Audits (Assurance and Compliance)

We commit to the following in performing each audit:

- The team conducting the audit will be independent and objective.
- The audit will be completed on a timely basis.
- The scope and time frame will be discussed with you at the beginning so that we all can adjust our plans accordingly.

What to Expect from an Audit

An audit is comprised of three main segments:
1. Preliminary planning and assessment
2. Fieldwork
3. Reporting

Preliminary Planning and Assessment

The first step of an audit or investigation is to schedule when the work will be performed. During the entrance meeting, timing and scope of the projects are discussed, and every attempt is made to honor requests from departments for particular timing during the year.

Determining the scope of the review is the next step. The work of each audit is always crafted to address the unique concerns of each entity audited. Either before or during the entrance meeting, requests are made for department or functional unit organization charts and summary financial information for the current and prior fiscal year. Input from management is also sought to determine if there are areas management would like incorporated into the review. During the entrance meeting, the audit approach and process is discussed, and the time frame of the review is set. An estimate of when to expect a draft report is also provided. At this point, the department being audited should be able to estimate the amount of departmental time that will be necessary and identify specific department/unit employees who should work with the assigned auditors. A walk-through or preliminary assessment of operations is usually the next component of the planning process. At this time, an overall understanding of operations is obtained, and the scope and audit program are set based on risks identified during this process.

Fieldwork

Once the preliminary assessment and project scope is set, audit fieldwork begins. During the course of fieldwork, which usually encompasses transactional testing, observations and areas noted for improvement during the course of the review will be communicated. Comments are
generally not held until the end of the review; in fact, discussion should be occurring with the audit clients to determine the most practical and workable means to address deficiencies or areas of non-compliance identified throughout the review. By the time the report is drafted, nothing should be a surprise to the department.

**Reporting**

Once fieldwork is completed, a report is drafted, and we will return to the unit's management to explain observations and discuss an agreed upon corrective action plan that will become part of the final audit report. These management corrective actions will be specific and actionable and will include agreed upon target dates for implementation. Corrective actions are typically ranked high, medium, or low depending on the risk to the University and the urgency of correction needed. At the Exit Meeting, it is essential that the department and Audit Services agree on the corrective action and the time line for implementation, as these action plans are monitored and reported to both Campus management and the Board of Regents. Once agreed upon, the final report is issued and will be distributed to the chair or director of the department as well as to the members of the Ethics, Compliance and Audit Board.

**The Follow-up Process (Management Corrective Actions)**

After the final report is issued, agreed upon Management Corrective Actions (MCA?s) are entered into Audit Service?s MCA tracking database.

Before the agreed upon implementation date, the department will receive a request to provide substantiating evidence to Audit Services regarding the progress on implementing the action. Spreadsheets, narratives, system implementation progress reports, etc, can be used to support corrective actions taken.

Some actions can be closed by providing documentation, some will require a meeting with Audit Services, and others may require testing of the new process.

It is important to complete management corrective actions by the agreed upon due date as those that are not completed will be marked delinquent and reported to Campus management and the Ethics, Compliance and Audit Board.

The Vice Chancellors, the CFO of the Medical Center, and the Deans of Schools receive quarterly reports of open MCA?s. All open MCA?s are reported to the Ethics, Compliance and Audit Board on a quarterly basis, and past due high risk MCAs are reported annually to the Board of Regents.

**How We Decide What to Audit?**

Audits are focused on the areas that we believe (for a variety of reasons) pose the greatest risk of financial or other loss to the Campus. An extensive annual process is utilized to determine which topics are high risk and may warrant review in the coming year.

These "risk topic areas" of the Campus are identified using a formal methodology called risk
assessment. All significant operations of the Campus are scored for six attributes that could indicate risk: management control environment, business volume, public sensitivity, compliance requirements, information reporting, and organizational change.

Some operations of the Campus are considered core business functions and thus important that they get reviewed routinely.

Contact Us
UCSF Main Site

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