Bridging the Gap series is to allow UC Berkeley thought leadership, faculty, and staff to excel together by providing a forum to discuss emerging and hot button issues, foster an open exchange, and inform decision-makers.

Visit us at:
611 University Hall
http://audit.berkeley.edu
510-642-8292
audit@berkeley.edu
Ask the Auditor

Disclaimer: Advice provided through “Ask the Auditor” is intended for informational purposes and internal use by the University of California, Berkeley. The questions raised and answers provided through “Ask the Auditor” reflect a representative set of circumstances. Your questions may involve a variation of facts which may cause answers/outcomes to be different. Policies and procedures are subject to change and may require interpretation. Where appropriate, campus resources and/or subject matter experts have been engaged. Please feel free to contact Audit and Advisory Services directly at audit@berkeley.edu.
Can I setup a crowdfund to pay for a University project?

A. Yes
B. No
C. It depends
Can I setup a crowdfund to pay for a University project?

Let’s assume it is a valid University project.

• Are you authorized to solicit gifts on behalf of the University?
• Are receipts deposited in an authorized University bank account?
• Are you authorized to acknowledge gifts?
• Are tax receipts for gifts greater than $250 issued by University Relations?
• Are pledges accepted?
• Is there a gift agreement?
• Is the arrangement a gift, a loan, a grant, or an equity investment?
Can I setup a crowdfund to pay for a University project?

Let’s assume it is a valid University project.

- What are the obligations of the University?
- What are the rights of the donor, lender, sponsor, or investor?
- What happens if the project is not a success?
- Does the gift fee or facilities and administrative charge apply?
- Is a vendor used to host the campaign? If so, was the agreement appropriately vetted and approved?
Can I setup a crowdfund to pay for a University project?

Research & Ideas
Sunday, August 25, 2013 UC Berkeley professor crowdfunds to develop learning programs
What is the difference between privacy and information security?

A. Nothing at all, what’s the fuss about?

B. Limited to personal vs. all business information

C. Unregulated vs. regulated
What is the difference between privacy and information security?

<table>
<thead>
<tr>
<th>Privacy</th>
<th>Information Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notice</td>
<td>Confidentiality</td>
</tr>
<tr>
<td>Consent</td>
<td>Integrity</td>
</tr>
<tr>
<td>Limitation on what is collected</td>
<td>Availability</td>
</tr>
<tr>
<td>Limitation of the use to stated purpose</td>
<td>Personal information</td>
</tr>
<tr>
<td>Personal information</td>
<td>Business information</td>
</tr>
<tr>
<td>Protection (appropriate disclosure)</td>
<td>Disclosure only to those that have a need</td>
</tr>
<tr>
<td>Compliance with policies, laws and regulations</td>
<td>Compliance with policies, laws and regulations</td>
</tr>
</tbody>
</table>
What is program income?

If directly generated by a grant supported activity, or earned only as the result of the grant agreement during the grant period, which sources are program income?

A. Conference fees
B. Sale of books
C. Sale of services
D. Membership fees
E. All of the above
What is program income?

Program income is defined as “gross income received by the grantee…directly generated by a grant supported activity, or earned only as the result of the grant agreement during the grant period” [CFR §2541.250(b) and §2543.249(a)]. Program income includes fees from services performed under the grant, and income from the sale of commodities or items fabricated under a grant agreement. Revenue you receive from sources to support the program that doesn’t directly result from grant activities is not program income.
What is program income?

- Fees charged to register participants for a workshop or conference.
- The sale of commodities, data and information records, services or items fabricated or produced under a sponsored program such as books and publications, software, child care, tutoring, etc., inclusive of license fees, royalties, copyrights and patents.
- Rental or usage fees charged for use of supplies or equipment purchased with grant program funds.
- Revenue realized through the sale of products made under a program involving vocational training.
- Membership fees charged to individuals and organizations for grant related activities.
- Sale of real property, including debt obligations such as mortgages.
As we transition to CSS and fax or scan and forward timesheets to CSS, do we need to keep the original timesheet?

A. Yes
B. No
C. It depends
As we transition to CSS and fax or scan and forward timesheets to CSS, do we need to keep the original timesheet?

There is no legal requirement to maintain the paper timesheet once imaged as the official record. How the image is captured is not a legal matter. So the questions to ask are:

What is most efficient?
What is most user friendly?
What provides the best image quality, as the original will not be available?
What is most cost effective?

There should be a quality control to assure that all documents are scanned, legible, and linked to the appropriate individual.
What controls are in place to ensure appropriate signature authorization over transactions in the shared service environment?

A. Controls are the same as pre-shared services
B. Shared services is responsible for all controls
C. Controls are evolving
What guidelines are in place to ensure appropriate signature authorization over transactions in the shared service environment?

Signature Authorization: As the campus/university transitions to the shared services environment to streamline processes for faculty, PIs and administration, what guidelines are in place to ensure that signature authorizations can withstand audit by internal and external entities?
What guidelines are in place to ensure appropriate signature authorization over transactions in the shared service environment?

Delegations of authority have not changed as such signature authorizations have not changed. What appears to have changed is how such is documented and who is responsible for validation. Signatures/approvals appear to be obtained offline and verified by CSS prior to creating and approving requisitions and approving vouchers.

Department administrators remain responsible for monthly financial reviews which are asserted to identify significant exceptions.
Can I accept a promotional gift/reward/offer from a vendor?

A. Yes
B. No
C. It depends
Can I accept a promotional gift/reward/offer from a vendor?

Conflict of Interest: Please define non-cash gifts valued in excess of $25 from vendors that do business with the University. For example, if Apple offers a promotional deal that provides a gift card in excess of $25 for Apple services with the purchase of an Apple product, are there restrictions on who can accept the promotional gift? How does this affect university employees that own stock in Apple and have authority to buy or approve purchases that include such promotional offers? This question applies to all vendors. Apple is just used to illustrate one valid scenario of when this occurs.
Can I accept a promotional gift/reward/offer from a vendor?

A gift card would be considered a non-cash gift. The gift card should not be used for an employee's personal needs and wants -- the University purchased something that came with a gift card. The gift card should be used for university business.

Employees can own stock in public companies without a problem, unless their ownership is 10% or greater. Then they must disqualify themselves from decisions involving the company. Not many employees will own 10% of Apple. The rules change for non-public companies -- the university can't do business with them if an employee owns 10% or more.
When is it allowable for the University to pay for a “going away” party?

A. Never
B. Always
C. When transferring to a different department
D. When employed more than five years
E. None of the above
When is it allowable for the University to pay for a “going away” party?

Is it allowable for the University to pay for a "going away" party for an employee under the following circumstances:

- The employee has been with the University over 5 years;
- The employee has been with the department or college they are leaving for less than 5 years;
- The employee is transferring to another college on campus - not leaving campus?
When is it allowable for the University to pay for a “going away” party?

The University may pay for or reimburse costs for meals or light refreshments associated with official employee morale-building and appreciation activities that serve a University business purpose. Examples of such occasions include a gathering to honor a departing employee who is retiring or who is separating from employment with the University after at least 5 years of service, employee recognition receptions, annual faculty/staff picnics, new employee receptions, and holiday gatherings. Under no circumstances may University funds be used for occasions such as employee birthdays, weddings, anniversaries, or other occasions of a personal nature.
What provisions are in place to ensure that operational needs are maintained at an acceptable level during an internal investigation of a whistle-blower or other complaint?

Maintaining Operational Needs during the Internal Investigation Process: What provisions are in place to ensure that operational needs are maintained at an acceptable level during an internal investigation of a whistle-blower or other complaint? If key positions are alleged to be in violation of UC policies or outside regulations and it's determined to be necessary to place such employees on investigatory leave in order to eliminate the perception of retaliatory actions against the complainant, what rights does management have to maintain operational needs of their respective unit that does not jeopardize the investigation and/or the rights of the parties involved in the complaint? This is of particular concern in light of the length of time involved in conducting thorough internal investigations.
Managers are expected to ensure that the operational needs of their units are met even when there are unforeseen circumstances. The nature of the circumstances will influence the solutions the manager considers, and may include temporary reassignments or other forms of backup. If the individual on leave plays a key role in the unit and has no backup, the manager should discuss this with central HR and whoever is managing the investigation. There may be creative alternatives.
What is Fraud?

A. Deception
B. Stealing
C. Error
D. All of the above
E. None of the above
What is Fraud?

A false representation of a matter of fact—whether by words or by conduct, by false or misleading allegations, or by concealment of what should have been disclosed—that deceives and is intended to deceive another so that the individual will act upon it to her or his legal injury.
What is Fraud?

Fraud must be proved by showing that the subject's actions involved five separate elements: (1) a false statement of a material fact, (2) knowledge on the part of the subject that the statement is untrue, (3) intent on the part of the subject to deceive the alleged victim, (4) justifiable reliance by the alleged victim on the statement, and (5) injury to the alleged victim as a result.
## What Actions Constitute Fraud

<table>
<thead>
<tr>
<th>Type of Occupational Fraud &amp; Abuse</th>
<th>Description</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset Misappropriations</strong></td>
<td>Any scheme that involves the theft or misuse of an organization’s assets.</td>
<td>• Fraudulent invoicing&lt;br&gt;• Payroll fraud&lt;br&gt;• Skimming revenues</td>
</tr>
<tr>
<td><strong>Corruption</strong></td>
<td>Any scheme in which a person uses his or her influence in a business transaction to obtain an unauthorized benefit contrary to that person’s duty to his or her employer.</td>
<td>• Accepting or paying a bribe&lt;br&gt;• Engaging in a business transaction where there is an undisclosed conflict of interest</td>
</tr>
<tr>
<td><strong>Fraudulent Statements</strong></td>
<td>Falsification of an organization’s financial statements to make it appear more or less profitable.</td>
<td>• Booking fictitious sales&lt;br&gt;• Recording expenses in the wrong period</td>
</tr>
</tbody>
</table>
2006 Report to the Nation on Occupational Fraud and Abuse. Copyright 2006 by the Association of Certified Fraud Examiners, Inc.
Corruption

- Conflicts of Interest
  - Purchase Schemes
  - Sales Schemes
  - Other

- Bribery
  - Invoice Kickbacks
  - Bid Rigging
  - Other

- Illegal Gratuities

- Economic Extortion

- Fraudulent Statements
  - Financial
    - Asset/Revenue Overstatements
    - Taxing Differences
    - Fictitious Revenues
    - Concealed Liabilities and Expenses
    - Improper Asset Valuations
  - Non-Financial
    - Employment Credentials
    - Internal Documents
    - External Documents

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Corruption

Asset Misappropriation

Fraudulent Statements

Cash

Non-Cash

Larceny

Cash on Hand

From the Deposit

Other

Sales

Unrecorded

Understated

Skeaming

Receivables

Write-off Schemes

Refunds and Others

Skimming

Lapping Schemes

Misuse

Misuse

Asset Requisitions and Transfers

False Sales and Shipping

Purchasing and Receiving

Unconcealed Larceny

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Corruption

Asset Misappropriation

Fraudulent Statements

Cash

Fraudulent Disbursements

Billing Schemes

Payroll Schemes

Expense Reimbursement Schemes

Check Tampering

Register Disbursements

Non-Accomplice Vendor

Ghost Employees

Commission Schemes

Mischaracterized Expenses

Forged Maker

False Voids

Workers Comp

Fictitious Expenses

Overstated Expenses

Forged Endorsement

Altered Payee

Falsified Wages

Multiple Reimbursements

Concealed Checks

Authorized Maker

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**Hilton Garden Inn Chicago Downtown/Magnificent Mile**  
10 E. Grand Avenue, Chicago, Illinois, United States 60611  
Tel: +1-312-505-0000  Fax: +1-312-227-1089

**University California Berkeley**

**Arrival:** 02/21/07  
**Departure:** 02/27/07

**STATEMENT**

Hilton Garden Inn Chicago Downtown, 02/21/07 8:33 PM/477 RY2

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<td>Service Charge</td>
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<tr>
<td>02/22</td>
<td>Room Charges</td>
<td>189.00</td>
</tr>
<tr>
<td>02/22</td>
<td>Service Charge</td>
<td>28.35</td>
</tr>
<tr>
<td>02/23</td>
<td>Room Charges</td>
<td>189.00</td>
</tr>
<tr>
<td>02/23</td>
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<td>28.35</td>
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<tr>
<td>02/24</td>
<td>Room Charges</td>
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<tr>
<td>02/25</td>
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<tr>
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<td>Service Charge</td>
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<td>02/26</td>
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**Balance** 0.00

Room  $217.35 x 6
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Subtotals $1165.50  $1165.50  $0.00

PAID IN FULL --- THANK YOU!

Rate: $155.00
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Subtotals $262.52

PAID IN FULL --- THANK YOU!
Solar Soler Bed & Breakfast  
Calle Solar 5676 - Palermo Viejo  
Buenos Aires  
Argentina

DC Berkeley  
Estados Unidos

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<thead>
<tr>
<th>Fecha</th>
<th>Descripción</th>
<th>Precio</th>
<th>Crédito</th>
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<td>Incl.</td>
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| 27-09-07 | CASH/EFECTIVO | 1530.00 | 0.00 |

| Total    | 1530.00 | 0.00 |

Room> 510 peso = $162.18 \times 3
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<td>Terno - Wearing apparel, dress, rich clothes</td>
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<tr>
<td>2</td>
<td>Rebozo - shawl</td>
</tr>
</tbody>
</table>
Robert Half
Management Resources

**PERSONAL & CONFIDENTIAL**

To: Robert Half Management Resources
FILE 73484
P.O. BOX 60000
San Francisco CA 94160-3484

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<table>
<thead>
<tr>
<th>Line</th>
<th>Employee Name</th>
<th>Work-Related</th>
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<th>Rate</th>
<th>Amount</th>
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</table>

**Invoice Subtotal:**

$ 575.50

**TOTAL AMOUNT DUE:**

$ 575.50

---

We provide more timely and accurate information to the business community by sharing our accounts payable information with National Check Rating Agency.

Any questions regarding this invoice please call 303-368-1294
For senior accounting and finance project preference please call 510-835-1425

Please detach and return this remittance stub with your payment.

Thank you for choosing Robert Half Management Resources!
<table>
<thead>
<tr>
<th>Time/Descption</th>
<th>Item No</th>
<th>Voucher No</th>
<th>Reference</th>
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On Assignment
healthcare staffing
lab support

ORIGINAL
### INVOICE

**SOLD TO:** UCLA ELECTRICAL ENG DEPT.
DR. ELIOU BROWN
420 WESTWOOD PLAZA
RM 47x4111, BOSEY HALL
L.A., CA 90095-4164

**SHIPPED TO:**

<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>DESCRIPTION</th>
<th>UNIT PRICE</th>
<th>AMOUNT</th>
</tr>
</thead>
</table>
| 0.00     | SERVICE Fee:
RESEARCH ANALYSIS SIMULATION & DOCUMENTATION     | $0.00      | 0.00   |

**TOTAL:** $749.60

**FREIGHT:** 3.00

PLEASE INDICATE YOUR CUSTOMER NUMBER ON YOUR CHECK.
THANK YOU.

Questions concerning this invoice:

(818) 876-3113
INVOICE # 105177
CUSTOMER # 8422

MAKE ALL CHECKS PAYABLE TO:
LAB SUPPORT
P.O. BOX 4518
LOS ANGELES, CA 90074

$749.60
PAY TO:
Are signature stamps or electronic signatures a good control?

A. Yes
B. No
C. It depends
Are signature stamps or electronic signatures a good control?

On the Entertainment Purchase Order and Event Planner Card Expenses form could we use a stamp or electronic signature to sign as the:

- Host
- Department Approver
- Exceptional Approver
Are signature stamps or electronic signatures a good control?

I advise against using a signature stamp due to the lack of control around them and the inference that someone other than the signatory is affixing the stamp. Regarding electronic signatures, it depends on what you mean by electronic signature; an email or signature block graphic. For these I advise against signature blocks for the reasons noted above. Emails raise the questions of authenticity and what was actually approved. Logging on to campus systems as the host or approver is ideal as access is authenticated and the opportunity for discrepancies between what is requested or approved and what is paid is reduced.
Bridging the Gap

The purpose of the Bridging the Gap series is to allow UC Berkeley thought leadership, faculty, and staff to excel together by providing a forum to discuss emerging and hot button issues, foster an open exchange, and inform decision-makers.

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