

UC San Diego

CENTER FOR OPERATIONAL EXCELLENCE

# LEAN, LUNCH & LEARN WORKSHOP

## "Documentation for High-Risk Transactions"

JUNE 20, 2023

A top-down view of a wooden desk. In the top left, a portion of a silver laptop is visible. To its right is a white speech bubble containing text. Below the laptop is a circular pen holder filled with various pens and pencils. To the right of the pen holder is a silver pencil. In the center of the desk, the text 'WELCOME OUR GUESTS' is written in large, bold, yellow letters. Below this text is another white speech bubble containing text. In the bottom left, a white ruler is placed horizontally. In the bottom right, there is a white coffee cup filled with dark coffee, a small pile of green and yellow snacks, and a small potted plant with green grass-like leaves in a white pot.

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**WELCOME OUR GUESTS**

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# WHAT ARE HIGH-RISK TRANSACTIONS?

Risk Type	Definition
*Equipment under dollar threshold	Expenditure type starts with 163003 (Capital Equipment) and the total invoice amount is less than \$5,000.
High dollar invoice	Total invoice amount is more than \$2,500.
Recharge	Expenditure type starts with 770000 or contains "bookstore."
Transaction posted after project end date	Accounting date is after the project end date.
*Fabrication cost not on fabrication task	Expenditure type starts with 163001 and the task does not contain the word "fab."
Questionable expenditure type on a sponsored project	Expenditure type appears in the questionable expenditure type list defined by SPF and the project is a sponsored project.
*Misposted Cost Sharing	An external funding source was used with a cost share project or task, or an internal funding source was used with a non-cost share project or task. Cost share project or task defined as one with a burden schedule starting with 'INT.'

## Reviewing High-Risk Transactions

- Why? To provide reasonable assurance that the charges and credits are valid by verifying that transactions are appropriate and that they are compliant with all applicable policies and regulations.
- How? The High Risk Ledger Review is a feature of the [Transaction Details Report](#) and provides a mechanism for departments to select transactions for periodic review. This is an acceptable alternative to reviewing 100% of transactions. You can refer to the [How to Do High-Risk Ledger Review workshop](#) for more details.
- Documentation: So far, campus does not have explicit criteria for how to document that you reviewed your high-risk transactions, but you must be able to prove that you did in the case of an audit.



# WHAT AUDITORS TEND TO LOOK FOR

## Recharges

- Supporting documentation differs between centers
- Some statements are not online, need to request from center
- Bookstore Invoices - Can be used to support Bookstore recharges
- Academic Support Centers - Invoice specifying type of service, billing units, and recharge rate
- Published rates can be used to support recharges (not ideal)
- Low Risk Items (i.e., water cooler rentals, mail delivery, imprints, etc.)

## High Dollar Items

- Itemized invoices and POs normally suffice
- If transaction exceeds competitive bid threshold, additional docs may be needed
- Look out for capital equipment posted to incorrect accounts (MDTC)
- Ensure cost principles are met (allowable, reasonable, and allocable)

# WHAT AUDITORS TEND TO LOOK FOR

## Transactions Posted After End Date

- Normally not allowed unless a no cost extension was approved
- Some payroll and recharge transactions are posted late

## Erroneous Transactions

- Includes fab costs on a non-fab project/task, mis-posted equipment, and unallowable transactions
- Corrections - must be done timely (120 days from transaction date or 90 days from discovery)



## SUGGESTIONS TO INCORPORATE INTO YOUR REVIEW

1. All high-risk transactions should be reviewed (Not just a sample!).
2. Pay attention to contract and grant terms/conditions that are unique.
3. High-risk ledger review is not a substitute for front-end controls.
4. Transactions occurring in last few weeks may be questioned.
5. Validate that timekeeping records are complete/approved.
6. Document your review.
7. Invoices to sponsors should be supported with ledgers and documentation (SD County Agreements).



# CHECK FOR UNDERSTANDING





## Best Practices



- A best practice is a standard or set of guidelines that is known to produce good outcomes if followed.
- They are learned through experience and sharing!
- Let's start to build some best practices for documenting high-risk transactions.
  - Join a breakout room
  - Designate 1 person to add notes to the group board



THANKS!





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