

ANNUAL REPORT

2006-2007 INTERNAL AUDIT PLAN



University of California

Office of the University Auditor

ANNUAL REPORT ON INTERNAL AUDIT PLAN

2006-2007

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I. EXECUTIVE SUMMARY

Our Objective

The prime objective of the Internal Audit Plan is to effectively and efficiently deploy our resources to meet multiple objectives including:

- Providing an audit program that addresses **high and contemporary risks** while ensuring appropriate attention to core business functions and broad audit coverage of the University over time,
- Assuring adequate audit attention is directed to **unique activities** at all campus, health science, national laboratory and Office of the President locations, and
- Having available sufficient resources to perform **investigations** as necessary without excessive intrusion on the audit program and to be available for **consultations, special projects** and other **management assistance** as appropriate.

Internal Measurements

In preparing the plan, we also assess its accomplishment of the three objectives above with measures of coverage and balance.

- The **first** measure is demonstrated by the plan to devote **64%** of our efforts addressing **93%** of our areas of perceived highest relative risk while also devoting **39%** to defined core business activities. Because of the overlap between the two, when combined the core business and high risk audits consume **73%** of our effort, leaving a healthy **27%** available for a program of broad audit coverage and availability for supplemental and other audit services.
- The **second** measure is demonstrated by the plan to commit resources among the University's operating lines of business as follows: Campuses **56%**, health sciences **25%**, national laboratories **14%** and the Office of the President **5%**. The staffing levels at each location drive these statistics. The laboratories' percentage is lower than in the past due to the exclusion of the LANL auditors who will report directly to LANS, LLC.

I. EXECUTIVE SUMMARY (continued)

- The **third** measure is demonstrated by the plan to allocate **61%** of available effort to a program of planned and specially requested audits, **18%** to advisory services, **13%** to investigations and **8%** to audit support activities.

Resource Allocation

A robust Risk Assessment process, including attention to contemporary issues, drives the preparation of this Audit Plan. Our risk assessment process is described more fully in Appendix 2.

- The FY07 Audit Plan has allocated nearly 177,000 hours for direct audit hours. 108,000 of these hours are dedicated to audit activities, 31,000 to advisory services, 24,000 to investigations, and 14,000 to audit support.
- The above hours represent a decline in available resources as a result of the change in the LANL prime contract as of May 31, 2006. Accordingly, this audit plan excludes the LANL audit department.
- The percentage of time planned to be devoted to the program of regular and special audits (61%), including follow up audit work, demonstrates that this clearly remains our first priority.

Regental Interest

The FY07 Audit Plan continues to be responsive to issues emphasized by The Regents' Committee on Audit.

- The FY07 Audit Plan continues to include a substantial level of hours (3,500) devoted to audits in the ethics arena – with an anticipated focus on conflict of commitment.
- All locations have also allotted hours for reviews of Executive Compensation and the campuses plan to review special Chancellor allocations, including administrative fund and housing.

I. EXECUTIVE SUMMARY (continued)

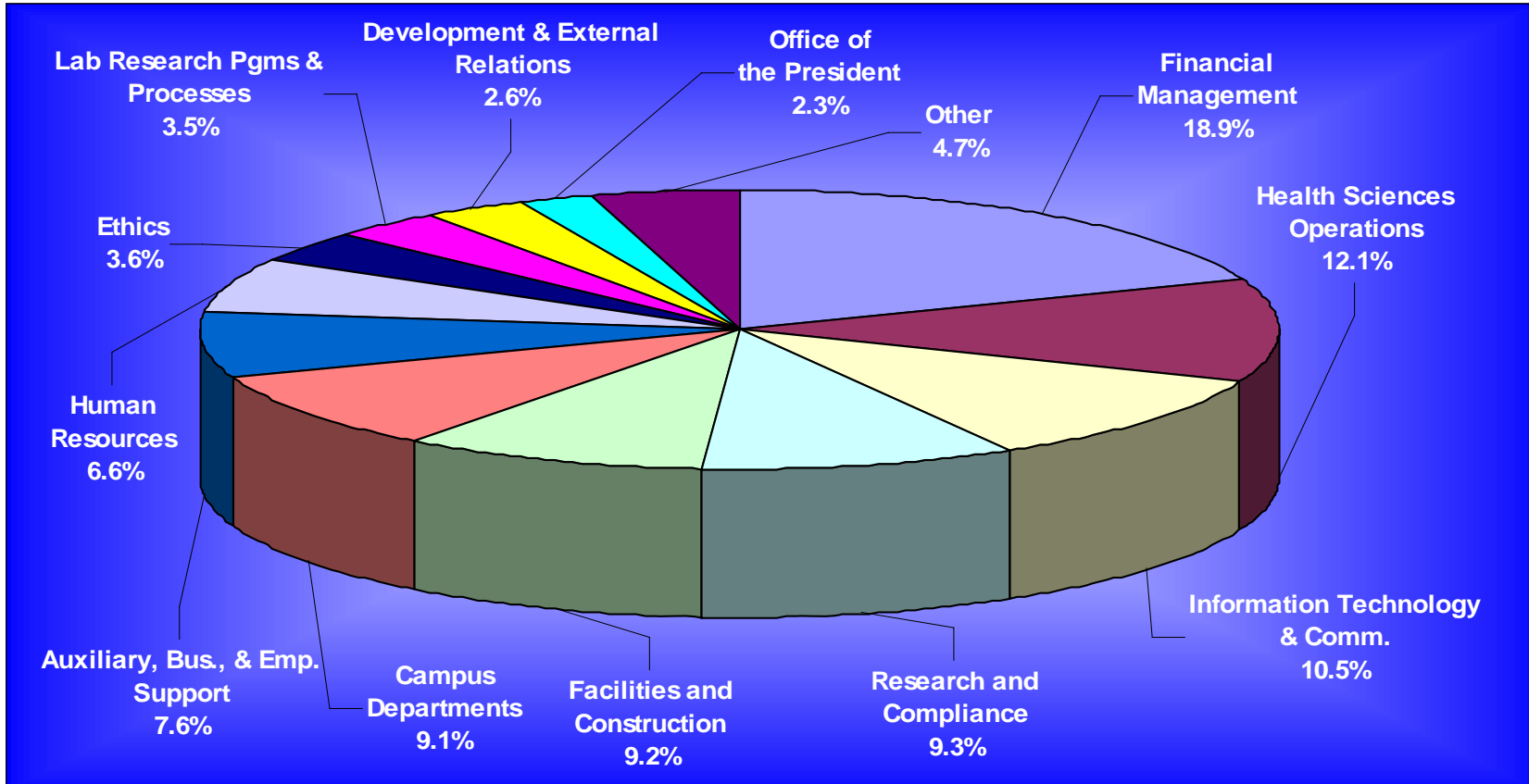
Distribution of Planned Hours (By Functional Area)

Functional Area	<u>Audit Hours</u>	<u>Advisory Service Hours</u>	<u>Total Hours</u>	<u>Percent</u>	<u>Prior Year Plan Percent</u>
Financial Management	16,248	2,050	18,298	18.9%	29.3%
Health Sciences Operations	10,830	850	11,680	12.1%	10.6%
Information Technology & Comm.	8,105	2,105	10,210	10.5%	10.8%
Research and Compliance	7,095	1,940	9,035	9.3%	10.0%
Facilities, Construction & Maint.	8,815	100	8,915	9.2%	6.0%
Campus Departments	7,415	1,400	8,815	9.1%	8.1%
Auxiliary, Bus., & Emp. Support	7,295	25	7,320	7.6%	5.9%
Human Resources	6,085	315	6,400	6.6%	1.7%
Ethics	3,530	0	3,530	3.6%	6.3%
Lab Research Pgms & Processes	2,585	820	3,405	3.5%	5.5%
Development & External Relations	2,280	250	2,530	2.6%	1.6%
Office of the President	1,950	270	2,220	2.3%	2.3%
Other	3,855	710	4,565	4.7%	1.9%
TOTAL	<u>86,088</u>	<u>10,835</u>	<u>96,923</u>	<u>100%</u>	<u>100%</u>

I. EXECUTIVE SUMMARY (continued)

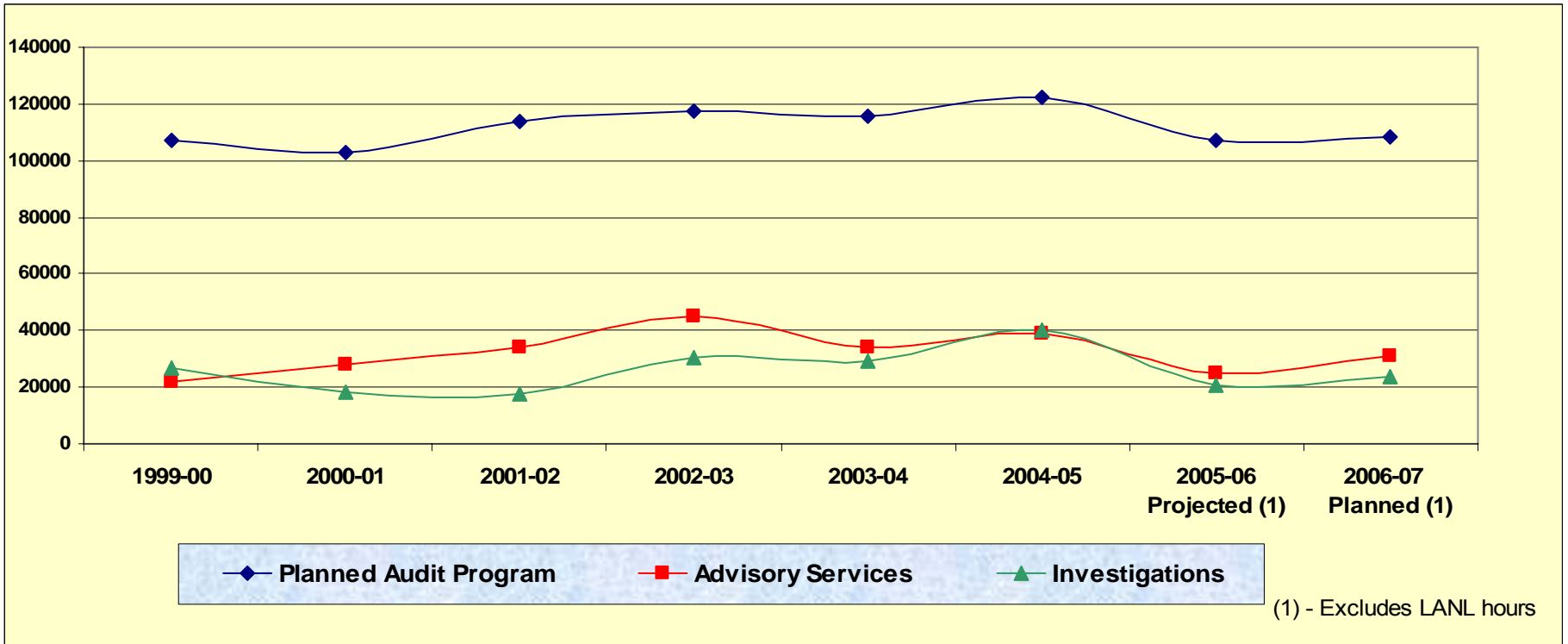
Distribution of Planned Hours (By Functional Area)

The data from the previous table is presented in chart form below.



I. EXECUTIVE SUMMARY (continued)

Historical Mix of Audit, Advisory Services, and Investigation Hours



II. STATISTICAL OVERVIEW

Staffing and Available Hours: As previously stated, the LANL staff is excluded from the FY07 plan, as well as the 2006 annualized hours. We are projecting a modest increase in the percentage of positions filled, and our budgeted professional development training level is consistent with our historical training investment.

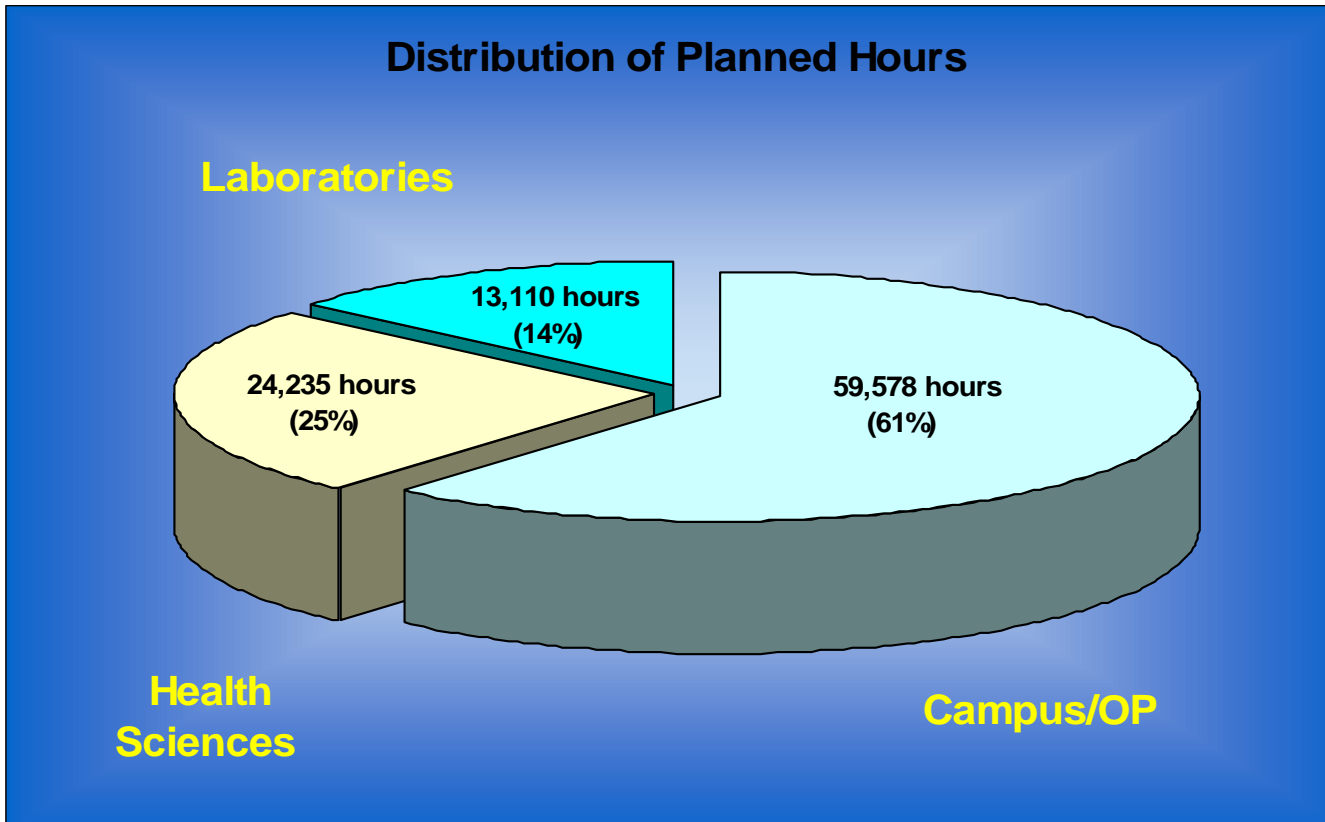
Distribution of Direct Audit Hours: The table below displays the distribution of Direct Audit Hours between our three service lines plus activities that support the audit function. The FY07 hours for supplemental audits represents an increase in hours from last year's plan. We have budgeted this higher level of unallocated hours in an effort to have flexibility for addressing changing and unforeseen circumstances.

STAFF	FY07	3/31/2006
	<u>Audit Plan</u>	<u>Annualized</u> ⁽¹⁾
Authorized	127	123
Average Filled	116	110
% Filled	91%	89%
HOURS		
Gross Available	242,291	231,469
Net Available	203,775	191,232
% Net to Gross*	84%	83%
Training hrs/Auditor	75	77
* Difference = vacation, holiday, sick leave, etc.		
⁽¹⁾ Excludes LANL hours		

Statistical Overview	FY07 Plan		3/31/06 Annualized ⁽¹⁾	
	<u>Hours</u>	<u>Percent</u>	<u>Hours</u>	<u>Percent</u>
Audit Program (319 Projects)				
Planned Audits*	86,088	48.7%	75,821	45.8%
Supplemental Audits	15,475	8.8%	20,278	12.2%
Audit Follow Up	6,798	3.8%	10,929	6.6%
Total Audit Program	108,361	61.3%	107,028	64.6%
Advisory Services (74 Projects)				
Planned Hours*	10,835	6.1%	n/a	n/a
Supplemental Hours	20,266	11.5%	n/a	n/a
Total Advisory Services	31,101	17.6%	25,220	15.2%
Investigations	23,687	13.4%	20,643	12.5%
Audit Support Activities	13,509	7.7%	12,763	7.7%
Total Direct Audit Hours	176,658	100.0%	165,654	100.0%
*Total Planned Hours = 96,923				
⁽¹⁾ Excludes LANL hours				

II. STATISTICAL OVERVIEW (continued)

Distribution of Planned Audit Hours by Location Type

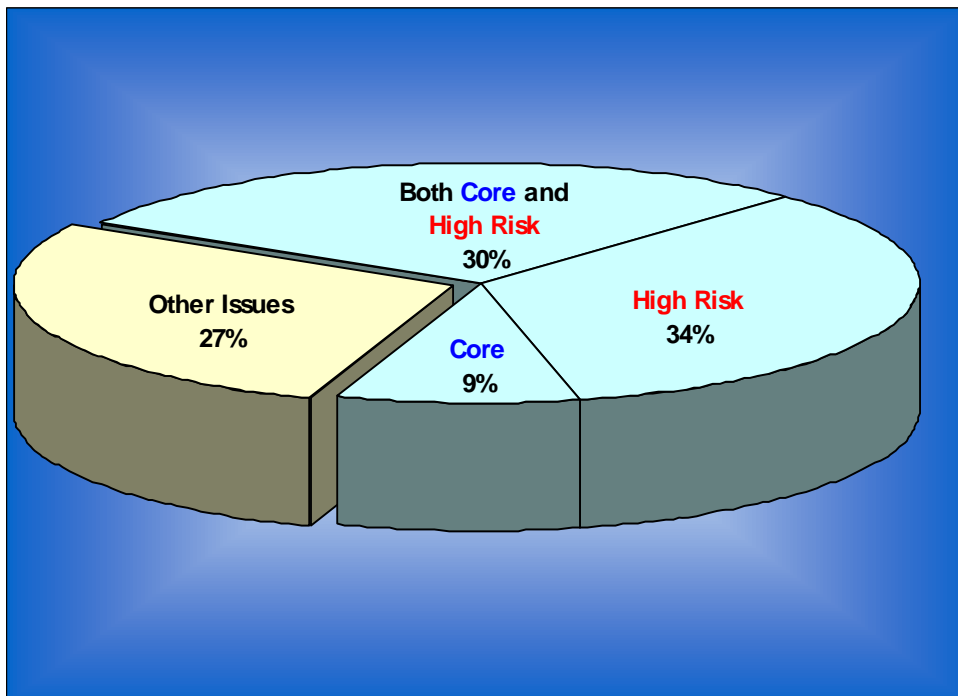


This graph displays the distribution of the 96,923 planned hours by the three location types.

II. STATISTICAL OVERVIEW (continued)

High Risk and Core Coverage: The charts below display the distribution of planned audit and advisory service activities in terms of high risk and core business functions audit coverage. The core audit program is described in Section IV. Certain elements of the core audit program are also assessed currently to be high risk. An example of this would be research compliance.

The information below shows that **64%** of planned effort will be devoted to high risk audit areas and **39%** of effort will be devoted to core business functions. Because of the overlap between the two, audits of high risk and core areas combine to account for **73%** of our planned efforts. That leaves a healthy **27%** for additional planned efforts in other areas not generally considered high risk (e.g. academic departments), and for unplanned activities. The budget for supplemental audits and unallocated advisory services hours also allows us some flexibility to be responsive to needs and changing priorities that arise during the year.



High Risk and Core

	<u>Audits</u>	<u>Advisory Services</u>	<u>Total</u>
High Risk Coverage*			
Plan hours for High Risk	58,225	4,210	62,435
% Total Planned Hours	60%	4%	64%
Core Coverage*			
Plan hours for Core	36,458	835	37,293
% Total Planned Hours	38%	1%	39%
Areas not High Risk or Core			
	20,165	6,050	26,215
% Total Planned Hours	21%	6%	27%

*Some areas are both High Risk and Core elements

III. HIGH RISK COVERAGE

High Risk Coverage: The audit plan is driven by a robust risk assessment process briefly described in Appendix 2. The table below illustrates the following:

- Approximately **62,000 hours** of effort will be devoted to those issues considered to represent the highest risks currently in the University from a business and operating control standpoint. The majority of these risks will be covered by audits, but some are more appropriately addressed through advisory services. An example of the latter might be the development of a critical new system where the current consultative effort is to advise on the internal control elements of the new system.
- Our high risk effort addresses **93%** of the areas identified as high risk. There are always a few identified risks not covered in the audit plan because audit work is planned for the remainder of the current year, or the risk is subject to a long-term resolution that is not ready for audit attention. Overall, these statistics demonstrate good attention to the highest identified risk areas while leaving resources available to devote to other areas as well.

A subsequent page presents a listing of some of the areas identified as high-risk sorted by line of business—campus, health sciences, and national laboratory.

High Risk Coverage		Advisory			
	<u>Audits</u>	<u>Services</u>	<u>Total</u>		
Plan Hours for High Risk	58,225	4,210	62,435		
% Total Planned Hours	60%	4%	64%		
Location	<u>Audits</u>	<u>Advisory Services</u>	<u>Total</u>	<u>Percent of Planned Projects*</u>	<u>Percent of High Risk Covered</u>
Campuses/OP	32,970	2,955	35,925	60%	96%
Health Sciences	15,735	955	16,690	69%	92%
Laboratories	<u>9,520</u>	<u>300</u>	<u>9,820</u>	<u>75%</u>	<u>82%</u>
Total (Average)	58,225	4,210	62,435	64%	93%

* Calculated using planned hours by location - as reflected on Page 9

This table demonstrates the proportionate effort devoted to high risk areas by location type

III. HIGH RISK COVERAGE (continued)

Areas identified as High Risk

➤ Campuses/Office of the President

- Ethics/Conflict of Commitment
- Executive Compensation
- Financial Aid
- Logical Security
- Special Chancellor Allocations
- Construction Soft Costs
- Contracts and Grants
- Data Center Operations

➤ Health Sciences

- Ethics/Conflict of Commitment
- Executive Compensation
- Compliance Program
- Willed/Donated Body Program
- Hospital Receivables
- Physician Receivables

➤ Laboratories

- Cost Allowability
- Property Controls
- Payroll Processing
- Executive Compensation
- Safety and Security
- Purchasing

IV. CORE AUDIT COVERAGE

Core Coverage: The Core Audit Program recognizes that a risk assessment process is necessary for the prioritization of efforts when resources are limited, but may not guarantee adequate audit coverage of fundamental business operations over time. There is a risk that these fundamental business operations may be overlooked because they generally function well, experience little change and are believed to be well managed. These factors may cause them to consistently fall outside of the highest identified contemporary risks that receive priority attention.

The table below shows that the hours planned to address core business operations represents **39%** of our planned effort. With approximately **32%** of the core topics addressed, this translates to an ability to meet our objective of auditing each core topic within a 3-5 year cycle.

The next page presents a listing of the areas identified as core audit topics. In an effort to ensure our core audit program is dynamic, we modified our coverage to include executive compensation as a separate component, breaking it out of payroll.

Core Coverage

	<u>Audits</u>	<u>Advisory Services</u>	<u>Total</u>	
Plan Hours for Core	36,458	835	37,293	
% Total Planned Hours	38%	1%	39%	
Location	<u>Audits</u>	<u>Advisory Services</u>	<u>Total</u>	<u>Percent of Planned Projects*</u>
Campuses/OP	21,973	460	22,433	38%
Health Sciences	8,015	375	8,390	35%
Laboratories	<u>6,470</u>	<u>0</u>	<u>6,470</u>	<u>49%</u>
Total (Average)	36,458	835	37,293	39%

This table demonstrates the proportionate effort devoted to Core areas by location type

* Calculated using planned hours by location - as reflected on Page 9

IV. CORE AUDIT COVERAGE (Continued)

Areas identified as Core

All Locations

- Cash Management
- Disbursements
- Administrative Computing
- Payroll
- Major Construction
- Procurement
- Research
- Executive Compensation
- Balance Sheet Account Reconciliation

Additional - Health Sciences

- Medical Billings/Receivables
- Compliance Program

Additional - Campuses

- Student Fees/Receivables
- Financial Aid
- Fund Raising/Gift Processing

Additional - Office of the President

- Treasury - Investments

Additional - Laboratories

- Cost Allowability Clauses

V. OTHER PLAN MATTERS

PricewaterhouseCoopers Cooperation

In the planning process, Internal Audit engages in dialogue with The Regents' auditors, PricewaterhouseCoopers, to share perceptions on high risks and planned audit approaches and coverage. PricewaterhouseCoopers places reliance on the work of Internal Audit in an overall sense, as an element of the internal controls of the institution, rather than individual audit areas addressed. In conjunction with their responsibilities under professional standards for awareness of fraud, PricewaterhouseCoopers also works with Internal Audit to understand the University's reporting processes and to assess the open cases of suspected impropriety.

In addition, given the expanded agreed upon procedures to be performed at the three national laboratories, PricewaterhouseCoopers plans to review and rely on the cost allowability audits performed at each laboratory. Our process for performing cost allowability audits has been revised in the current year to make them more substantial and consistent across the three UC labs. Our process has been reviewed with the Office of Inspector General for acceptability.

VI. STRATEGIC PLAN INITIATIVES

The University Auditor and Campus/Lab Internal Audit Directors have a sustained commitment to continuous improvement of the Internal Audit Program over the years. Towards that end, a strategic plan is established and revised every two years to provide strategic guidance to the Audit Program leadership in these efforts. In the summer of 2005 we met to revise our strategic plan goals and establish certain initiatives. The following are the 2005 Goals and Initiatives:

GOALS

To address contemporary and emerging risks and issues, and to promote a culture of accountability and integrity, the UC Internal Audit Program must excel at:

- **Operational excellence** – Provide timely, quality, cost-effective products and services with the effective use of resources.
- **Stakeholder/Client Relationships** - Be a proactive, responsive, credible, trusted, respected, business-oriented resource.
- **Innovative Service** - Render customized, creative, cutting-edge, functional, and flexible service improvements grounded in our core competencies.

VI. STRATEGIC PLAN INITIATIVES (Continued)

The following represents a summary of current and proposed initiative projects that we believe will enhance the UC Internal Audit Program:

▪ **Improve Internal Reporting**

Automate and streamline internal reporting, including enhancements to Audit Tracker and quarterly reporting mechanisms. A web-based system is being considered to address these issues.

▪ **Identify Partnership Opportunities for Corporate Governance**

Increase internal audit's role in ensuring excellent UC corporate governance.

▪ **Improve Communications**

Improve senior management communication by providing information on emerging issues.

▪ **Staffing**

Ensure effective and adequate staff resources are available to accomplish the current and future audit program.

▪ **Continuous Monitoring**

Identify and share analytical and data mining tools.

▪ **Benchmarking**

Identify improved benchmarks to measure the effectiveness of the audit program. A staffing model project with the Institute of Internal Audit Research Foundation is being considered.

APPENDIX 1 – PLAN STATISTICS

Calculation and Distribution of Net Available Hours

	<u>FY07 Plan</u>		<u>3/31/06 Annualized ⁽¹⁾</u>	
Calculation of Net Available Hours				
Weighted Average FTEs	116		110	
	Hours	Percent	Hours	Percent
Personnel Hours	240,656	99.3%	229,748	99.3%
Other Resource Hours	<u>1,635</u>	<u>0.7%</u>	<u>1,721</u>	<u>0.7%</u>
Gross Available Hours	242,291	100.0%	231,469	100.0%
Less: Non-Controllable Hours	<u>38,516</u>	<u>15.9%</u>	<u>40,237</u>	<u>17.4%</u>
Net Available Hours	<u>203,775</u>	<u>84.1%</u>	<u>191,232</u>	<u>82.6%</u>
Distribution of Net Available Hours				
Administration	17,225	8.5%	16,185	8.5%
Professional Development	8,627	4.2%	8,501	4.4%
Other	1,265	0.6%	892	0.5%
Direct Audit Hours	<u>176,658</u>	<u>86.7%</u>	<u>165,654</u>	<u>86.6%</u>
Total Net Available Hours	<u>203,775</u>	<u>100.0%</u>	<u>191,232</u>	<u>100.0%</u>

(1) Excludes LANL hours

APPENDIX 1 – PLAN STATISTICS (continued)

	FY07		3/31/2006	
	Plan	Percent	Annualized ⁽¹⁾	Percent
INDIRECT HOURS				
Administration	17,225	8.5%	16,185	8.5%
Professional Development	8,627	4.2%	8,501	4.4%
Other	<u>1,265</u>	<u>0.6%</u>	<u>892</u>	<u>0.5%</u>
Total Indirect Hours	27,117	13.3%	25,578	13.4%
DIRECT HOURS				
Audit Program				
Planned Audits	86,088	42.3%	75,821	39.7%
Supplemental Audits	15,475	7.6%	20,278	10.6%
Follow Up Audits	<u>6,798</u>	<u>3.3%</u>	<u>10,929</u>	<u>5.7%</u>
Total Audit Program	108,361	53.2%	107,028	56.0%
Advisory Services				
Consultations/Special Projects	17,603	8.7%	15,297	8.0%
Systems Dev., Reengineering Teams	4,745	2.3%	1,861	1.0%
Internal Control & Accountability	3,052	1.5%	2,075	1.1%
External Audit Coordination	5,246	2.6%	5,884	3.0%
IPA, COI & Other	<u>455</u>	<u>0.2%</u>	<u>103</u>	<u>0.1%</u>
Total Advisory Services	31,101	15.3%	25,220	13.2%
Investigations	23,687	11.6%	20,643	10.8%
Audit Support Activities				
Audit Planning	3,085	1.5%	3,146	1.6%
Audit Committee Support	1,667	0.8%	1,517	0.8%
Systemwide Audit Support	5,009	2.5%	4,873	2.5%
Computer Support	1,716	0.8%	1,894	1.0%
Quality Assurance	<u>2,032</u>	<u>1.0%</u>	<u>1,333</u>	<u>0.7%</u>
Total Audit Support	13,509	6.6%	12,763	6.6%
Total Direct Hours	176,658	86.7%	165,654	86.6%
TOTAL AVAILABLE HOURS	<u>203,775</u>	100.0%	<u>191,232</u>	100.0%

(1) Excludes LANL hours

APPENDIX 1 – PLAN STATISTICS (continued)

Distribution of Planned Hours (By Locations and Functional Areas)

FY 2006-07 Planned Audit and Advisory Service Hours by Line of Business & Functional Area

<u>Functional Areas</u>	<u>Campus</u>	<u>Health</u>			<u>UCOP</u>	<u>Total</u>	<u>Percent</u>
		<u>Sciences</u>	<u>Labs</u>				
Campus Departments & Instruction	8,815	-	-	-	8,815	9.1%	
Health Sciences Operations	-	11,680	-	-	11,680	12.1%	
Lab Research Programs & Processes	-	-	3,405	-	3,405	3.5%	
Office of the President	-	-	-	2,220	2,220	2.3%	
Research and Compliance	5,390	3,645	0	0	9,035	9.3%	
Information Technology & Communications	6,715	2,235	500	760	10,210	10.5%	
Financial Management	10,063	3,425	4,370	440	18,298	18.9%	
Human Resources	3,905	995	700	800	6,400	6.6%	
Ethics	2,930	200	0	400	3,530	3.6%	
Facilities, Construction & Maintenance	5,630	585	2,300	400	8,915	9.2%	
Development & External Relations	2,080	300	150	-	2,530	2.6%	
Auxiliary, Business, & Employee Support Services	6,015	420	885	-	7,320	7.6%	
Other	<u>2,815</u>	<u>750</u>	<u>800</u>	200	<u>4,565</u>	<u>4.7%</u>	
Total	<u>54,358</u>	<u>24,235</u>	<u>13,110</u>	<u>5,220</u>	<u>96,923</u>	<u>100.0%</u>	
	56.1%	25.0%	13.5%	5.4%	100.0%		

APPENDIX 2 – PLANNING AND RISK ASSESSMENT

Planning and Risk Assessment Overview

The University of California Internal Audit community performs an annual comprehensive risk assessment. This audit planning process begins with an understanding of the entity, activity or process to be audited and identification of the auditable elements, or components, of the entity. This is traditionally referred to as the audit universe. The audit risk of each component unit is assessed using a methodology traditionally utilized by auditors. Relative risk assessment is necessary to provide a means for rational deployment of limited resources across the audit universe. ***The Audit Plan strives to achieve the dual objectives of assuring audit coverage of the areas identified as representing the greatest current risk, while at the same time assuring broad coverage of the business operations of the University over time.***

In assessing relative risk, auditors at each location gathered information from a) financial analysis, b) change analysis (management, systems, funding sources/levels, regulations, etc.), c) interviews with management, d) consideration of external audit activities, and e) audit issues identified and shared among UC Audit Directors, by the controllers and other universities. In addition, a high level summary and analysis of contemporary issues was prepared and shared among all Audit Directors. This analysis considered issues and risks on a systemwide level as well as issues and risks unique to our individual lines of business at the campus, lab and health sciences levels (refer to Appendix 3 for a listing of the contemporary issues used in the FY07 risk assessment process).

Each component of the audit universe was assessed for relative risk using factors that have been proven by audit studies to be the most predictive of financial reporting and/or internal control failures. They are:

Quality and Stability of Control Environment - This factor assesses the adequacy of the existing control environment based on information from previous audit experience and the analyses referred to above. It also considers the financial expertise of management, complexity of operations, and the overall effectiveness and efficiency of operations.

Business Exposure (Materiality and Liquidity of Operational Resources) - Both materiality and liquidity of resources under management are assessed relative to other organizational units. While size is not necessarily an indicator of greater risk, greater financial exposure attracts greater audit interest if all other factors are equal.

APPENDIX 2 – PLANNING AND RISK ASSESSMENT (continued)

Public and Political Sensitivity - Certain activities by their nature tend to garner greater public interest than others and/or represent areas of high political sensitivity. There are greater than normal risks to the University's reputation and goodwill inherent in these activities where failures can result in diminished funding and loss of independence to greater oversight or scrutiny. This factor is somewhat of a counterbalance to the materiality factor as size of the business exposure is less relevant to the impact of an accountability failure.

Compliance Requirements - This factor addresses the relative complexity of all internal and external policy, procedure, regulatory and statutory matters affecting the operations of the auditable unit.

Information Technology and Management Reporting - Financial and operational data drive decision making and are essential to the processes of planning, budgeting and performance measurement, among others. This factor considers the accuracy, integrity and availability of information for these purposes, whether provided by a manual or automated system.

The results of the risk assessment of each campus, lab and health sciences enterprise are provided to the University Auditor for analysis and consolidation. Such analysis is shared with all locations so that anomalies can be investigated and assessments of like activities by other locations can be factored into the local risk assessments. This process also assists in identifying broad risks that exist across the University and are worthy of collective consideration in the planning process.

The finalized risk assessments drive the preparation of local audit plans that are subjected to review by local audit committees, management, and Chancellors or Laboratory Directors before being submitted to the University Auditor for approval and submission to The Regents' Committee on Audit on a consolidated basis. In reviewing the plans, consideration is given to the multiple objectives enumerated previously. That is, the plans must demonstrate that the highest identified risk areas are being subjected to audit while at the same time assuring reasonable breadth of coverage across the audit universe with periodic attention to core elements. In addition, the local plans are reviewed for consistency with the planning guidelines distributed by the Office of the University Auditor at the beginning of the planning process.

APPENDIX 3 – Summary of Contemporary Issues

This listing represents the FY07 contemporary issues used by locations in assessing risk.

Systemwide

- Compensation
- IT – Outside Attacks
- IT – Banking
- Ethics/Conflict of Commitment
- Construction soft costs

Health Sciences Specific

- Accreditation/Licensing
- Patient Care

Campus Specific

- Research Compliance
- Electronic Research Award Processing
- Stem Cell research
- Special Chancellor Allocations
- Business Affiliations
- Service Agreements

APPENDIX 4 – DETAIL OF PLANNED PROJECTS

High Risk and Core -- Campus

UCB	Sensitive Data and Patch Currency Survey (A)	UCR	Access to Network Applications (A)
UCB	Backup and Recovery (A)	UCR	Physical Security of Networked Personal Computers (A)
UCB	Financial Aid Office: Student Aid (A)	UCR	Student Fees & Receivables (A)
UCB	Network Management (A)	UCR	Corporate Compliance Pgm & Post Award Processing (A)
UCB	Executive Compensation (A)	UCR	Executive Compensation (A)
UCB	Construction: Soft Costs (A)	UCR	Office of Design & Construction - (A)
UCB	Fundraising & Gift Processing (A)	UCSB	Network Management (A)
UCD	Accounts Payable (A)	UCSB	Major Construction (A)
UCD	Major Construction (A)	UCSB	Logical Security (A)
UCD	Post Award (A)	UCSB	Contracts and Grants Post Award (A)
UCD	Wireless Networks (A)	UCSB	Executive Compensation (A)
UCD	Financial Aid (A)	UCSB	Student and Third Party Billing (A)
UCD	General Controls (A)	UCSB	Purchasing Card Program (A)
UCD	Logical Security (A)	UCSC	EFT and ACH Transaction Controls (A)
UCD	Donor Gift Expenditures (A)	UCSC	Construction Soft Costs (A)
UCD	Executive Compensation (A)	UCSC	Executive Compensation (A)
UCI	Executive Compensation and Expenses (A)	UCSC	Post Consolidation Review-Accounting and Purchasing (A)
UCI	Contracts and Grants: A-21 Compliance (A)	UCSC	Entertainment Expenses (A)
UCI	Disbursements (A)	UCSD	Logical Security (A)
UCI	IT - Network Management (A)	UCSD	Financial Aid (A)
UCI	IT - AdCom Data Center (A)	UCSD	Distributed Network Security (A)
UCLA	Data Center Operations & Physical Security (A)	UCSD	Accounts Payable (A)
UCLA	Executive Compensation & Benefits (A)	UCSD	Construction Change Orders - Graduate Housing (A)
UCLA	Executive Entertainment (A)	UCSD	Construction Pre-Award -North Campus Housing (A)
UCLA	Executive Travel (A)	UCSD	Executive Compensation (A)
UCLA	Financial Aid (A)	UCSF	Logical Security (A)
UCLA	Gift Processing (A)	UCSF	Effort Reporting (A)
UCLA	Payroll Processing (A)	UCSF	Cost Sharing (A)
UCOP	Executive Compensation (A)	UCSF	Sub recipient Monitoring (A)
UCOP	Expenses - Official Responsibilities of the President (A)	UCSF	Executive Compensation (A)
UCOP	Expenses-Official Responsibilities UC Merced Chancellor (A)	UCSF	Construction Soft Costs (A)
UCOP	UCOP Administrative Funds (A)	UCSF	Payroll Processing (A)
UCOP	UC Merced Administrative Funds (A)	UCSF	Comprehensive Compliance Program (C)
UCOP	UC Merced Student Systems: Financial Aid (A)	UCSF	LINK Procurement (C)
UCR	Construction Soft Costs (A)	UAO	Executive compensation (A)

APPENDIX 4 – DETAIL OF PLANNED PROJECTS (Continued)

High Risk and Core -- Health Sciences

UCD	Major Construction (A)	UCLA	Physician Receivables - Physician Practices (A)
UCD	Physician Receivables (A)	UCLA	Executive Compensation (A)
UCD	Post Award (A)	UCLA	Physician Receivables - PSS Operations (A)
UCD	Executive Compensation (A)	UCSD	Hospital Receivables CORE (A)
UCD	Hospital Receivables (A)	UCSD	Physician Receivables (A)
UCI	SOM - Health Care Compliance Program (A)	UCSD	Human Subjects CORE & IS Emphasis (A)
UCI	Executive Compensation (A)	UCSD	Business Contracts CORE (Purchasing) (A)
UCI	UCIMC - New Hospital Construction (C)	UCSD	Executive Compensation (A)
UCLA	Accounts Payable (A)	UCSF	Executive Compensation (A)
UCLA	Data Center Operations & Physical Security (A)	UCSF	Clinical Labs Compliance Program (A)
UCLA	Home Health (A)	UCSF	Hospital Receivables (A)

High Risk and Core -- DOE Laboratories

LBNL	Payroll (A)	LBNL	Logical Security (A)
LBNL	Cost Allowability (A)	LLNL	Cost Allowability - FY06 (A)
LBNL	Executive Compensation (A)	LLNL	Executive Compensation (A)
LBNL	Major Construction Projects (A)	LLNL	Purchase Order Administration (A)
LBNL	Purchasing Process (A)		

High Risk -- Campus

UCB	Engineering Research Support Office (A)	UCD	Special Chancellor Fund Allocations (A)
UCB	Academic Facilities Office (A)	UCD	University Ethics Advisory Committee (C)
UCB	Athletics: Contracts, Advertising and Sponsorships (A)	UCD	Mondavi Center (C)
UCB	Department Visitations (A)	UCI	Organized Research Unit - HRI (A)
UCB	Lawrence Hall of Science: Cashiering Operations (A)	UCI	Special Chancellor Allocations (A)
UCB	Business Affiliations: IPIRA (A)	UCI	Construction Soft Costs (A)
UCB	Ethics: Conflict of Commitment (A)	UCI	Ethics - Conflict of Commitment (A)
UCB	Chancellor's Funds: Admin Fund/House Maintenance (A)	UCI	School of Social Sciences (A)
UCB	Intercollegiate Athletics: Sports Camps (A)	UCI	IT - Campus Credit Card System (A)
UCB	Intercollegiate Athletics: Ticket Office (A)	UCI	Beckmen Center (C)
UCB	Residential & Student Services: Procurement Card (A)	UCLA	Communications Technology Services Payroll (A)
UCD	UCD Foundation (A)	UCLA	Dining Services Payroll (A)
UCD	Construction Soft Costs (A)	UCLA	On-Campus Housing Payroll (A)
UCD	Ethics - Conflict of Commitment (A)	UCLA	UCLA Police Department Personnel/Payroll Admin (A)

APPENDIX 4 – DETAIL OF PLANNED PROJECTS (Continued)

High Risk -- Campus

UCLA Chancellor's Contingency Fund (A)
 UCLA Ethics: Conflict of Commitment (A)
 UCLA Major Construction (Soft Cost) (A)
 UCLA Research Integrity (C)
 UCLA Sub-recipient Monitoring (C)
 UCLA DACSS/ASAP System Support (C)
 UCLA Training Development Support (C)
 UCOP Office of Lab Management: Expense Review (A)
 UCOP Transfer of Responsibilities to the Master Recordkeeper (A)
 UCOP Office of Health Affairs: Oversight of the Willd Body Program (A)
 UCOP UCRS: Covered Compensation (A)
 UCOP Ethics: Conflict of Commitment (A)
 UCOP Student Academic Services: CASA Student System (C)
 UCR Ethics - Conflict of Commitment (A)
 UCR Intercollegiate Athletics (A)
 UCR Housing - Strategic Planning (A)
 UCR Human Resources - Reclassification and Equity Review Process (A)
 UCR Sabbaticals Process (A)
 UCR Special Chancellor Allocations (A)
 UCR Major Campus Systems (C)
 UCR NCAA - Compliance (C)
 UCSB Construction Soft Costs (A)
 UCSB Special Chancellor Allocations (Housing and Administrative Funds) (A)
 UCSB Ethics - Conflict of Commitment (A)

UCSB Space Utilization - Internal Control Review (A)
 UCSB Organized Research Unit (A)
 UCSC Ethics-Conflict of Commitment (A)
 UCSC Special Chancellor Allocations (A)
 UCSC Post Consolidation Review-Staff Human Resources (A)
 UCSC Post Consolidation Review-IT Processes (A)
 UCSC Graduate Division (A)
 UCSC Record Retention (A)
 UCSD Chemistry/Biochemistry (A)
 UCSD Student Policies and Judicial Affairs (A)
 UCSD SIO Effort Reporting (A)
 UCSD Ethics - Conflict of Commitment (A)
 UCSD Special Chancellor Allocations (A)
 UCSD Construction Soft Costs (A)
 UCSF Affiliation Agreements - Gladstone (A)
 UCSF Academic Personnel (A)
 UCSF Ethics - Conflict of Commitment/Interest (A)
 UCSF Chancellor's Special Allotments Funds (A)
 UCSF RAS Implementation (PeopleSoft C&G) (A)
 UCSF Online Academic Payroll/Personnel (C)
 UAO Construction soft costs (A)
 UAO Ethics/Conflict of Commitment (A)
 UAO Chancellor Housing/Admin Fund (A)

High Risk -- Health Sciences

UCD Electronic Medical Records (A)
 UCD HIPAA Security Review (A)
 UCD Continued Medical Education (A)
 UCD Corporate Compliance Infrastructure Review (A)
 UCD Corporate Compliance Program Review (A)
 UCD Transplant Services (A)
 UCD UCDCM Departmental Financial Controls Review (A)
 UCD Ethics - Conflict of Commitment (A)
 UCD Construction Soft Costs (A)
 UCD SOM Department Review - Neurosurgery (C)

UCI SOM - Pathology (A)
 UCI UCIMC - ACGME House Staff Hours Limitation (A)
 UCI UCIMC - Hospital Security (A)
 UCI UCIMC - Cancer Center (A)
 UCI UCIMC - Hospital Equipment and Maintenance (A)
 UCI SOM - Willd Body Program (A)
 UCI SOM - Beckman Laser Institute (A)
 UCI SOM - Pediatrics (A)
 UCI SOM - Samueli Center (C)
 UCI Ethics - Conflict of Commitment (A)

APPENDIX 4 – DETAIL OF PLANNED PROJECTS (Continued)

High Risk -- Health Sciences

UCLA	Hospital Receivables (A)	UCSD	Ethics - Conflict of Commitment (A)
UCLA	HS - Veterans Administration/UCLA House staff (A)	UCSD	Interventional Radiology (A)
UCLA	Liver Transplant (A)	UCSD	Cancer Center (A)
UCLA	ACGME Residency Program Compliance (A)	UCSD	Ambulatory EMR - EPIC Post Implementation (A)
UCLA	Donated Body Program (A)	UCSD	Medical Records Paper Reduction Project (C)
UCLA	Pharmacy (A)	UCSF	Ancillary services - Radiology (A)
UCLA	Radiology (A)	UCSF	PICIS (A)
UCLA	Transplant Services (A)	UCSF	Radiology (A)
UCLA	Compensation - Nursing (C)	UCSF	Prescription Drugs (A)
UCLA	Ethics - Conflict of Commitment (A)	UCSF	Ethics - Conflict of Commitment (A)
UCSD	Hospital Receivables - Contract Mgmt Software (A)	UCSF	Admissions/Registration/Scheduling (A)
UCSD	Clinical Trial Billing Review (A)	UCSF	Supplies Utilization (A)
UCSD	Hospital Based Clinics Conversion (A)	UCSF	Surgical Operations (A0)
UCSD	Department of Neurosciences (A)	UCSF	CareCast SDLC (C)
UCSD	Physician Assessment and Clinical Education (PACE) (A)		

High Risk -- DOE Laboratories

LBNL	Maintenance (A)	LLNL	Environmental Protection Division Admin Controls (A)
LBNL	Review of Safety Programs (C)	LLNL	National Ignition Facility Program Administration (A)
LLNL	Conferences (A)	LLNL	Non-Capital Construction Management (A)
LLNL	Safeguards and Security -CREM (A)	LLNL	Sub-Ledger Systems -Feeder Systems (A)
LLNL	Property Held by Subcontractors (A)	LLNL	Attractive Property Controls (A)

Core -- Campus

UCB	Payroll: Employee Eligibility (A)	UCOP	Cashiering (A)
UCB	Physical Security (A)	UCOP	UC Merced Construction Soft Costs (A)
UCB	Procurement & Business Contracts: Purch Orders (A)	UCOP	Network Management (A)
UCI	IT - Cashiering System (C)	UCOP	Administrative Computing General
UCLA	Housing Cashiers Office (A)	UCR	Foreign Travel on General Funds (A)
UCLA	Network Security/Management (A)	UCSD	Animal Care & Welfare Programs (A)
UCLA	Student Fees & Receivables (A)	UCSF	Executive Travel and Entertainment (A)
UCOP	Procurement: Consultant Contracts (A)		

(A) Audit Project (C) Advisory Services Project

APPENDIX 4 – DETAIL OF PLANNED PROJECTS (Continued)

Core -- Health Sciences

UCD	Logical Security (A)	UCLA	Executive Travel (C)
UCD	Donor Gift Expenditures (A)	UCSD	Logical Security (A)
UCLA	Cashiering/Subcashiering (A)	UCSD	HIPAA Security (A)
UCLA	Corporate Compliance Annual Report (A)	UCSD	Health Sciences Compliance Program (A)
UCLA	Corporate Compliance Element (A)	UCSF	CECP (A)
UCLA	Network Security/Management (A)		

Core -- DOE Laboratories

LBNL	Meals (A)	LLNL	Balance Sheet Account Reconciliation (A)
LLNL	Employee Eligibility (A)	LLNL	Selected Data Mining of Unicard Purchases (A)

Campus Specific

UCB	Cost Distribution: Disclosure Statements (A)	UCLA	Communications Technology Services Voice Tool Crib (A)
UCB	Payroll: Honoraria (A)	UCLA	Fleet & Transit Services Auto Parts Inventory (A)
UCB	Department IT Reviews (A)	UCLA	Fleet & Transit Services Equipment Management/Shop (A)
UCD	Employee / Labor Relations (A)	UCLA	Mail, Doc, and Distribution Recharge and Postage Inventory (A)
UCD	Organized Research Units (A)	UCLA	AS-UCLA Finance - Cash Count Verifications (A)
UCD	Committee for Research Integrity (C)	UCLA	AS-UCLA Information Systems - General Controls (A)
UCD	FARE Committee (C)	UCLA	AS-UCLA Restaurants - LuValle & Outlying Division (A)
UCD	Investigations Coordination Work Group (C)	UCLA	AS-UCLA Services Division (A)
UCD	Senior Advisors Group (C)	UCLA	Office of Residential Life (A)
UCD	CCFIT (C)	UCLA	On-Campus Housing Food Inventory (A)
UCD	Enterprise Risk Work Group (C)	UCLA	On-Campus Housing Maintenance Shop (A)
UCD	Internal Control Training (C)	UCLA	Transportation Services - Cash Count/Other Miscellaneous (A)
UCD	Travel & Entertainment System Committee (C)	UCLA	Transportation Services - Cashier's Office/Meter Collection (A)
UCI	Athletics, including Bren and ARC (A)	UCLA	Transportation Services - Parking Permit Inventory (A)
UCI	Child Care Services (A)	UCLA	Transportation Services - Turbo Data Citation Contract (A)
UCI	IT - Peer Review (C)	UCLA	UCLA Catering (A)
UCI	Department Surveys (C)	UCLA	UCLA Police Department Property and Evidence Mgmt (A)
UCLA	AS-UCLA Restaurants - North Campus & Coop (A)	UCLA	UCLA Police Department Travel and Accounts Payable (A)
UCLA	Vanpool Program (A)	UCLA	University Apartments Major Maintenance Reserve (A)
UCLA	Work Order Review (A)	UCLA	Vending Cashiering Office (A)
UCLA	AS-UCLA Facilities Development/Plant Maintenance (A)	UCLA	Vending Procurement and Inventory (A)
UCLA	AS-UCLA Finance - Accounts Receivable (A)	UCLA	Foundation FY 2005-06 (A)
UCLA	Central Ticket Office Recharges (A)	UCLA	Joint Ventures/Partnerships/Affiliated Organizations (A)

APPENDIX 4 – DETAIL OF PLANNED PROJECTS (Continued)

Campus Specific

UCLA	UCLA Performing Arts (A)	UCR	Training - Financial System Controls (C)
UCLA	Facilities - Central Warehouse Inventory Review (A)	UCR	Training - Whistleblower Policy & Fraud Awareness (C)
UCLA	Facilities - Energy Services/Utilities Review (A)	UCR	Training - Risk & Internal Control (C)
UCLA	Facilities - Job Management Systems Review (A)	UCSB	Physical Access Control (A)
UCLA	Facilities - Trouble Calls Operations Review (A)	UCSB	Student Counseling (A)
UCLA	Stem Cell Research (C)	UCSB	Application Development (A)
UCOP	ANR: Sustainable Agriculture Research and Education Program (A)	UCSB	Department Visitations (5 TBD) (A)
UCOP	Office of Health Affairs: Vector-borne Disease Research Pgm (A)	UCSB	Business Continuity Planning (C)
UCOP	Office of the Treasurer: Validate Incentive Plan Benchmark Data (C)	UCSB	Export Control (C)
UCOP	Office of Health Affairs Ballot Validation - AIDS (C)	UCSD	Development Financial Management (A)
UCOP	Office of Health Affairs Ballot Validation - BCRP (C)	UCSD	Self Supporting Enterprises (A)
UCOP	Office of Health Affairs Ballot Validation - TRDRP (C)	UCSD	BPSA Compliance (C)
UCOP	DA/DSA Training Meetings (C)	UCSD	BPSA Control Environment (C)
UCOP	UCLA Financial Systems Sign-ons (C)	UCSD	Stem Cell Research Administration (C)
UCOP	Information Systems Leadership Group Coordination (C)	UCSD	Electronic Grades Task Force (C)
UCR	TAPS Citation System (A)	UCSF	Cashiering (A)
UCR	Physical Plant - Work Order Costing (A)	UCSF	Blanket P.O. (A)
UCR	Fire Prevention (A)	UCSF	LARC (A)
UCR	Environmental Programs (A)	UCSF	School of Pharmacy (A)
UCR	Employee Training Program (A)	UCSF	SOM Compensation Plans (A)
UCR	Police Department (A)	UCSF	Investigation Workgroup (C)
UCR	IGPP (A)	UCSF	Privacy Steering Committee (C)
UCR	CHASS-History Internal Control Review (A)	UCSF	Information Security Committee (C)
UCR	Honors Program Internal Control Review (A)	UCSF	RASG (C)
UCR	COI - Bioengineering Internal Control Review (A)	UCSF	FASG (C)
UCR	Analytic Review and Fraud Detection (A)	UCSF	University Support Groups Oversight Committee (C)
UCR	Child Development Center - Receivables System (A)	UCSF	Balanced Scorecard Implementation (C)
UCR	Library Acquisitions & Bookfund Accounting (A)	UCSF	RAP Course (C)
UCR	Intellectual Property (A)	UCSF	External Audit Coordinating Committee (C)
UCR	Telecommuting Policy (C)	UCSF	SBE Sales & Use (C)
UCR	UCR Whistleblower Implementing Procedures (C)		

APPENDIX 4 – DETAIL OF PLANNED PROJECTS (Continued)

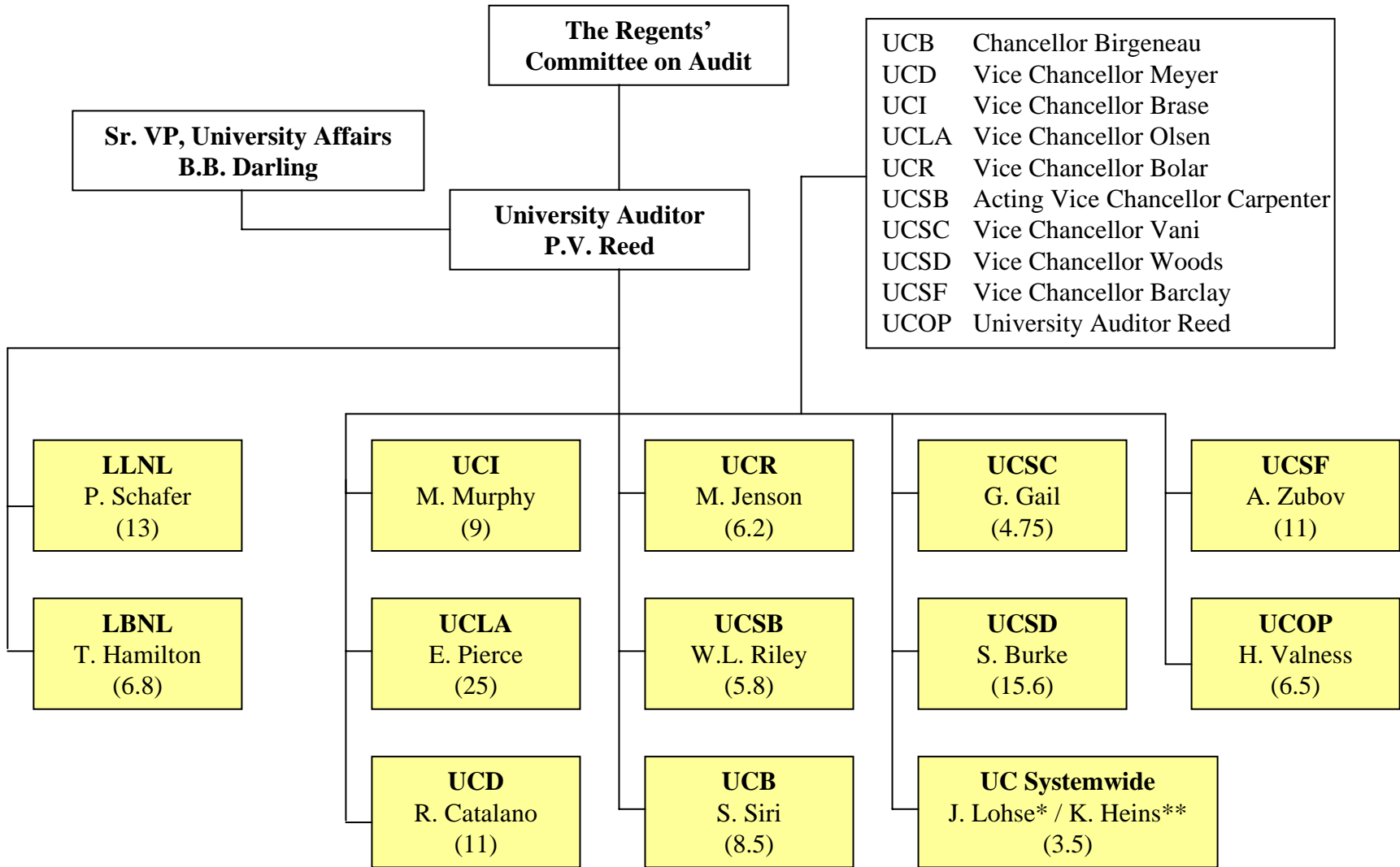
Health Sciences Specific

UCD	Corporate Compliance Committee (C)	UCLA	Hospital Receivables - NPH Charge Capture (A)
UCD	Professional Fee Billing Compliance Committee (C)	UCLA	Nurse Registries (A)
UCD	Facilities Compliance Committee (C)	UCLA	Nutrition (A)
UCD	HIPAA Privacy & Security Sub-Committee (C)	UCLA	Major Supplies Management (C)
UCD	Cyber Safety Assessment (C)	UCSD	Pharmacy Inpatient System (A)
UCD	Time & Attendance Committee (C)	UCSD	Microbiology Laboratory (A)
UCI	Department Surveys (C)	UCSD	Medical Center Payroll System Implementation (C)
UCLA	HS - Laboratories Compliance (A)	UCSD	Medication Mgmt System Implementation (C)
UCLA	Capital Equipment Management (A)	UCSF	Capital Accounting (A)
UCLA	Disaster Resource Center (A)		

DOE Laboratory Specific

LBNL	Admin Fund (A)	LLNL	Plant Engineering Department Administration (A)
LBNL	OMB 123 (C)	LLNL	Legal Services Contracts Review (A)
LBNL	Appendix B (C)	LLNL	Directors Assurance Letter FY07 (C)

APPENDIX 5 – University of California Internal Audit Program



Total Professional Staff, including the Director, is in parentheses
 Total Authorized Professional Positions = 127
 (LANL Audit Department not reflected in UC Audit Program)

*Director of Investigations / **Director of IT Audit Services