

August 20, 2025

- **Promoting Ethics and Accountability in Research Administration**
  - **Whistleblower Program**
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**Sandra Featherson, Director of Training**

Audit and Advisory Services

## Housekeeping



### Use the Chat feature

We have dedicated time to answer questions. Feel free to enter questions as we go along.



### Video - On!

We invite you to keep your camera on throughout the training to make our interactions more personal and connected.



### Training Materials

Follow along with a copy of the presentation slides & additional learning resources related to today's topic.



### Microphone - Muted

Please mute your microphone until it's time for small group discussion or if you have a question.

## STAR Program Logistics

- STAR Certificate consists of 11 courses. To obtain a certificate, you must complete all 11 courses within two (2) years.
- For any STAR Program questions: contact Betsy Lazarine and/or Clarissa Cabrera at [training@research.ucsb.edu](mailto:training@research.ucsb.edu).
- Please complete the STAR Evaluation, which will be emailed to registered participants via the email used in UCLC.

## Audit and Advisory Services

### ***Mission Statement:***

Audit and Advisory Services provides independent, objective assurance and consulting services designed to add value and improve UCSB's operations. We help UCSB accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Ashley Andersen, Audit Director  
Antonio Mañas Meléndez, Associate Director  
Gifty Mensah, Principal Auditor  
Irene Camargo, Senior Auditor  
Laurie Liao, Senior Auditor

## Agenda

- Audits Conducted at UCSB
- Uniform Guidance
- Sponsored Projects and Audits
- Audit Red Flags
- Avoiding Audit Problems

## Audits Conducted at UCSB

## Audits Conducted at UCSB

### Internal Audits

- Performed by UCSB Audit & Advisory Services

### Annual Financial Audit

- Currently performed by PWC, the CPA firm engaged by the UC Regents

### Intercollegiate Athletics

- Annual review by external auditors for the NCAA Report; engaged by the UC Regents

## Audits Conducted at UCSB

Audit & Advisory Services conducts:

- **Operational Audits** - Focus on efficiency and effectiveness, the adequacy of processes and controls, and other areas.
- **Compliance Audits** - Assess compliance with regulations, policies, procedures, contracts, grants, etc.

**Sponsored Projects Audits** can be either type, or a combination of both.

## Audits Conducted at UCSB

**Federal audits** are mostly performed by sponsoring agencies (e.g. DOD, NIH, NSF) and include:

- Campus-wide audits
- Contract proposal audits (specific award)
- Contract close-out audits (specific award)

**State audits** are performed by:

- California State Auditor
- State Department of Finance
- State Board of Equalization

## External Audit Coordination

It is **UCSB's policy to fully comply** with all administrative, financial, and audit requirements that arise from its role as a recipient of public and other extramural funds, and to cooperate fully with external auditors.

## External Audit Coordination

- **Audit & Advisory Services** is responsible for the coordination of external audit activities.
- If your department is contacted by an external agency, or you receive a notice of external audit, please contact the:
  - *Director of Audit & Advisory Services, or*
  - *External Audit Coordinator*

[www.audit.ucsb.edu/contacts](http://www.audit.ucsb.edu/contacts)

## External Audit Coordination

- **Audit & Advisory Services** will coordinate with department personnel to ensure the external auditors receive all required assistance and information.
- Please also see a list of frequently asked questions on our web page:  
[www.audit.ucsb.edu/our-services/external-audit-coordination](http://www.audit.ucsb.edu/our-services/external-audit-coordination)

## Uniform Guidance

### Office of Management and Budget (OMB) Uniform Guidance

[Uniform Administrative Requirements, Cost Principles, and  
Audit Requirements for Federal Awards](#)

- Effective December 26, 2024
- Title 2: Federal Financial Assistance, last amended 1/03/25.
- Establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards.

# Office of Management and Budget (OMB) Uniform Guidance

A partial list of areas covered:

- Financial management
- Internal controls
- Cost sharing/matching
- Program income
- Revision of budget and program plans
- Modification to period of performance
- Procurement

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**Sponsored Projects and Audits**



## Federal Audits

- Federal auditors have started to use **data mining** and analytical tools to examine financial data.
- This means there is potential for every transaction to receive at least some level of scrutiny during an audit.

## Impacts of Audit Findings

- **Errors in financial transactions** found in a federal audit may result in a disallowance of the costs involved.
- Such disallowances are subject to reimbursement to the federal agency from **departmental fund sources**.

## Impacts of Audit Findings

A relatively small number of errors found in an audit sample of financial entries of a particular type **may be projected** over the total population of similar entries to develop an audit finding which may translate into a **very large cost disallowance**.

## Allowable Costs

Most common costs of doing business are allowable charges to sponsored projects. For example:

- Salaries & benefits
- Laboratory supplies
- Toll calls
- Travel
- Scientific equipment

## Allowable Costs

### Costs that may require sponsor approval:

- Costs incurred before the agreement effective date
- Office furniture and general purpose equipment
- Research & scientific equipment
- Equipment purchased within 120 days of the award end date may be questioned in the event of an audit

## Unallowable Costs

The following are expressly **unallowable** charges to Federally sponsored projects:

- Entertainment, social, & alumni activity expenses
- Alcoholic beverages
- Memberships in civic, community, or social organizations
- Donations/contributions & fines/penalties
- Airfare costs in excess of lowest available airfare

## Unallowable Costs

The following are expressly **unallowable** charges to Federally sponsored projects:

- Fundraising & commencement expenses
- Lobbying or other expenses related to political activities
- Travel related to unallowable activities (e.g., social/fundraising)
- Advertising, public relations, & interest expenses (certain types of these costs are allowable)

## Questioned Costs

Questioned costs are likely to be the major financial issue resulting from an audit, and generally relate to the following:

- **Unallowable Costs** are costs specifically not allowed under the general and specific requirements or conditions of the award.
- **Undocumented Costs** are costs charged to an award for which detailed documentation does not exist.
- **Unapproved Costs** are costs for which the award requires approval and no evidence of approval can be found, and the costs are not included in the award budget.

## Cost Transfers

**Cost Transfers** occur when goods or services originally paid for under one chartstring, are transferred to another chart string.

- **Cost transfers involving federal funds should be avoided** altogether or kept to a minimum. Expenses should be charged directly to the FRUs and funds to which they pertain whenever possible.
- Federal regulations **prohibit** transfers of costs to federal awards in order to eliminate overdrafts, to expend unexpended award balances, or without regard to benefit.

## Cost Transfers

Cost transfers must be **fully explained, justified** and **approved**. Include supporting documentation such as:

- Vendor invoices
- Recharge statements
- Employee time worked records and
- Effort Reporting information

# Cost Transfers

## Approvals

- The **Principal investigator, department chair**, or other **academic administrator** must approve cost transfers. Cost transfer certification responsibilities cannot be delegated to staff employees.

## Timeframe

- Cost transfers must be **processed within 120 days** of the date of the original charge. If a cost transfer is processed at 120 days or later, it is considered a “Late Cost Transfer” and is an exception to policy.

## Exceptions

- Require an additional explanation and approval for the delay.

## Audit Red Flags

## Audit Red Flags

- Cost overruns & cost transfers (especially “Late” cost transfers)
- Inadequate documentation of costs
- Recharge activities with financial surpluses
- Costs incurred outside of funding period
- Object coding errors
- Unallowable costs charged to a project
- Effort Reporting not properly certified or filed timely
- Technical reports not filed on time
- Travel Reimbursements

## Audit Red Flags - Travel Reimbursements

Verify adequate supporting documentation exists, including:

- **Purpose of the trip.** Supporting records, and other information should demonstrate the travel is for University purposes. (An agenda, itemized receipt, or other supporting documentation for all registration fees.)
- **Reasonable transportation charges.**
  - Air travel - coach class air travel
  - Automobile - the most economical route was used and documented
  - Bus, train fares, parking fees
  - Mileage reimbursement at the allowed amount per mile

## Audit Red Flags - Travel Reimbursements

Verify adequate supporting documentation exists, including:

- **Meals** are within prescribed policy limits
- **Reasonable lodging expenses** (CONUS/OCONUS/Foreign)
- **Travel Advance** cleared with expense voucher
- **Appropriate approvals**

**NOTE:** *If the traveler mingled personal and business activities, an adequate explanation and records should demonstrate the University only paid for expenses directly associated with University business.*

## Audit Red Flags - Travel Reimbursements

Verify adequate supporting documentation exists, including:

- The travel expense claim is submitted within a reasonable amount of time, not to exceed 45 days after the end of the trip.
- Receipts that support the reimbursement claim for **long-term foreign lodging** that is charged to a federal fund source (whether reimbursed as a per diem or actual), should be kept on file within the department and retained for such periods as required by either the sponsor's retention policy or UC retention policy.



## Avoiding Audit Problems

### Avoiding Audit Problems

- Documents supporting all financial activity should be complete, properly approved, and retained for at least three years following project completion. Retention period also has to comply with UC retention policy.
- Financial activity should be actively monitored and compared to project budgets to avoid cost overruns. PIs should be kept informed of the financial status of their projects on a regular basis.
- Charges to a contract/grant must (1) represent costs incurred to benefit the specific project, (2) be reasonable costs of performing the award work, (3) be consistent with the project budget, and (4) be allowable under federal costing guidelines.

## Avoiding Audit Problems

- **Cost transfers should be avoided.** When absolutely necessary to transfer costs between projects, transfer policy requirements should be strictly followed.
- **Required reports should be filed** on a timely basis.
- Refer to policies, procedures, and other references, including online information sources.
- When in doubt, contact Extramural Funds staff in Business & Financial Services or the Office of Research for questions.

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### Knowledge Check

<https://forms.gle/gjpn6VX1PdgnV1t7A>

## Questions?



## Resources

- [UCOP Policies](#)
- Core Financial Principles: Ethics and Fraud in the Workplace (Fall 2025)
- Cost Transfers [Part I](#) and [Part II](#)
- [UC BFB-G-28 Travel Regulations](#)
- **Uniform Guidance**
  - [UCOP Uniform Guidance Resources](#)
  - [Uniform Guidance Workgroup Assessment Report \(2014\):](#)
  - [Uniform Guidance Update \(2016\)](#)

August 20, 2025

# Whistleblower Program

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**Sandra Featherson, Director of Training**

Audit and Advisory Services



## Agenda

- Whistleblower Program
- Definitions
- Reporting an Improper Governmental Activity
- Investigations

# UCSB Whistleblower Program

The University has a responsibility to conduct its affairs ethically and in compliance with the law. If you suspect that the University or a particular UC employee is engaged in improper governmental activities, you should know that UC has policies that can show you how to "blow the whistle" and can protect you from retaliation if the need arises.

Garry Mac Pherson, Campus Locally Designated Official (LDO)  
Darrel Paskett, Ethics and Compliance Investigator

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## What is a Whistleblower?

- A person or entity making a protected disclosure is commonly referred to as a whistleblower.
- The whistleblower's role is as a **reporting party** – not an investigator or finder of fact.

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# University of California Whistleblower System

- **California Government Act § 8547 Whistleblower Protection Act**
- **UC Whistleblower Policy** - Guidance provided for reporting all allegations of suspected improper governmental activities.
- **UC Whistleblower Protection Policy** - for employees who believe they have been subjected to retaliation for a Protected Disclosure or refusal to obey an Illegal Order.

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## Whistleblower Policy Definitions

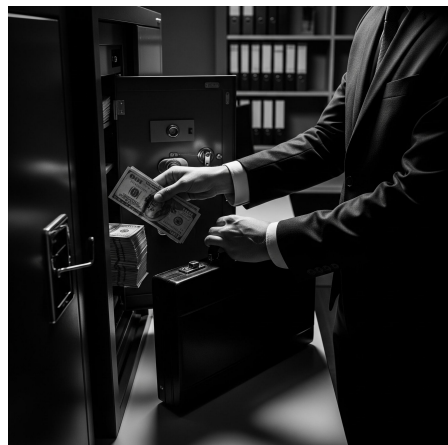
# Whistleblower Policy Definitions

## Improper Governmental Activity (per CA Gov 8547.2):

- An activity by a state agency or by an employee that is undertaken in the performance of the employee's duties ... that – is in violation of any state or federal law or regulation... or is in violation of an Executive order... or is economically wasteful, involves gross misconduct, incompetency, or inefficiency.

## Examples of Improper Governmental Activities

- Corruption
- Bribery
- Theft or Misuse of UC Property
- Fraud
- Coercion
- Willful Omission
- Wastefulness
- Gross Misconduct
- Incompetency
- Inefficiency



## Whistleblower Policy Definitions

**Protected Disclosure:** a good faith communication... that discloses or demonstrates an intention to disclose information that may be evidence of:

- (1) an improper governmental activity or,
- (2) a condition may significantly threaten the health or safety of employees or the public....

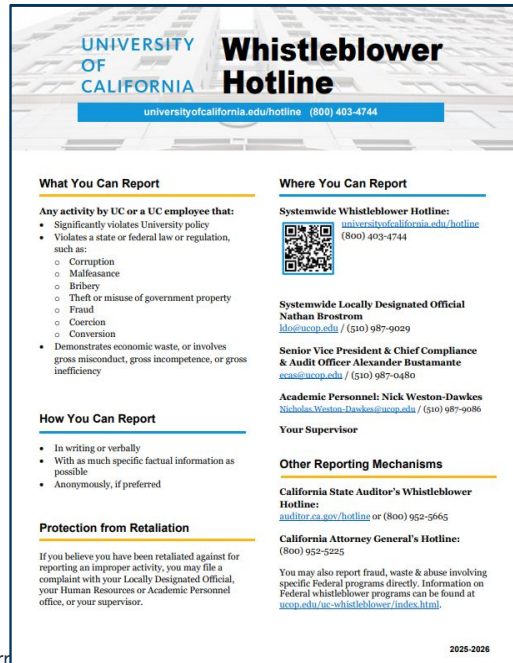
**Locally Designated Official (LDO):** The person designated by each campus ... to receive reports of allegations of suspected improper governmental activities.

**Reporting Improper Governmental Activity**



# Reporting Improper Governmental Activity

- **Any person** may report allegations of suspected improper governmental activities.
- Allegations of suspected improper governmental activities may be reported anonymously.



**UNIVERSITY OF CALIFORNIA Whistleblower Hotline**  
[universityofcalifornia.edu/hotline](http://universityofcalifornia.edu/hotline) (800) 403-4744

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**What You Can Report**

Any activity by UC or a UC employee that:

- Significantly violates University policy
- Violates a state or federal law or regulation, such as:
  - Corruption
  - Malfeasance
  - Bribery
  - Theft or misuse of government property
  - Fraud
  - Coercion
  - Conversion
- Demonstrates economic waste, or involves gross misconduct, gross incompetence, or gross inefficiency

**How You Can Report**

- In writing or verbally
- With as much specific factual information as possible
- Anonymously, if preferred


**Protection from Retaliation**

If you believe you have been retaliated against for reporting an improper activity, you may file a complaint with your Locally Designated Official, your Human Resources or Academic Personnel office, or your supervisor.

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**Where You Can Report**

**Systemwide Whistleblower Hotline:**  
[universityofcalifornia.edu/hotline](http://universityofcalifornia.edu/hotline)  
 (800) 403-4744



**Systemwide Locally Designated Official**  
**Nathan Brostrom**  
[nbrostrom@ucop.edu](mailto:nbrostrom@ucop.edu) / (510) 987-9029

**Senior Vice President & Chief Compliance & Audit Officer Alexander Bustamante**  
[abustamante@ucop.edu](mailto:abustamante@ucop.edu) / (510) 987-0480

**Academic Personnel: Nick Weston-Dawkes**  
[Nicholas.Weston-Dawkes@ucop.edu](mailto:Nicholas.Weston-Dawkes@ucop.edu) / (510) 987-9086

**Your Supervisor**

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**Other Reporting Mechanisms**

**California State Auditor's Whistleblower Hotline:**  
[auditor.ca.gov/hotline](http://auditor.ca.gov/hotline) or (800) 952-5665

**California Attorney General's Hotline:**  
 (800) 952-5225

You may also report fraud, waste & abuse involving specific Federal programs directly. Information on Federal whistleblower programs can be found at [ucop.edu/uc-whistleblower/index.html](http://ucop.edu/uc-whistleblower/index.html).

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# Reporting Improper Governmental Activity

- Normally, a report by a University employee of allegations of a suspected improper governmental activity should be made to the reporting employee's immediate supervisor or other appropriate administrator or supervisor within the operating unit (such as the unit head), or to the LDO.

## Reporting Improper Governmental Activity

- Reports may be made to another University official whom the reporting employee may reasonably expect to have either responsibility over the affected area or the authority to review the alleged improper governmental activity on behalf of the University –
  - In the interest of confidentiality
  - Or when there is a potential conflict of interest
- Complaints about the Chancellor or the LDO should be made to the System-wide LDO

## Reporting Responsibilities: Managers and Supervisors

- Ensure that the matter is promptly reported to their supervisor, an appropriate University manager and/or the LDO.
- Exercise appropriate judgement in determining which matters can be reviewed under their authority and which matters must be referred to a higher level of management or the LDO.

## Reporting Responsibilities

- Consulting with supervisors, the LDO or other appropriate University management is encouraged and the exercise of judgement should err on the side of upward reporting.
- Oral reports should normally be documented by the supervisor by a written transcription of the oral report, and internal communications regarding allegations of improper governmental activities should normally be in writing.

## Supervisors Must Report to the LDO When The Matter...

- is the result of a significant internal control or policy deficiency that is likely to exist at other units within the institution or across the University system;
- is likely to receive media or other public attention;
- involves the misuse of University resources or creates exposure to a liability in potentially significant amounts;

## **Supervisors Must Report to the LDO When The Matter...**

- involves allegations or events that have a significant possibility of being the result of a criminal act (e.g., disappearance of cash);
- involves a significant threat to the health and safety of employees and/or the public; or
- is judged to be significant or sensitive for other reasons.

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**Investigations**

## When to Investigate

- Investigations should be launched only after preliminary consideration establishes that:
  - a. The allegation, if true, constitutes an improper governmental activity<sup>1</sup>, and either:
    - i. The allegation is accompanied by information specific enough to be investigated, or
    - ii. The allegation has or directly points to corroborating evidence that can be pursued. Such evidence may be testamentary or documentary.

<sup>1</sup>Matters that do not meet this standard may be worthy of management review, but should not be undertaken as an investigation of an improper governmental activity.

## Who Investigates?

- **The LDO**, assisted by the Investigations Work Group, has responsibility for ensuring that independent, unbiased and competent investigative resources are used to conduct investigations of suspected improper governmental activity.
- Other Investigative Offices:
  - Campus Compliance Investigator
  - Title IX Office
  - Office of Research Integrity
  - UC Police

## Who Investigates?

- In cases involving principally **criminal concerns**, the **UC Police** should be the lead investigators and others with an investigative interest should work in support of the police investigation.

## Participants in an Investigation

- University employees who are interviewed, asked to provide information, or otherwise participate in an investigation have a duty to fully cooperate with University-authorized investigators.
- Participants should refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. **In no case should the participant discuss with the investigation subject, the nature of evidence requested or provided, or testimony given to investigators unless agreed to by the investigator.**

## Participants in an Investigation

- Requests for confidentiality by participants will be honored to the extent possible within the legitimate needs of law and the investigation.
- **Participants are entitled to protection from retaliation** for having participated in an investigation.

## Subjects of an Investigation

- The decision to conduct an investigation is not an accusation; it is to be treated as a neutral fact finding process. The outcome of the investigation may or may not support a conclusion that an improper governmental act was committed and, if so, by whom.
- The identity of a subject should be maintained in confidence to the extent possible given the legitimate needs of law and the investigation.

## Subjects of an Investigation

- Subjects should normally be informed of the allegations at the outset of a formal investigation and have opportunities for input during the investigation.
- Subjects have a duty to cooperate with investigators to the extent that their cooperation will not compromise self-incrimination protections under state or federal law.

## Subjects of an Investigation

- Subjects have a right to consult with a person or persons of their choice. This may involve representation, including legal representation.
- Unless there are compelling reasons to the contrary, subjects should be given the opportunity to respond to material points of evidence contained in an investigation report.



## Subjects of an Investigation

- No allegation of wrongdoing against a subject shall be considered sustained unless at a minimum, a preponderance of the evidence supports the allegation.
- Subjects have a right to be informed of the outcome of the investigation.
- Any disciplinary or corrective action initiated against the subject as a result of an investigation pursuant to this policy shall adhere to the applicable academic personnel or staff conduct and disciplinary procedures.

## Knowledge Check

<https://forms.gle/GQzgVRgixhqqdypk>

## Questions?



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## Whistleblower Resources

- Whistleblower  
<http://www.vcadmin.ucsb.edu/u/whistleblower>
- Whistleblower Hotline  
<http://www.universityofcalifornia.edu/hotline>
- Whistleblower Hotline Phone  
800-403-4744
- [Whistleblower Poster](#)
- Audit & Advisory Services  
<http://www.audit.ucsb.edu>
- Finance & Resource Management  
<https://farm.ucsb.edu/>
- Vice Chancellor Administrative Services  
<http://www.vcadmin.ucsb.edu>

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## Policies

- Statement of Ethical Values
- UC Standards of Ethical Conduct
- Faculty Code of Conduct
- UC Whistleblower Policy
- UC Whistleblower Protection Policy
- Exercising Official Duties
  - Business and Finance Bulletin 43 – Materiel Management

## Policies

- Conflict of Interest
  - Standards of Ethical Conduct – 6. Conflicts of Interest or Commitment
  - UC Personnel Policies for Staff Members 82 – Conflict of Interest
  - UC Business and Finance Bulletin G-39 – Conflict of Interest Policy
  - UC Business and Finance Bulletin 43 – Materiel Management

## Policies

- Use of University Resources
  - Standards of Ethical Conduct – 10. Use of University Resources
  - Personnel Policies for Staff Members 31, 32, 33
  - Electronic Communications Policy and Local Implementing Procedures
  - Policies Applying to Campus Activities, Organizations and Students 40.00 – Policy on Use of University Properties
  - Business and Finance Bulletin 29 - Management and Control of University Equipment, Section XIII – Personal Use of Property
  - Business and Finance Bulletin 65 – Guidelines for University Mail Services

## Contacts

- Ashley Andersen, Director, Audit & Advisory Services – Ext. 4080
- Darrell Paskett, Senior Investigator – Ext. 4335
- Jim Corkill, Controller and Director, Business and Financial Services – Ext. 5882
- Ann Marie Musto, Associate Vice Chancellor and Chief Human Resources Officer – Ext. 8137
- June Betancourt, Director of Policy Compliance, Ext. 2305
- Leese Beck, Assistant Vice Chancellor, Academic Personnel- Ext. 8332
- Joe Incandela, Vice Chancellor for Research – Ext. 8270
- Tim Fitzpatrick, Director, Environmental Health and Safety – Ext. 2040
- Ariana Alvarez, Director and Title IX Officer, Title IX and Sexual Harassment Policy Compliance Office - Ext. 2546
- Chief of Police, UCSB Police Department – Ext. 4151
- Nancy Hamill, Chief Campus Counsel – Ext. 2232

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