://auditreports.ucop.edu/?action=public_search

Trend in Common Control Deficiencies

Common Observed Control Deficiencies

FY2015	FY2016	FY2017
Broad access to post journal entries to the general ledger with deficiencies in post transaction reviews	Definition of roles, responsibilities, and key controls in cross-functional administrative processes and with external business partners	Forecasting and monitoring financial implications of business decisions
End-to-end internal control/procedural documentation for key business processes	Due diligence in vetting new partners and partnerships to include financial modeling, full costing, implications of terms and conditions, key risks and rewards, impact on other relationships, and division of responsibilities	Establishing and sustaining controls to preserve and optimize operational and financial objectives after significant changes, including seamless system interfaces

Trend in Common Control Deficiencies

Common Observed Control Deficiencies

FY2015	FY2016	FY2017
Financial modeling for decision support	Leveraging information and technology to address control gaps, increase effectiveness and efficiency of key administrative activities, enhance data and records management, monitor exceptional activity, and synchronize common information across systems	Clarity and coordination around roles and responsibilities for cross-campus administrative processes
Shared governance for centralized administrative activities	Contract management, including the ongoing relationships with external business partners, the accomplishment of campus objectives, internal and external compliance with terms and conditions	Lack of authoritative oversight for accessibility including coordination of disaggregated campus service delivery efforts given the complexity of accessibility responsibilities and requirements, the multitude of units delivering accessibility services, funding constraints, and the inherent nature of an aging physical plant located on the slope of a large hill

Trend in Common Control Deficiencies

Common Observed Control Deficiencies

FY2015	FY2016	FY2017
Succession planning	Succession planning at all levels given changes in senior management and the impact on campus strategy, position control for staff, and planned staff reduction	Effectively communicating with employees is hampered by a lack of a senior official with dedicated resources to lead the effort, guiding principles, communication tools, diversification of communication methods capable of reaching and meeting the needs of a diverse target audience

FY 2018 Service Plan Audits

- Affiliated Organizations
- Berkeley Resource Center for Online Education and New Academic Ventures
- Bowles Hall
- Business Continuity
- **Campus Shared Services**
- Executive Compensation and Chancellor Associate (systemwide)
- Fair Wage/Fair Work (systemwide)
- Human Resources – Management and Supervisor Training
- Information and Privacy – Data Usage in Online Services
- Information and Technology – Electronic Data Warehouse and Business Intelligence Tools
- **Organized Research Units**
- Outside Professional Activities (systemwide)
- Scholarships and Fellowships
- Self-Supporting Operations
- Student Information System Post Implementation Review

2017 RAC Forum – Identified Risks

- “Inflexibility” of Contract and Grant Accounting module and negative impact on ability to support/accommodate changes/non-standard needs
- Under-staffing in Contract and Grant Accounting
- Award Closeout estimation of expenses and increase in adjustments
- Invoicing – late invoices and premature invoicing for "fee for service" payment arrangements
- Subrecipient monitoring
- Cost sharing
- Data management (specifically data management plan requirements)
- Participant support



2017 RAC Forum Dot Exercise – Financial Forecast

What are the most significant issues?

- Unstable financial climate
 - Federal/state funding cuts
 - Federal funds in current climate
 - State funding levels (reduction); lack of control/take control
- Historical funds are at risk
- Loss of funding equals greater layoffs negative impact on support
- Students support and support services will be adversely affected
- Trickle down effect to all categories
- Need warm bodies to do research and manage funds
- Indirect Cost Recovery



2017 RAC Forum Dot Exercise – Change Management

What are the most significant issues?

- Shift in federal funding due to political climate
 - How to shift research (PIs)
- Importance of communication
 - Managing expectations
 - How to highlight potential positives
- Issues using outside consultants to manage change
- Managing fear during times of change
- End-to-end research administration restructure



2017 RAC Forum Dot Exercise – Infrastructure

What are the most significant issues?

- Process flows
- Procedures
- Training
- Understanding of what we do and interconnectivity between groups
- Roles and responsibilities



2017 RAC Forum Dot Exercise – Information and Technology

What is the most significant issue?

- Lots of systems
- Lack of system integration
- Not just systems, but also how collaborate
- Duplication of effort through shadow systems
- Inefficiency, mistakes



2017 RAC Forum Dot Exercise – Leadership

What is the most significant issue?

- Disconnect between strategic initiatives/leaders and operational work/personnel





What are the Risk Concerns for Research Staff?

FY 2016 Top Research Risks

Category	Average Rating	Percentage Somewhat or Not Effective	2015 Percentage	2014 Percentage
Award Close-out	4.31	82%	55%	42%
Sub-recipient Monitoring	3.84	71%	43%	54%
Cost Sharing	3.52	52%	51%	47%
Sub-awards	3.35	43%	31%	31%
Financial Reporting	3.22	40%	33%	17%
Cash Management	3.36	36%	19%	22%
Effort Reporting	3.03	36%	15%	28%

Research Risk Areas

1. Cost Transfers
2. Effort Reporting
3. OMB Uniform Guidance
4. Human Subjects Research
5. Timely Use of Funds
6. Departments of State, Homeland Security, and Labor
7. Animal Care and Use
8. Donor Gift Restrictions
9. Award Close-out
10. Cash Management
11. Financial Reporting
12. Sub-Awards
13. Sub-recipient Monitoring
14. Research Conflict of Interest
15. Cost Sharing
16. Program Income
17. Export Controls
18. Research Misconduct

Research Administration and Compliance Risk Assessment

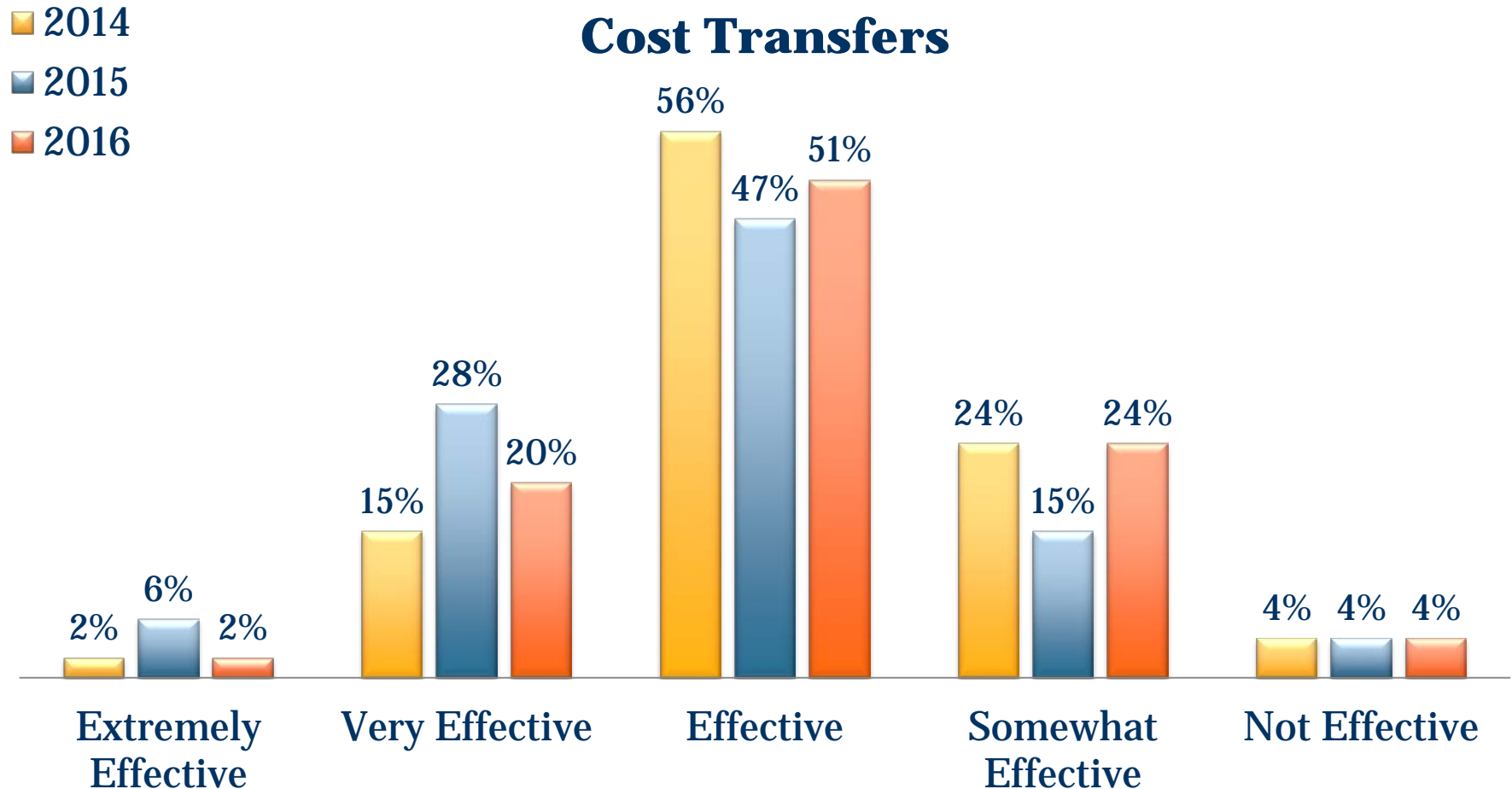
How effectively do you believe each of the following research areas are managed?

- A) Extremely Effective** (automation supports control activities, real-time monitoring, continuous improvement, optimized)
- B) Very Effective** (managed, roles defined, consistency across the organization, coordinated inter-dependencies, monitored, pre-emptive)
- C) Effective** (defined, standardized, gaps may exist, proactive)
- D) Somewhat Effective** (informal, repeatable but intuitive, active)
- E) Not Effective** (unpredictable, unreliable, ad hoc, reactive)

Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Cost Transfers	Process expenditure adjustments in a timely manner with adequate justifications and documentation to comply with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and federal funding agency requirements.	<p>Cost transfers may not be processed timely.</p> <p>Inadequate documentation as to the reason why the expense was initially charged, and how the receiving project benefited from the cost.</p>

Prior Research Administration and Compliance Risk Assessments



Note: Percentages may not always total 100%

Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Effort Reporting	Provide accurate and timely reporting of effort in accordance with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.	<p>Report of actual effort not signed/certified by person with suitable means of verification.</p> <p>Reports may not include all payroll transactions. Effort reporting not completed timely.</p>

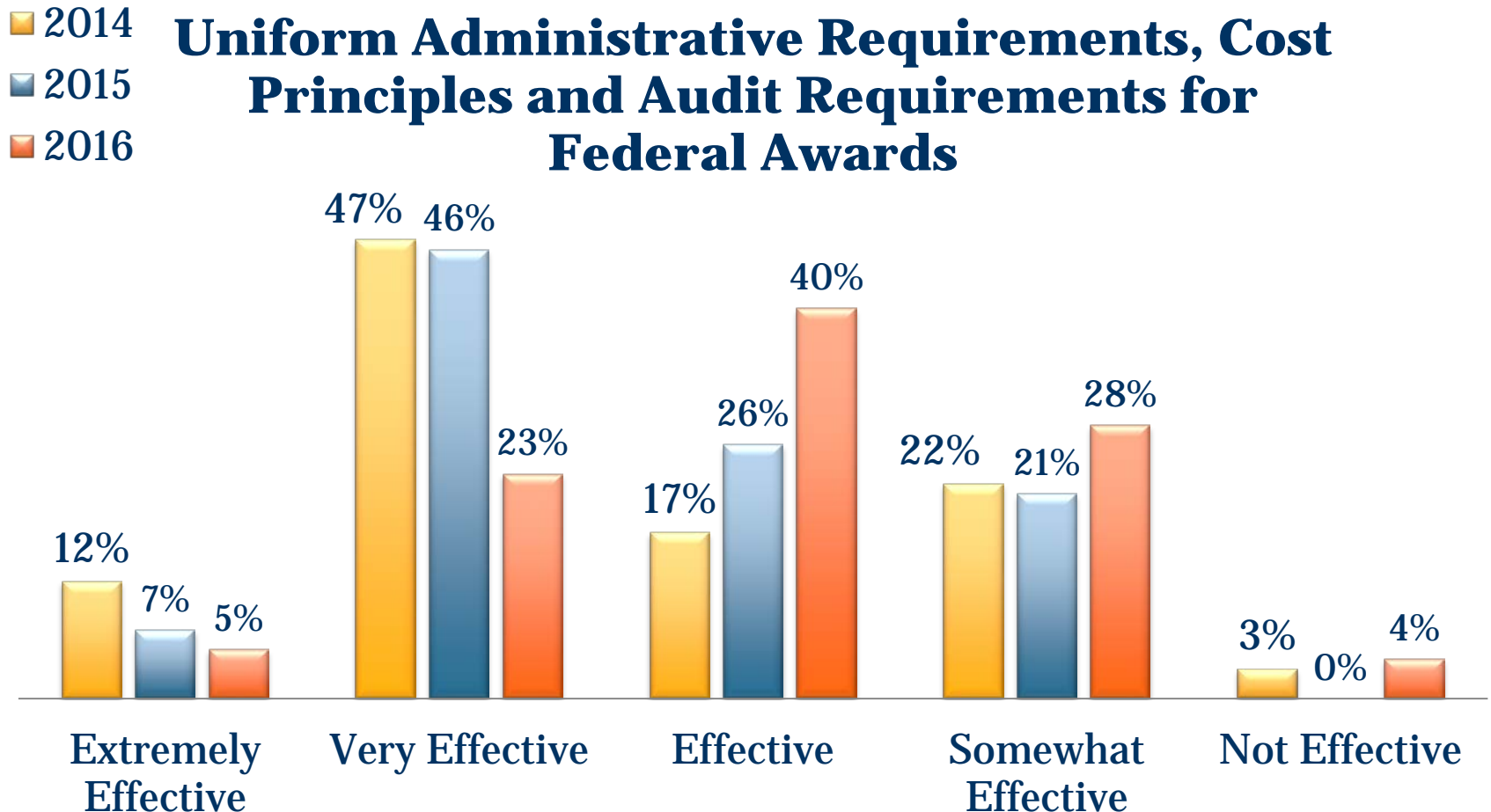
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards	Provide for allowable, allocable, and reasonable costs to be charged to federal contracts and grants consistent with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.	<p>Costs may be charged to projects that do not comply with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.</p> <p>Financial reports may be misstated. Questioned costs may go unresolved.</p>

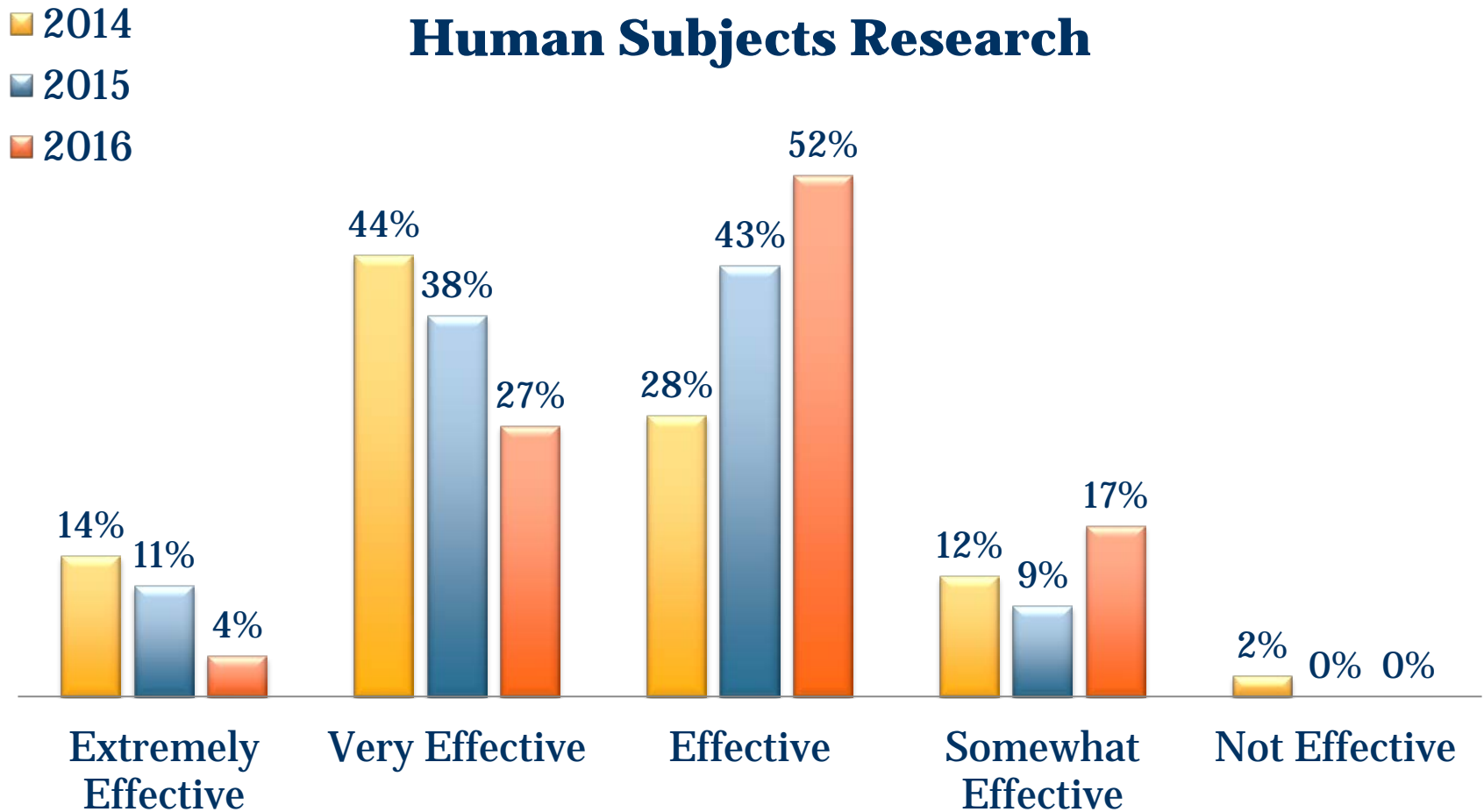
Prior Research Administration and Compliance Risk Assessment



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Human Subjects Research	Ensure continuous and/or uninterrupted review and approval of ongoing human subjects research compliant with 45CFR46	Investigators not renewing federally funded protocols prior to expiration
	Reducing risks to subjects for their participation in research.	Data confidentiality and privacy of research subjects could be compromised.
	Reducing risks to subjects for their participation in research. Reducing liability risk to researchers and the institution.	Insufficient expertise in protocol review of medical research at a non-medical institution.
	Comply with HIPAA Privacy Rule	Privacy compromised.

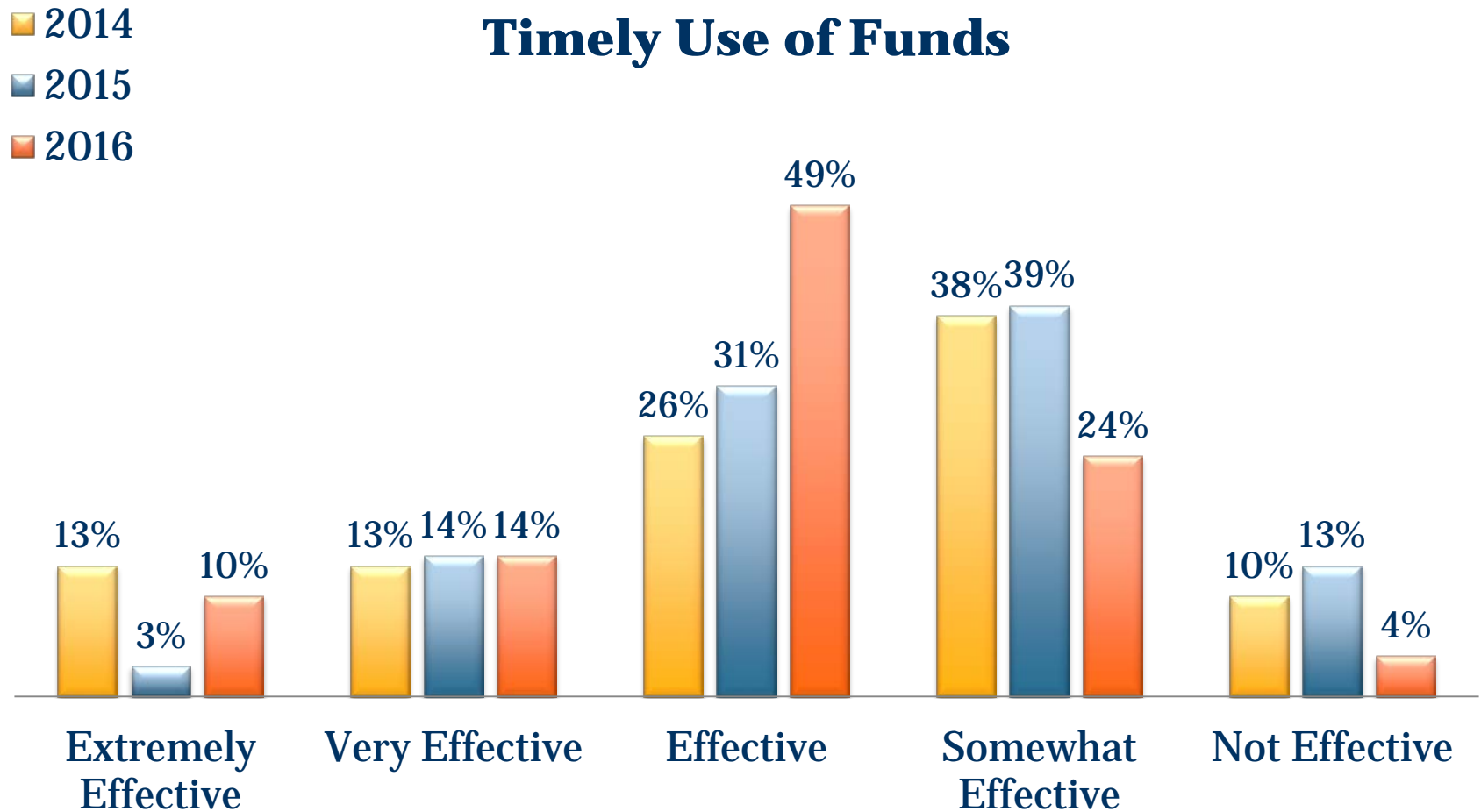
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Timely Use of Funds	Utilize federal funds during the specified period of availability as specified by the federal funding agency.	Expenses may be incurred prior to or after period of availability.

Prior Research Administration and Compliance Risk Assessments



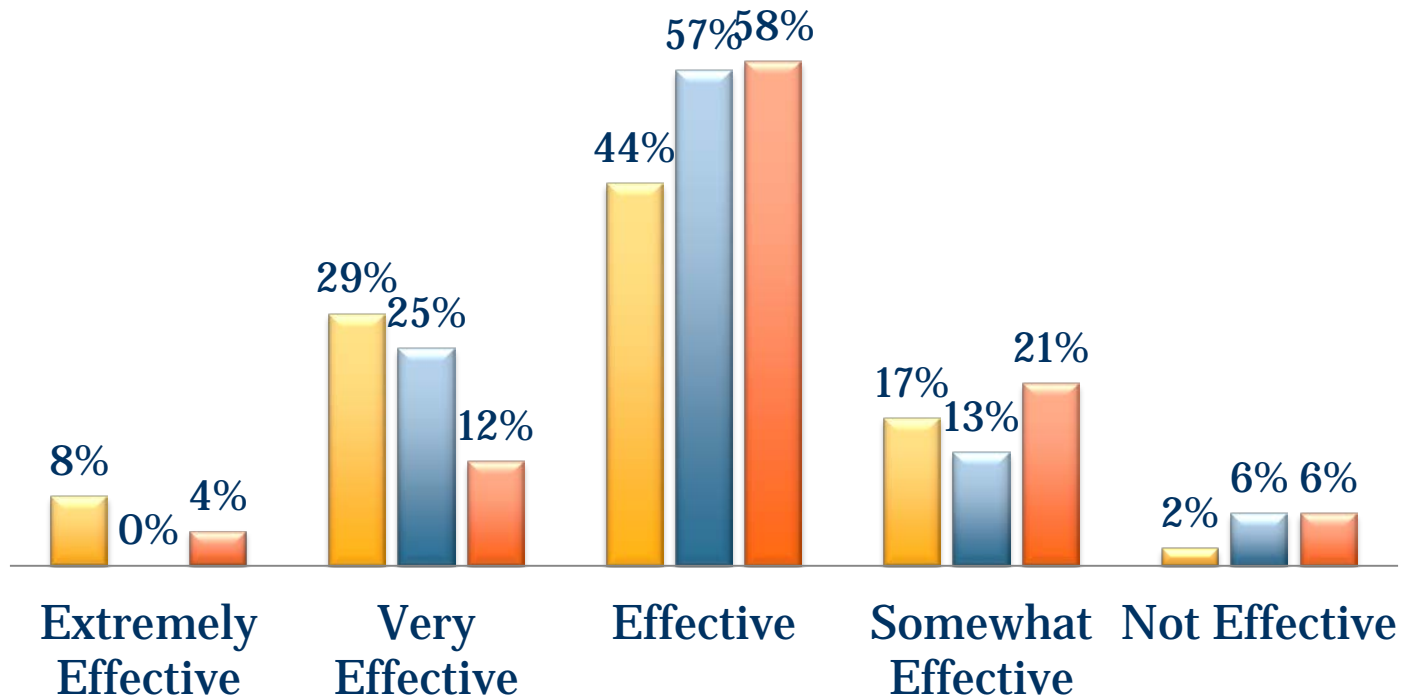
Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Department of State, Department of Homeland Security, and Department of Labor	Provide expert advising, consultation and employment-based nonimmigrant (temporary) petition-related services (H-1B, TN, O-1 and E 3) that are based on Department of Homeland Security (DHS), Department of Labor and Department of State regulations and policies	<p>Employing department may not provide accurate information needed for a nonimmigrant petition or adhere to agreed-upon compliance requirements of an approved petition.</p> <p>Scholars or employees may lose their legal status, not be able to begin or may have to suspend employment.</p> <p>Audit of petitions.</p> <p>May jeopardize teaching and/or research activity.</p>

Prior Research Administration and Compliance Risk Assessments

■ 2014
■ 2015
■ 2016

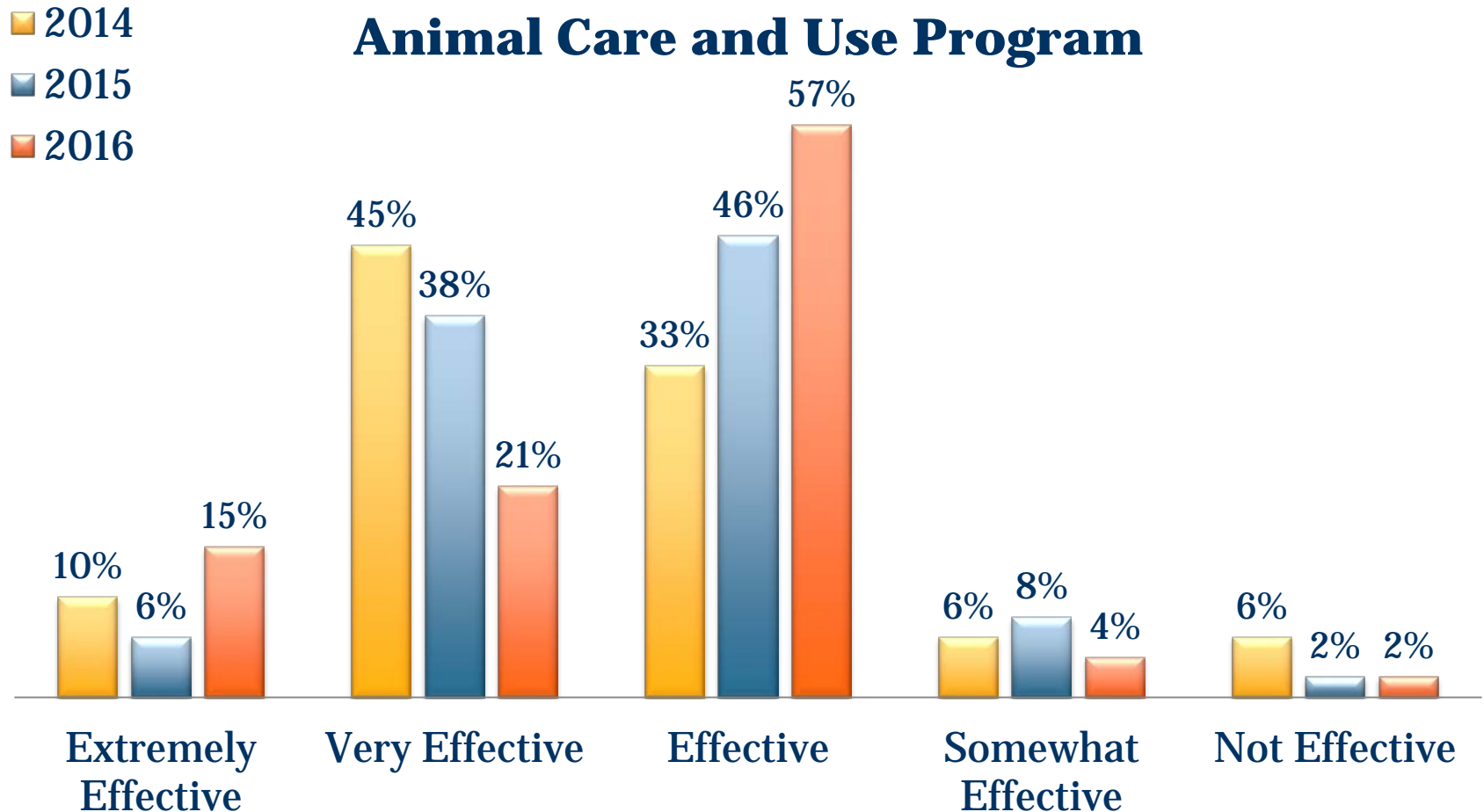
Departments of State, Homeland Security, and Labor



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Animal Care and Use Program	PHS Policy and the USDA regulations require that members with certain backgrounds and skills serve on the IACUC. Only an IACUC that has <u>all</u> the required members appointed is considered to be a constituted IACUC. Only a constituted IACUC can conduct official business.	IACUC business may be conducted in the absence of a constituted IACUC. Inadequate protocol review.

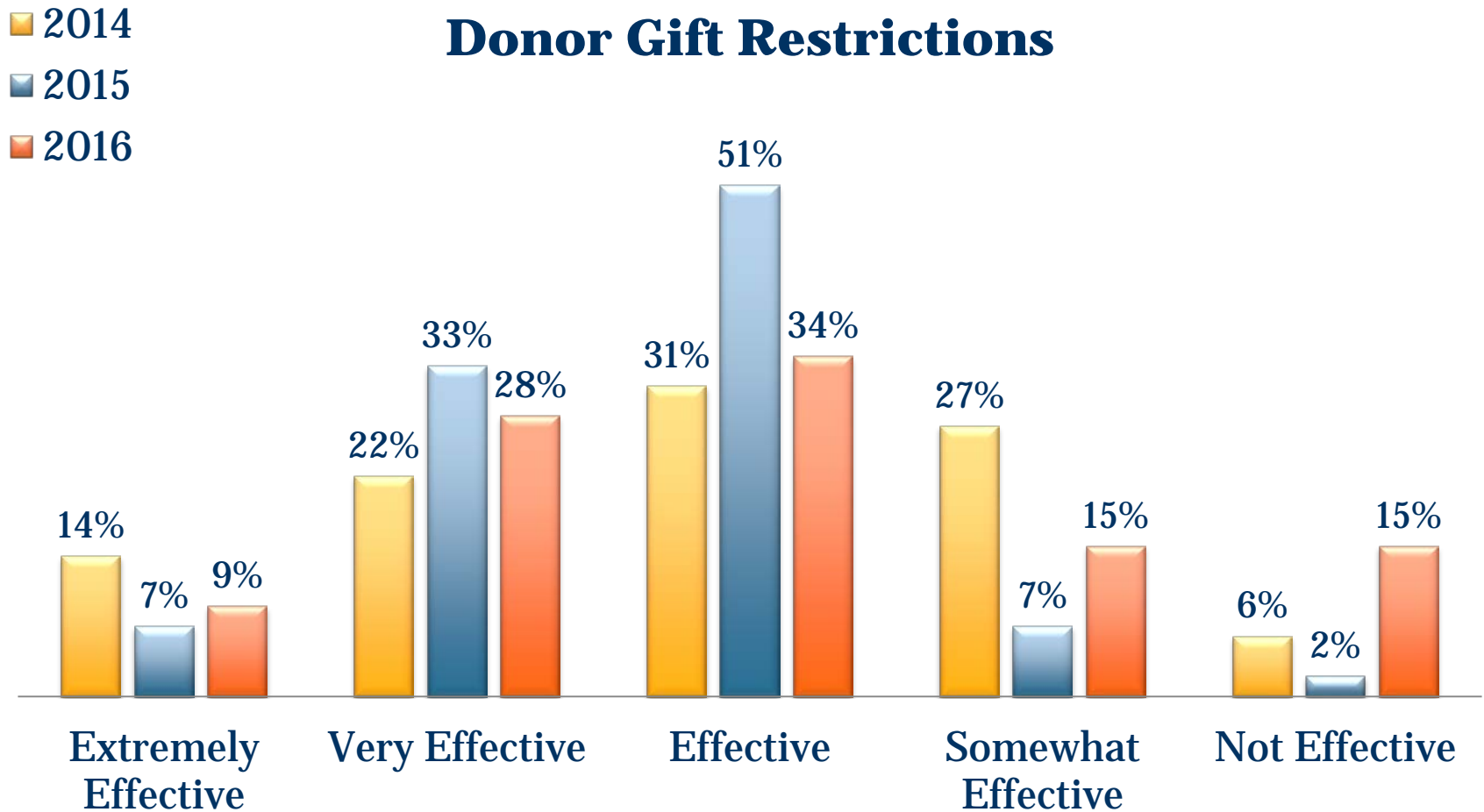
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Donor Gift Restrictions	Record exceptional gift funds and appropriate the funds available to spend to the departmental gift fund in an accurate and timely manner.	<p>Gifts may be inaccurately recorded.</p> <p>Income may not be properly allocated.</p> <p>Use of funds may be delayed.</p>
	Ensure that gifts are processed accurately and timely and confirm that fund terms have been accurately recorded in the Berkeley Financial System.	Funds may be improperly used due to fund terms being inaccurate or incomplete.

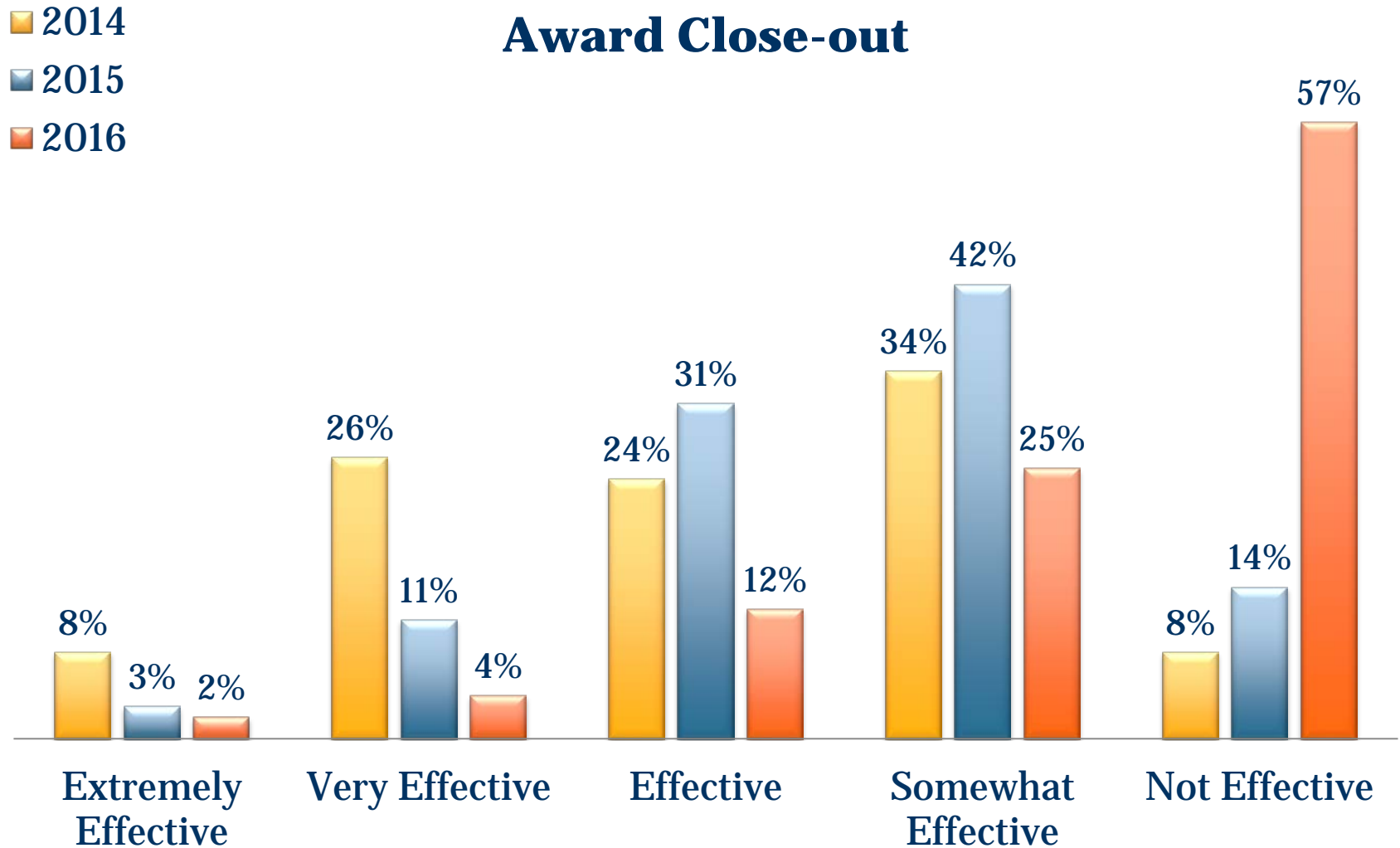
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Award Close-out	Close out contracts and grants accurately and timely in accordance with OMB Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and sponsoring agency requirements.	<p>Expenditures may not be in compliance with laws, regs., or contract terms.</p> <p>Final reports may not be accurately prepared.</p> <p>Financial reports may not be submitted timely.</p>

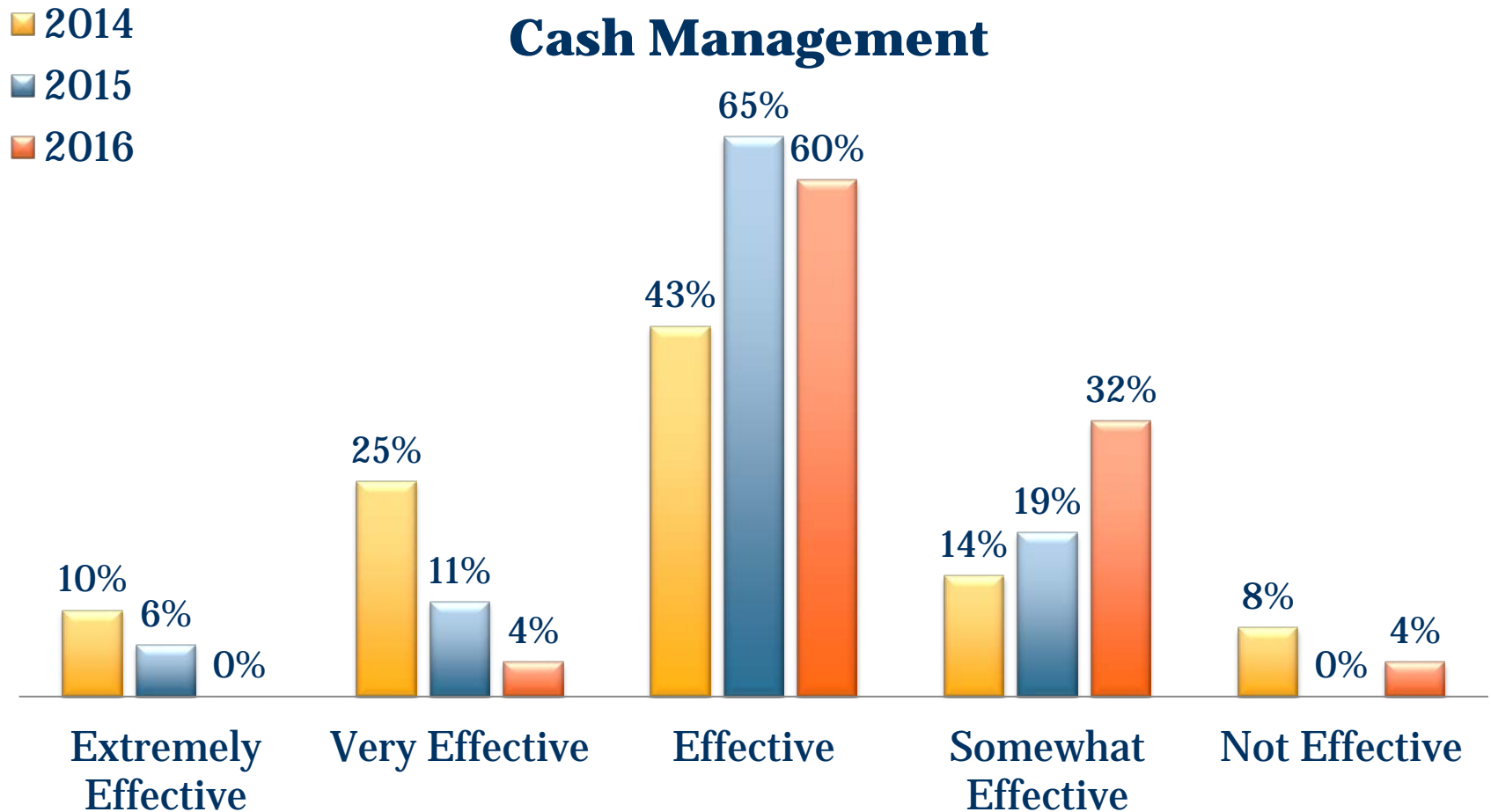
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Cash Management	Manage cash and cash equivalents accurately and timely in accordance with the federal regulations and sponsoring agency requirements.	Drawdowns may not be accurately calculated. Funding may not be transferred to correct fund. Funding may not be received or deposited timely.

Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Financial Reporting	Provide accurate and timely financial reporting to sponsoring agencies consistent with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the terms of the contract or grant.	<p>Financial reports may not be prepared accurately.</p> <p>Financial reporting may be untimely or unfulfilled.</p>

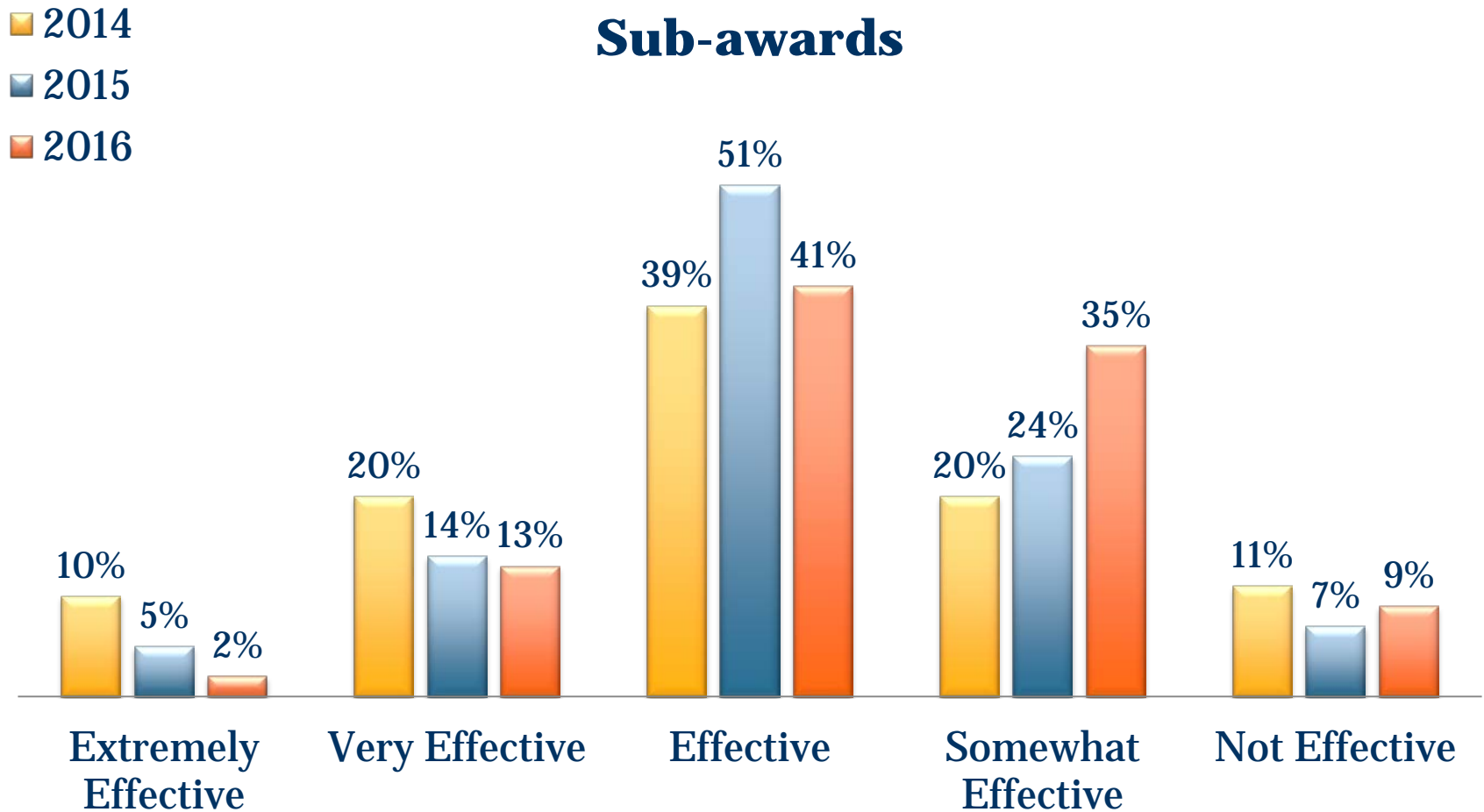
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Sub-Awards	To ensure that sponsor funds provided by the University to other organizations via sub-award agreements are spent in accordance with applicable laws and regulations.	Delay in establishing subawards at award stage.
	To ensure that sponsor funds provided by the University to other organizations via sub-award agreements are spent in accordance with applicable laws and regulations.	<p>Sponsor could disallow subcontracting costs.</p> <p>Sub-recipient not A-133 compliant/does not have necessary internal controls.</p>

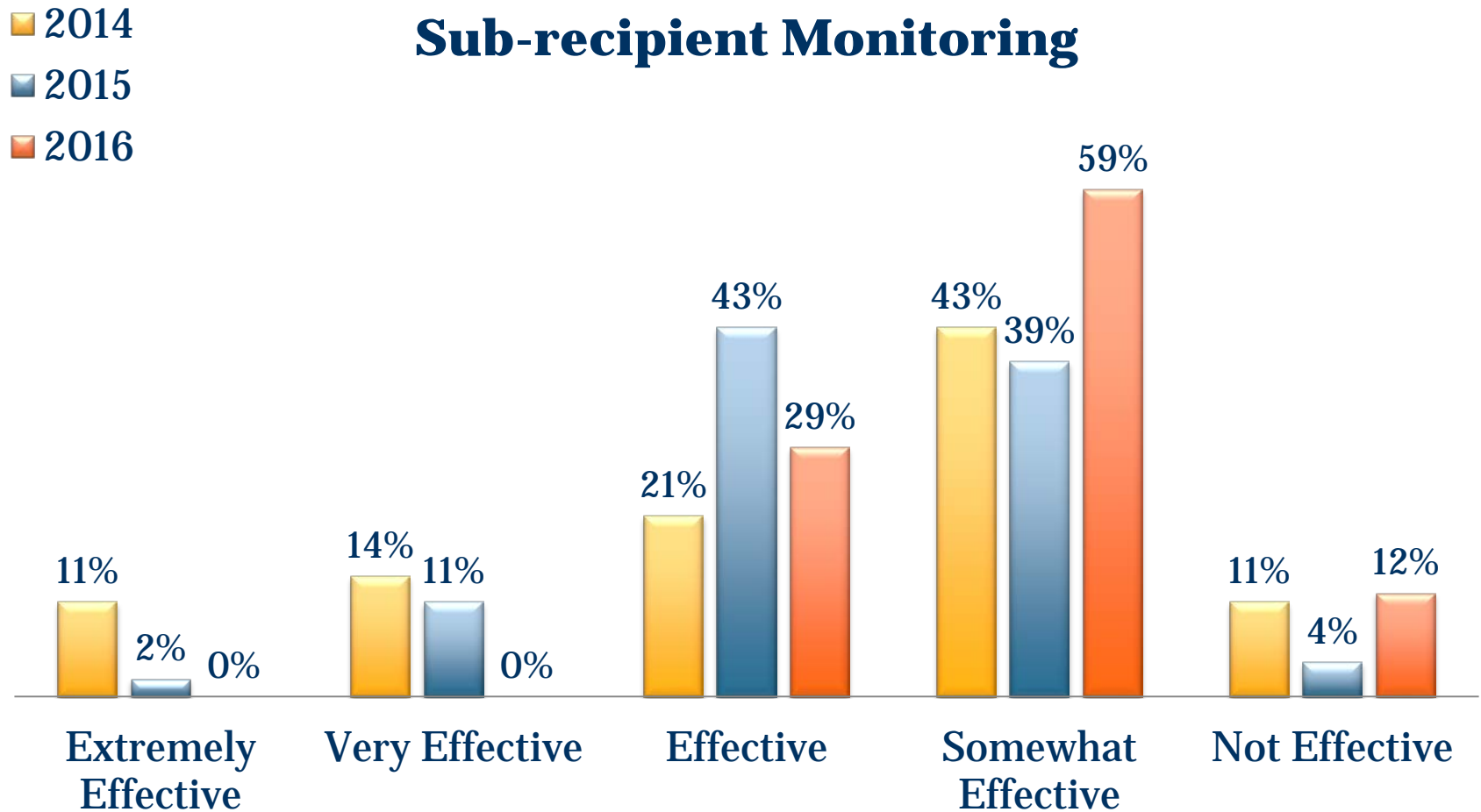
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Sub-recipient Monitoring	Monitor the activities of subrecipients for compliance with federal regulations and sponsoring agency requirements and with OMB Circular No. A-133.	<p>Subrecipients may not be complying with the applicable laws, regs., etc.</p> <p>Advance payments may be made on cost reimbursable agreements.</p> <p>Payment may be made for work not performed or completed.</p>

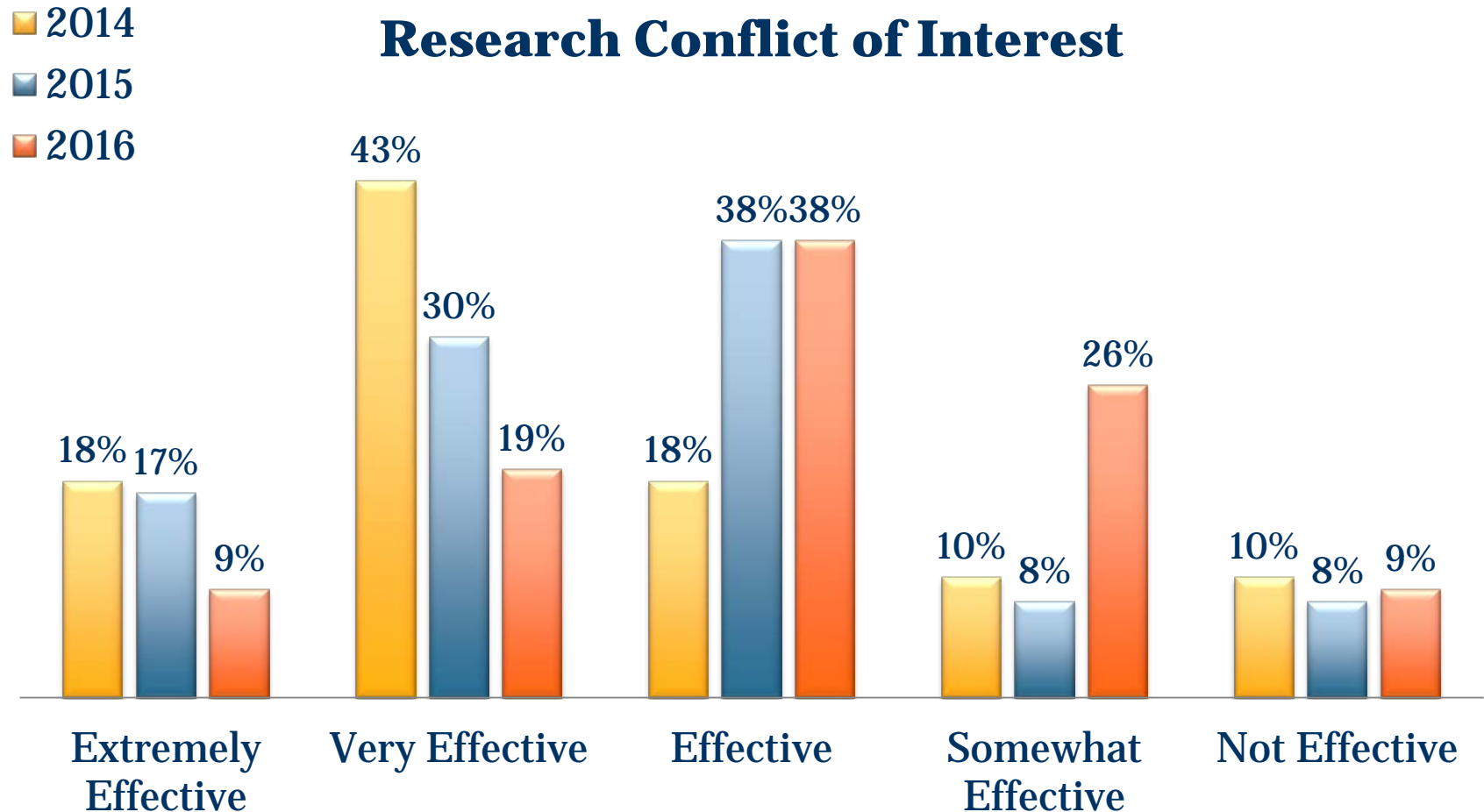
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Research Conflict of Interest	Proper recording and reporting of applicable financial conflicts of interest to those entities requiring same (UCOP, NIH, NSF), with ability to track everything internally and run meaningful reports.	<p>Inability to respond to reporting requirements.</p> <p>Inability to respond to public requests for information, records.</p> <p>Provision of incorrect or inappropriate records to NIH or in response to public records requests.</p> <p>Extraordinary audit.</p>

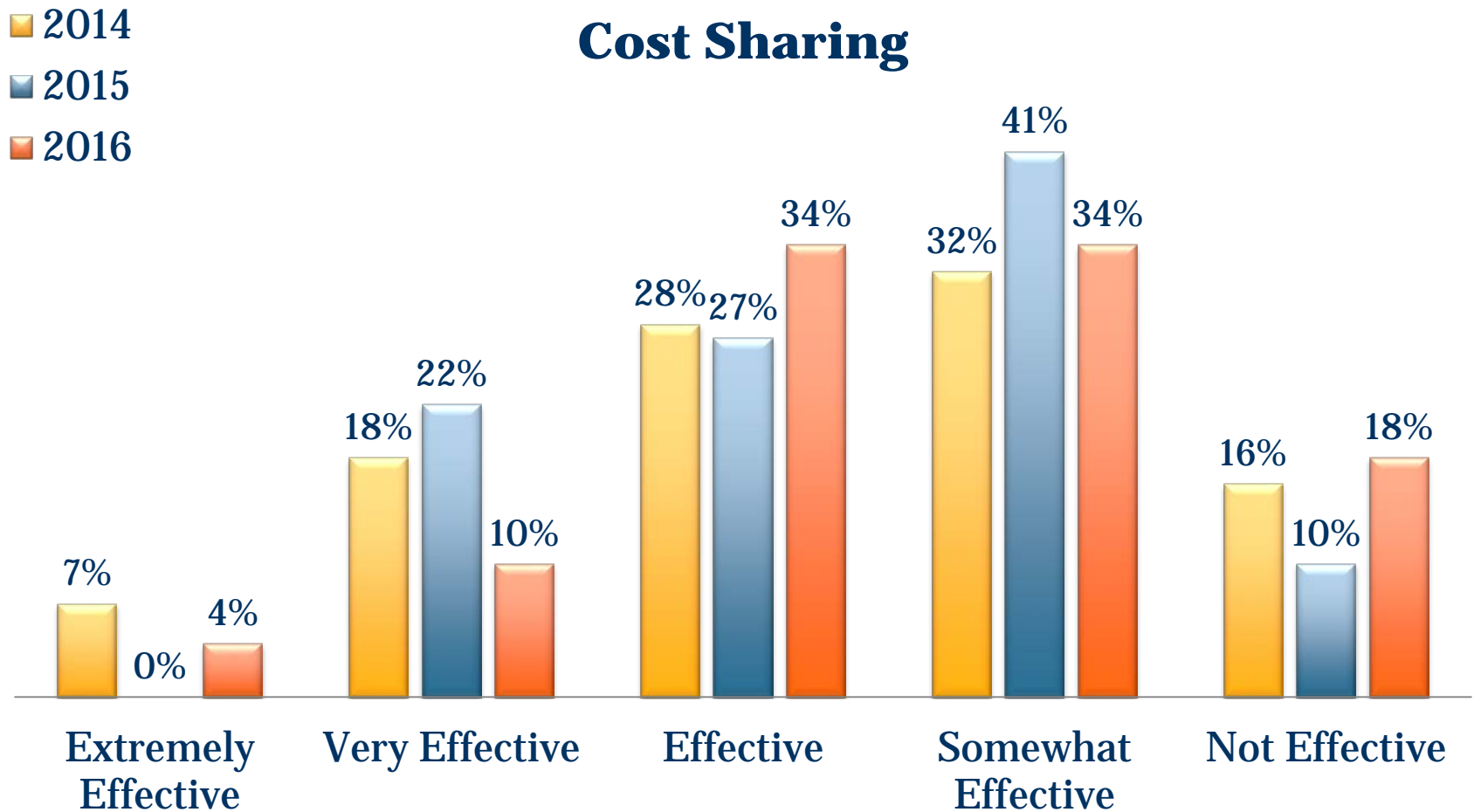
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Cost Sharing	Provide accurate and verifiable cost share reports to sponsors that include eligible and allowable costs and demonstrate that the University is fulfilling their cost share commitments and comply with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.	<p>Double counting of cost shared transactions.</p> <p>Cost sharing unallowable expenses. Support documents do not agree with reported amounts.</p> <p>Failure to meet cost sharing commitments.</p>

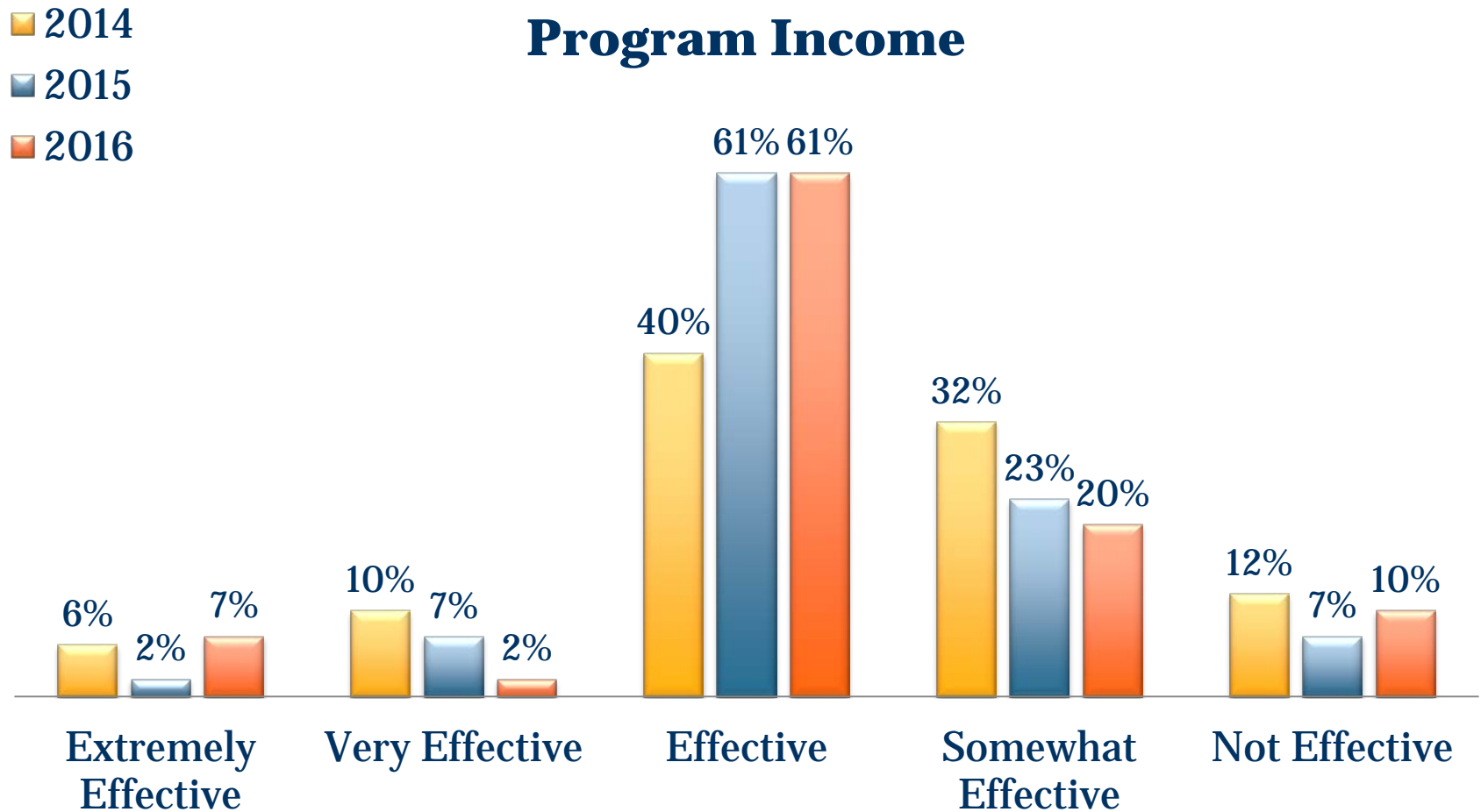
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Program Income	Manage program income in accordance with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and sponsoring agency requirements.	<p>Program income may not be properly accounted for in accounting records.</p> <p>Program income may be used in a manner not consistent with agency requirements.</p>

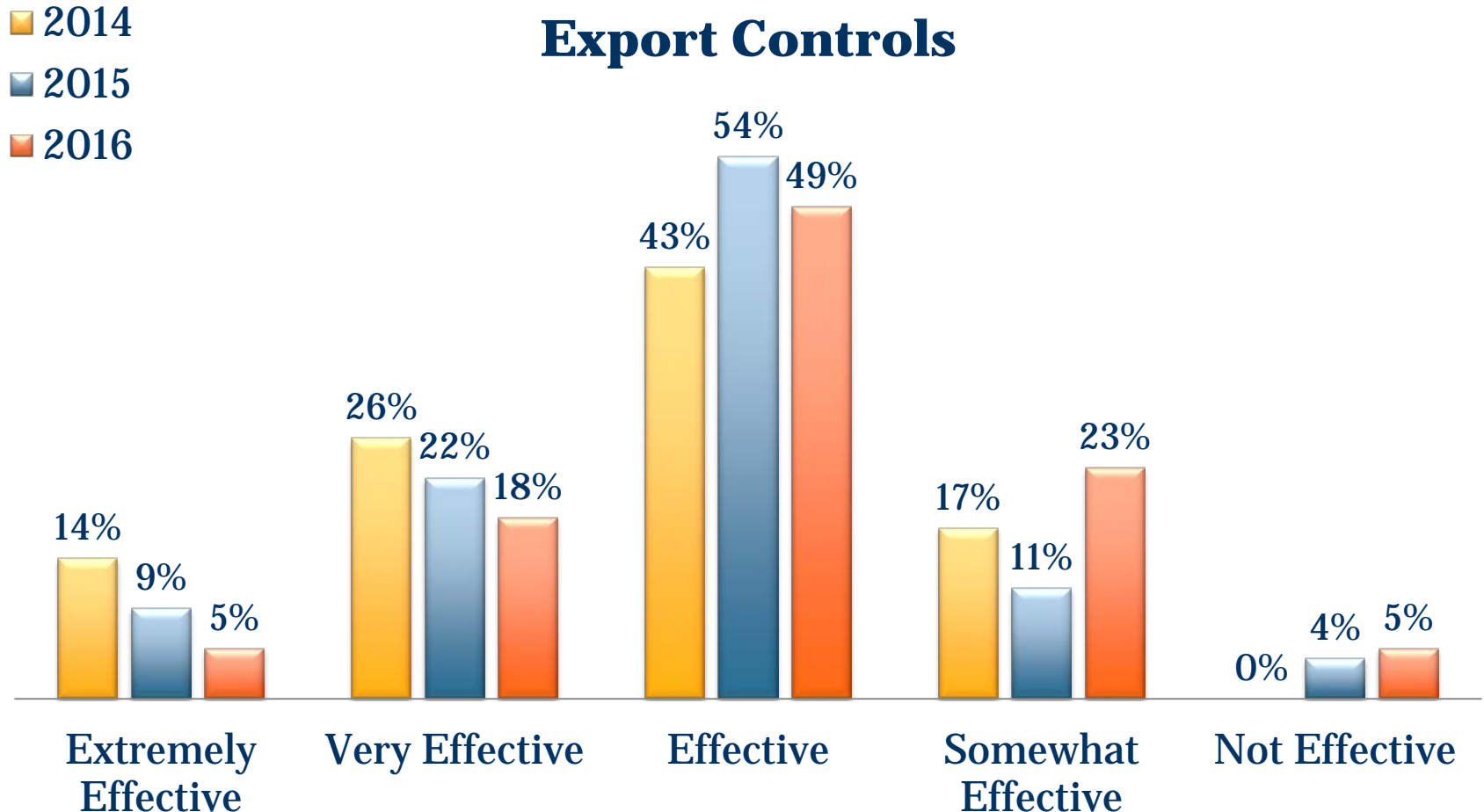
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Export Controls	<p>To ensure University freedom to publish or disseminate results from a sponsored project</p> <p>To ensure that University researchers, staff, and students will be selected for participation on sponsored projects on the basis of merit not the requirement of U.S. citizenship except under compelling circumstances</p>	<p>Sponsor could impose delays or prevent the dissemination of project results</p> <p>Loss of fundamental research exemption</p> <p>Quality of research would suffer if citizenship requirements are imposed for sponsored projects.</p>

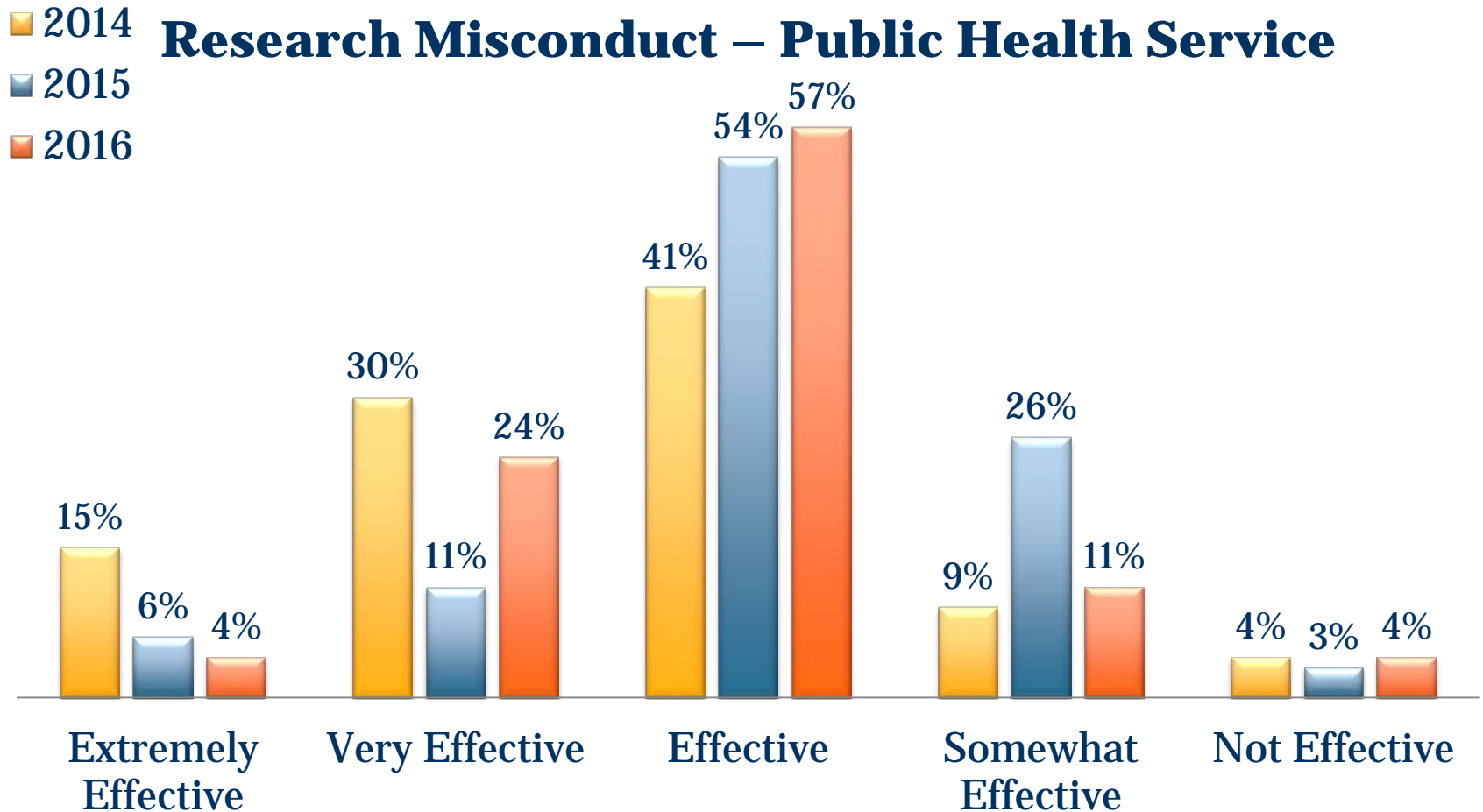
Prior Research Administration and Compliance Risk Assessments



Research Administration and Compliance Risk Assessment

Compliance Area	Compliance Requirement Objectives	Risks
Research Misconduct -- Public Health Service {Department of Health and Human Services} Final Rule 42 Code of Federal Regulations (CFR) Part 93	In cases of alleged research misconduct, to assure a full and complete confidential inquiry, investigation and resolution process.	Sponsors, collaborators, editors etc. would be unaware of misconduct or unaware that someone falsely charged had been cleared.

Prior Research Administration and Compliance Risk Assessments



Questions and Answers

THANK YOU!