Audit Engagements — Planning Objectives

Sponsored Projects — Award Close-out: Determine whether existing policies, procedures, and practices provide reasonable assurances that Uniform Grant Guidance Subpart D after-the-award requirements are met. Requirements include but are not limited to:

- timely completion of required financial, performance, and other reports required by award terms and conditions;
- timely liquidation of all obligations incurred under the award;
- collection of payment for all allowable reimbursable costs;
- refund of unobligated cash (unless authorized to retain); and
- accounting for real and personal property acquired or received under the award.

Sponsored Projects — Indirect Cost Recovery: Assess the adequacy of controls governing the administration of indirect cost recovery to include controls related to classification of sponsored activities as gift, grants, contracts, or vendor agreements; application of negotiated rates in conformance agreement terms and conditions; recovery on fixed dollar agreements; exclusion of some costs; and, administration of waivers.

International Agreements: Assess governance, risk management, and controls related to international collaborations in teaching, research, and public service, particularly the campus readiness to identify and assess opportunities, vet and approve agreements, administer and monitor related activities, and leverage lessons learned in future endeavors.

Capitalized Assets — Equipment and Software: Evaluate the system of controls in place to ensure that capitalized assets, equipment and software, are accurately accounted for in the campus asset management system and appropriately safeguarded complying with university policies and as federal and state regulations. This review will focus on the administrative and operational processes and related key business risks for such areas as work order processing, recharge activities, custodial services, trade shops, utilities operations, contract management, management reporting, customer service, risk management, etc.

Disability Governance: Evaluate organizational structure, campus policies, procedures and practices implemented to ensure that people with disabilities are protected from discrimination by managing services, programs and activities in a way that allow equal participation to include communication access, facility access, student accommodation, and employment accommodation. Evaluate the effectiveness of the compliance program to assure that at a minimum the campus is in compliance with federal and state laws governing protections for people with disabilities including the Americans with Disabilities Act.

Common Good Expenses versus Recharged Expenses: Evaluate the system of controls 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 vulnerabilities. These vulnerabilities may exist in operating systems, service and application flaws, and poor classification between sub-recipient and vendor agreement; and viability of contractor as a sub-recipient (e.g., financial adequacy, not debarred or suspended, technical competency, sponsor approval).

Supply Chain Management: Assess the end-to-end supply chain management process considering strategy, administration, process, information technology support. This review will focus on the campus expectations and requirements; the organizational structure enables internal and external partners to achieve supply chain goals; effective processes exist for implementing the strategy, embracing all plan-source-make-deliver operations; reliable information and enabling technology support supply chain planning, execution and decision-making; and, the supply chain performs in ways that will increase the bottom-line and cash flows.

Intercollegiate Athletics — Expenses: Evaluate the system of internal controls in place to provide effective stewardship of human resource information: understanding and supporting the needs of users, complying with regulations including privacy and security, ensuring the integrity and reliability of data, employing appropriate archival and destruction protocols, and ensuring the quality of data used to support management decisions.

Cybersecurity (ECAS): Evaluate the security of an IT infrastructure by safely trying to exploit vulnerabilities. These vulnerabilities may exist in operating systems, service and application flaws, improper configurations, or risky end-user behavior.


Fair Wage/Fair Work Compliance (system): Assess compliance with the UC Fair Wage/Fair Work policy.

Financial Fraud and Misconduct Risk Management — Procure to Pay Process

Advisory Engagements Objectives are determined in conjunctions with the engagement client.

Operational Excellence—Leveraging Lessons Learned

As a trusted partner, we provide independent, objective, and risk based information, assurance, and insight at the right time to the right people to foster effective decisions.
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**Campus Risk Themes**

- **Financial Forecast** — alternative revenue generation, financing, cost saving strategies, tuition dependency
- **Change Management** — new leadership, new directions, application implementation projects, new initiatives, new affiliations, new regulations, global engagement, objective assessments, continuity
- **Campus Climate** — staff morale, internal communication, performance management, institutional knowledge, strategic planning, compensation, performance measurement, human resource practices
- **Information and Technology** — data and records management, obsolescence, security, disaster recovery, project management, privacy
- **Other** — business continuity, emergency planning and management, international activities, active shooter/terrorism, political landscape, relationships with UC Office of the President, UC Regents, and the state legislature

**Risk Categories**

- **Compliance** risk is exposure to legal penalties, financial forfeiture and material loss for failing to act in accordance with industry laws and regulations, internal policies or prescribed best practices.
- **Financial** risk refers to the chance an organization’s cash flows are insufficient to pay creditors and fulfill other financial responsibilities. Financial risk relates less to the organization's operations themselves and more to the amount of debt an organization incurs to finance operations.
- **Information and Technology** risk is the probability that information/data or information technology solutions/assets can be exploited and the likely damage from the exploitation.
- **Operational** risk is the volatility resulting from breakdowns in internal procedures, people and systems and that is not inherent in financial, systematic or market-wide risk.
- **Strategic** risk arises from the pursuit of an unsuccessful or unsound business plan; for example, poor business decisions, substandard execution of decisions, inadequate resource allocation, or failure to respond well to changes in the business environment.