

**University of California, Berkeley**  
**Audit and Advisory Services**  
**FY2016 Service Plan**

Engagement Area	Preliminary Engagement Objective	Campus Strategic Initiative	Primary Risk Category	Quarter
Planned New Audits				
Implementation of Regulatory Changes under the Uniform Guidance	Evaluate controls to assure compliance with major changes under the OMB Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards. The Uniform Guidance became effective on December 26, 2014.	Research Innovation	Compliance	4
Internal Communications	<p>Assess internal communications to help answer the following questions:</p> <ul style="list-style-type: none"> <li>• What are current goals and objectives for internal communications?</li> <li>• Do our internal communications support our overall strategic and operational objectives and initiatives?</li> <li>• How well are current internal communication practices working? <ul style="list-style-type: none"> <li>o Are our messages clear, credible, and consistent?</li> <li>o How are campus jargon and acronyms impacting internal communication?</li> <li>o Do we have a coordinated graphic identity?</li> <li>o What communications have been most effective? Why?</li> <li>o What are the strengths and weakness in current internal communications practices?</li> <li>o What are the untapped or under-utilized opportunities for future internal communications?</li> </ul> </li> <li>• Are we reaching key internal audiences with our messages and moving them to action? <ul style="list-style-type: none"> <li>o What do key internal audiences need and want to know?</li> <li>o How do they prefer to be reached?</li> <li>o What do they think of our communications?</li> </ul> </li> <li>• What would make our internal communications more effective in the future?</li> <li>• Are there any internal communication practices we should discontinue?</li> <li>• How well is the internal communication feedback loop working?</li> </ul>	Organizational/Operational Excellence	Operational	2

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Leave Management and Liability	<p>Evaluate campus controls around leave (sick, vacation, and compensatory time-off) management and liability including</p> <ul style="list-style-type: none"> <li>• the transition to factorial leave accrual for non-academic appointments effective November 1, 2014,</li> <li>• the appropriate application of leave codes based on eligibility,</li> <li>• automated and manual leave adjustments based on changes in compensation or changes in eligibility</li> <li>• prorating of leave usage across multiple chartsrings when appropriate,</li> <li>• adherence to leave accrual maximum limits,</li> <li>• accurate transfer of data from Kronos to PPS,</li> <li>• shared leave programs,</li> <li>• compliance with applicable personnel policies and labor contracts, including UC policies — PPSM Absence from Work and APM-700 - APM-759 Leaves of Absence, and</li> <li>• accurate calculation of termination pay.</li> </ul>	Financial Accountability and Sustainability	Financial	4
Business Partnerships	<p>Assess controls to assure that business contracts for goods and services are executed in accordance with BFB BUS-43 (Materiel Management), BUS-72 (Establishment of Auxiliary Enterprises), and other relevant policies to ensure that the awarding of the contract is competitive, fair, equitable and properly authorized. As affiliations represent revenue generating opportunities, assess models for evaluating revenue potential, opportunity cost, and downside protection. Also, evaluate the effectiveness of controls established to administer contracts' compliance with contractual obligations by both the University and contractors and ensure that there is adequate performance measurement criteria to enforce deliverables and success of the arrangement.</p>	Revenue Generation	Strategic	4

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Procurement in the International Environment	<p>Appraise procurement and contracting policies, procedures, and practices considering the incremental risks of conducting business abroad to accomplish campus operational objectives:</p> <ul style="list-style-type: none"> <li>• The management control framework that supports procurement and contracting activities is appropriate, complete and effective.</li> <li>• Procurement and contracting activities comply with applicable policies, procedures, trade agreements, laws and regulations.</li> <li>• Sourcing solutions are tailored to specific local conditions.</li> <li>• Key risks are identified, assessed, and managed.</li> <li>• Product and service quality as well the value for money are considered throughout the procurement process.</li> <li>• Contracts are managed in accordance with agreed upon terms and conditions.</li> </ul>	Global University; Research Innovation	Operational	2
Lawrence Hall of Science	<p>Assess the departmental system of control to assure sound business practices are in place to support operational effectiveness and efficiency including compliance with university policies as well as federal and state regulations. This review will focus on the administrative processes and key business risks related to such areas as payroll, purchasing, travel, entertainment, revenues, cash handling, contract management, financial reporting for student organizations, gift management, facilities management, human resources, asset management, budgeting, event coordination, risk management, etc.</p>	Organizational/Operational Excellence	Operational	3
Space Sciences Laboratory	<p>Assess the departmental system of controls to assure sound business practices are in place to support operational effectiveness and efficiency including compliance with university policies as well as federal and state regulations. This review will focus on the administrative processes and key business risks related to such areas as payroll, purchasing, travel, entertainment, revenues, cash handling, contract management, financial reporting for student organizations, gift management, facilities management, human resources, asset management, budgeting, event coordination, risk management, etc.</p>	Research Innovation	Operational	3

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Student Fees	Evaluate the system of controls in place to assure 1. students fees are effectively review and approved, 2. approved fees are accurately accessed 3. fee revenue is appropriately accounted for, and 4. collected fees are expended in accordance with the deemed purpose.	Undergraduate Education	Financial	2
International Visitors	Appraise the control infrastructure supporting international scholars (faculty, researchers, postdocs) to address current and emerging risks as the campus prepares to welcome a growing number of international scholars e.g., health and welfare, visas, intellectual property, export control, language, health insurance requirements, local orientation. As the Berkeley Global Campus at Richmond Bay comes on line one can expect the presence of international scholars to grow.	Global University	Compliance	2
Performance Measurement	Evaluate the use of metrics at the campus level and broad segment level to assure they provide “a fair, simple, transparent measure of a unit’s ability to accomplish its goals”, or “a means to measure the productivity of a work unit, department, or organization” driving desired behavior and outcomes.	Organizational/Operational Excellence	Operational	4
Commercialization of Intellectual Property	Assess the processes and procedures in place to generate and perfect intellectual property rights, to protect the university from the unauthorized use of the intellectual property rights of others, to inventory of the intellectual property rights of the university, to judge the quality and usage of those rights, and inventory and assess existing and potential intellectual property disputes with others.	Revenue Generation	Strategic	4

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Research Data Management	<p>Appraise the campus policies, procedures, and practices for research data management that includes the organization of data, from its entry into the research cycle through to the dissemination and archiving of valuable results. Research data management is an integral part of the research process and aims to make the research process as efficient as possible and meet expectations and requirements of the university, research funders, and legislation. It concerns how researchers</p> <ul style="list-style-type: none"> <li>• create data and plan for its use,</li> <li>• organize, structure, and name data,</li> <li>• keep it – make it secure, provide access, store and back it up, and</li> <li>• find information resources, share more broadly and with collaborators, publish and get cited.</li> </ul> <p>Research data is recorded factual material commonly retained by and accepted in the scientific community as necessary to validate research findings; although the majority of such data is created in digital format, all research data is included irrespective of the format in which it is created.</p>	Research Innovation	Information and Technology	2
Supervisory Control and Data Acquisition/Embedded Systems	Evaluate campus security policies and practices governing devices and control systems that are equipped with embedded computer systems to extend their functions and in order to be able to better administer them. Devices include consumer products such as routers, multimedia systems, medical equipment, copy machines, and printers. Included computer systems are, for example, used to control production processes or building infrastructure and are connected to the local network or even the Internet.	Information Risk Governance and Emergency Planning and Management	Information and Technology	4
Alignment of Human Resources System Access, Roles, and Responsibilities Post Campus Shared Services Implementation	Assess the alignment of system access, administrative roles and responsibilities, delegation of authority, and accountability for administration of human resources activities post Campus Shared Services implementation.	Organizational/Operational E	Operational	3
Executive Compensation (system-wide)	To be determined by the UC Office of Ethics, Compliance and Audit Services	Financial Accountability and Sustainability	Operational	3

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HIPAA Compliance	Evaluate campus controls to assure compliance with HIPAA privacy and security regulations, including organization and policy, asset management, risk assessment, information classification and handling, human resources and training, access control, designation of a compliance officer, appropriate response to infractions, and monitoring. HIPAA seeks to establish standardized mechanisms for electronic data interchange (EDI), security, and confidentiality of all healthcare-related data. The Act mandates standardized formats for all patient health, administrative, and financial data; unique identifiers (ID numbers) for each healthcare entity, including individuals, employers, health plans and health care providers; and security mechanisms to ensure confidentiality and data integrity for any information that identifies an individual.	Information Risk Governance	Compliance	3
Construction (system-wide)	To be determined by the UC Office of Ethics, Compliance and Audit Services	Campus Capital Plan	Operational	2
IT Security	To be determined by the UC Office of Ethics, Compliance and Audit Services	Information Risk Governance	Information and Technology	3
Advisory Services				
School of Law - Administration	Review administrative and financial policies, procedures, and practices as determined in consultation with client.	Organizational/Operational E	Operational	4
Data Analytics (Research Administration)	To be determined	Leverage Data for Strategic Decision-making	Compliance	3
Data Analytics	To be determined	Leverage Data for Strategic Decision-making		3
Student Information System Implementation	To be determined	Student Information System Implementation	Information and Technology	4
Financial Internal Control Documentation	Review end to end financial internal control documentation. Currently identified cycles include treasury, loans and receivables, revenue - gifts, revenue - student financial aid, revenue - sponsored research, capital assets, purchasing and payables, payroll/human resources, general ledger, and year-end financial reporting.	Simplify Processes	Operational	4

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Financial Fraud and Misconduct Risk Management	<p>Evaluate the capacity of the campus approach to fraud and misconduct risk management to effectively</p> <ul style="list-style-type: none"> <li>• prevent instances of fraud and misconduct from occurring,</li> <li>• detect instances of fraud and misconduct when they do occur, and</li> <li>• respond appropriately and take corrective action when integrity breakdowns arise.</li> </ul>	Financial Accountability and Sustainability	Compliance	3

### Primary Risk Categories

Compliance	Compliance risk is exposure to legal penalties, financial forfeiture and material loss the university faces when it fails to act in accordance with federal, state, and local laws and regulations, contractual obligations, higher education regulations, internal policies or prescribed best practices.
Financial	Financial risk refers to the chance the university's cash flows are not enough to pay creditors and fulfill other financial responsibilities. The level of financial risk, therefore, relates less to the university's operations themselves and more to the amount of debt the university incurs to finance those operations. The more debt a university owes, the more likely it is to default on its financial obligations. Taking on higher levels of debt or financial liability therefore increases the university's level of financial risk.
Information and Technology	The probability that information/data can be exploited and the likely damage from the exploitation. The probability that a vulnerability of an information technology solution or asset will be exploited and the likely damage from the exploitation.
Operational	A form of risk that summarizes the risks the university undertakes when it attempts to operate within a given field or industry. Operational risk is the risk that is not inherent in financial, systematic or market-wide risk. It is the risk remaining after determining financing and systematic risk, and includes risks resulting from breakdowns in internal procedures, people and systems. Operational risk can be summarized as human risk; it is the risk of university operations failing due to human error.
Strategic	A possible source of loss that might arise from the pursuit of an unsuccessful business plan. For example, strategic risk might arise from making poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment.