RESIDENTIAL LIFE

AUDIT REPORT #17-4001

Audit & Advisory Services

September 2017

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Background

In accordance with the UCLA Administration fiscal year 2016-17 audit plan, Audit & Advisory Services (A&AS) conducted an audit of internal controls and associated business practices within Residential Life.

Residential Life, a department within the division of Student Affairs, is responsible for the student development program of University Housing residents. The mission of Residential Life is to create safe, supportive, and inclusive living-learning communities that engage residents in fostering their academic success, personal growth, leadership development, and social responsibility. There are currently 15 on-campus residence halls in which Residential Life provides administrative and management support. Residential Life utilizes the campus systems and has also developed an intranet-based system called “MyResLife” which is used to track parking permits, meal tickets, non-cash awards, and vacation and sick leave accruals. It also hosts applications for the Residential Life student conduct database, room and equipment reservations, budget and human resource information, and other resources.

Residential Life is comprised of approximately 37 full-time career employees, four limited appointment employees, 42 contract employees, and 20 faculty-in-residence. For fiscal year 2015-16, Residential Life had expenditures of approximately $13.8 million, including $11 million in employee compensation and benefits. The University has charged Residential Life with providing the student life experience for residential students, hence funding is provided by a portion of student housing fees collected by Housing & Hospitality Services (H&HS). Residential Life is headed by an Assistant Vice Chancellor of Student Development, who reports to the Interim Vice Chancellor of Student Affairs.

Purpose and Scope

The primary purpose of the review was to ensure that Residential Life’s structure and controls, and the related systems and procedures surrounding key accounting and administrative activities are conducive to accomplishing its business objectives. The secondary purpose is to evaluate the adequacy and efficiency of internal controls. Where applicable, compliance with campus and University and departmental policies and procedures was also evaluated.

The scope of the audit focused on the following areas:

* Purchasing and Accounts Payable
* Personnel and Payroll
* Agency Accounts
* Information Systems
* Travel and Entertainment Expenses
* Perquisites
* Accountability Structure

The review was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and included such tests of records, interviews, and other auditing procedures considered necessary in achieving the audit purpose.

Summary Opinion

Based on the results of the work performed within the scope of the audit, Residential Life’s overall organizational structure and controls are generally conducive to accomplishing its business objectives. However, internal controls and certain business practices could be further strengthened by implementing the following:

*Purchasing and Accounts Payable*

* Review purchasing processes going forward, especially for those types of items that are repetitively purchased, to ensure that established purchasing practices comply with University policy.
* Staff should consistently utilize the most appropriate object codes to ensure that expenses are recorded to the object code that most accurately describes the charge.
* Establish appropriate business practices to ensure that, pursuant to UCLA Policy 740: Purchasing Goods and Services, no personal purchases are made by Residential Life or student staff with University controlled funds.
* Ensure that pricing estimates for labor and materials are always obtained from vendors who provide moving services to enable Residential Life to receive the most economical pricing possible.
* Collaborate with UCLA Events & Transportation – Parking Services to identify potential alternatives to the current practice of purchasing Yellow and/or Nite annual permits for the occasional use by guests of live-in staff.

*Personnel and Payroll*

* Ensure that monthly payroll reconciliations are performed and documented in accordance with UC Business and Finance Bulletin IA-101, “Internal Control Standards: Departmental Payrolls” (IA-101).
* Establish business practices to identify all Residential Life employees who are considered UCLA Mandated Reporters. The identified employees should sign the UCLA Mandated Reporter Identification form attesting that they understand their obligations under UCLA Policy 136: Reporting Child Abuse and Neglect (CANRA.)

*Agency Accounts*

* Ensure that all Residence Hall Controllers follow procedures that comply with Controller Policies for UCLA Residents' Hall Associations and UC Business and Finance Bulletin A-54, "Agency Accounts." In addition, the minimum requirements related to the handling and processing of cash and cash equivalents should be complied with, including the handling and transporting of cash in accordance with UCLA Policy 361: Cash Handling Safety and Security.

*Information Systems*

* Utilize the campus Learning Management System (LMS) for tracking and monitoring training to ensure that all Residential Life staff complete the required Cybersecurity Awareness Training course.

*Travel and Entertainment Expenses*

* Travel reimbursements should be carefully reviewed to ensure that all claims are appropriate and in compliance with University policy.

*Accountability Structure*

* Strengthen the Distributed Administrative Computing Security System (DACSS) accountability structure by reviewing documentation maintained by the Departmental Security Administrator (DSA), which summarizes the accountability structure and privileges granted, at least annually. The DACSS Query Database Reports should also be reviewed periodically for accuracy.

*Post Authorization Notices (PANs)*

* Management should ensure that all designated mandatory reviewers read their PANs in accordance within the time frame outlined in the UCLA Financial Policy.

The audit results and corresponding recommendations are detailed in the following sections of the report.

Audit Results and Recommendations

Purchasing and Accounts Payable

A&AS held discussions and performed walk-throughs with Residential Life staff to gain an understanding of various process life cycles and identify potential risks for loss or improper use of University funds. Purchasing and accounts payable business practices were evaluated to determine the extent to which Residential Life complied with applicable University policies and procedures. A&AS examined a sample of 20 expenditure items incurred during fiscal year 2015-16 from various UCLA purchasing order class codes from the General Ledger to verify their appropriateness. More specifically, A&AS conducted test work to verify that:

* Purchase requisitions were prepared and approved by an authorized employee.
* Expenses were adequately supported.
* The purchasing method used for each sample transaction was proper and recorded to the appropriate accounting string (full accounting unit).
* Goods and services purchased were properly received and documented.

A query of vendor and employee address matches was also performed to determine whether any potential conflicts of interest exist. Based on our review, A&AS noted the following:

1. Low Value Orders

A&AS identified two instances where Low Value Orders (LVOs) were issued on the same day (for $4,578 and $4,536), to the same vendor, and for the same materials. Review of the applicable PAN notifications for these transactions indicated that identical items were purchased with the LVOs. This vendor is used regularly but does not have a purchasing agreement established.

In addition, LVOs are being used as the purchasing method on a regular basis for the vendor Manhattan Stitching Company, Inc., DBA Brendan Screen Printing & Embroidery. During the period of our review, and up through March 1, 2017, this vendor did not have an existing strategic sourcing agreement with UCLA. Having such an agreement in place ensures that the University is protected in its transactions with outside vendors and may also receive better pricing terms as well.

Pursuant to UCLA Policy 741: Low-Value Purchases, the issuance of multiple LVOs on the same day or repeat orders on consecutive days to a particular vendor for the same or related material is prohibited. Purchases are limited to $5,000 per vendor, per day, per account code. Furthermore, items of supply, services, and repairs for which there is a repetitive requirement should be handled through an existing agreement.

Recommendation: Management should review its purchasing processes going forward, especially for those types of items that are repetitively purchased, to ensure that established purchasing practices comply with University policy.

Response: We recognize that this was an error and inconsistent with the policy. In review of the department’s 2015-16 transactions, this was the only instance of this type of error. We have reviewed our purchasing processes and internal practices and are confident that all are in accord with University policies. Given that the department uses this vendor frequently, we have also established a contract with this company in coordination with the UCLA purchasing department.

1. Object Codes

A review of 20 purchase transactions indicated that the most appropriate object codes were not used in two instances. One transaction used the object code for a Storage Service (3005) instead of the more appropriate code for a Moving Service (3004). The second transaction used the object code for clothing and uniforms (4370) rather than the more appropriate code for office supplies (4700).

Recommendation: Management should ensure that staff consistently utilize the most appropriate object codes to ensure that expenses are recorded to the object code that most accurately describes the charge. The accuracy of coding individual transactions is important to ensure proper financial and management reporting.

Response: Management will provide an annual training to all financial preparers, which will include proper use of object codes. In our review, the second example was initially created because the system automatically populated the wrong object code. It is still the preparers responsibility to double check these codes, which we will include in our training. We will also share with the accounting department consistent inaccurate auto-population of codes.

1. Personal Items Purchased with University Funds

A&AS review disclosed that a purchase for $580.65 was made from ASUCLA in June 2016 where the description of the purchase was listed as “Dr. Alan Hanson Award.” The award is provided annually by the Residential Life Academic Support Group from student nominations. The intended purchase was for two Apple iPad Mini tablets to be awarded to the winners by Residential Life personnel. The purchase invoice detail indicated that only one iPad Mini tablet was purchased for a total of $285.31, while the remaining balance of $295.34 was used to purchase personal use items that were retained by the individual making the purchase. During our follow-up regarding this situation, Residential Life staff indicated that a student made the purchase and they were aware of the student’s identity; however, Residential Life did not seek restitution for the dollar amount of personal items purchased, as the student was given permission by the coordinator of the award to purchase other items since the student already owned an iPad. During the course of audit fieldwork, A&AS saw no evidence or explanation in the supporting documentation that would support this approval.

Subsequent to concluding our testing in this area, Residential Life management advised us that, upon additional follow up with their staff, that the organizer of the award program confirmed giving the student permission to purchase the personal items described above because the student already owned an iPad tablet. The department had the staff member put in writing his approval to purchase other items instead of an iPad.

Recommendation: Management should establish appropriate business practices to ensure that, pursuant to UCLA Policy 740: Purchasing Goods and Services, no personal purchases are made by Residential Life or student staff with University controlled funds. Furthermore, if Residential Life staff become aware of a similar situation occurring in the future, either timely restitution should be initiated or supporting documentation to substantiate a change in award terms should be prepared and maintained in the appropriate departmental records.

Response: Residential Life’s business practice is consistent with UCLA policy 740. Residential Life acknowledges that this occurrence did not comply with the policy and that training for LVO’s need to be incorporated into our annual training. Residential Life commits to providing training regarding the appropriate use of LVOs to all staff members. For financial preparers, the training will incorporate proper review of the receipt matching the LVO before processing payment.

1. Moving Expense Documentation

Six invoices for moving services, totaling $12,721.40, were reviewed and showed that Residential Life utilized the vendor “CPM One Source, Inc.” for on-campus moves of furniture and personal property into housing facilities for live-in staff and for staff office relocations. A&AS obtained and reviewed a copy of the original contract that dates back to March 2003, and the current contract effective August 2015 through August 2020.

The invoices tested included a description of the services rendered and whether moving supplies were used; however, details of the order relevant to the particular job were not included. Specifically, the invoices did not include items detailed in the current contract, such as the quantity of supplies purchased, number of hours utilized for the job by labor classification, and the hourly bill rate by labor classification and/or the “not to exceed” dollar figure. In addition, written or oral estimates of the total hours with the relevant labor mix to complete the job and the total cost amount was not obtained for pricing review, prior to requesting the moves. Residential Life staff indicated that their review and approval for moves was based largely on past experience with similar types of moves.

Recommendation: Management should ensure that all moving services requested are pursuant to the terms and conditions established in the contract between UCLA and CPM One Source, Inc. In addition, management should ensure that pricing estimates for labor and materials are always obtained from vendors who provide moving services to enable Residential Life to receive the most economical pricing possible.

Response: Residential Life has implemented a new mandatory practice that will include quotes for all moving services. The department has already met with CPM One Source, Inc., to ensure this occurs for all transactions.

1. Utilization of Parking Permits

During fiscal year 2015-16, Residential Life purchased a total of $36,804 in parking permits. These consisted of 17 Yellow annual parking permits at a cost of $15,708 ($924/each), 13 "Nite" permits at a cost of $7,020 ($540/each), and another 1,173 day parking permits at a cost of $14,076 ($12/each).

Residential Life staff indicated that a small group of five central office staff receive one Yellow permit each to use for their guests, and then the remaining 12 permits are distributed to various residence courts for live-in staff to use for their visitors. Residential Life management indicated that, depending on the needs of the live-in staff, they use a variety of permits for visitors and guests (Yellow annual, Nite annual, and then day passes). Management indicated this is needed because there is no dedicated parking for guests of live-in staff and the practice has been in use for at least the past 25 years.

Given the cost of the Yellow annual permits to Residential Life just to use on an occasional, as-needed basis for guests, it would appear more cost effective to purchase additional day parking passes at a much lower cost ($924 per Yellow permit to have on hand for everyday use versus $12/day pass to use when needed). As an example, for the $15,708 spent in fiscal year 2015-16 to have Yellow annual permits available and on-hand, Residential Life is essentially paying for 1,309 visitor days' worth of guests. The amount spent for Nite annual permits would buy an equivalent of 585 days' worth of visits.

In discussions with Residential Life staff, it did not appear that written procedures or a mechanism had been established to track or monitor the frequency of use of the Yellow or Nite annual permits for guests of live-in professional staff. Without such a mechanism, it would be a challenge for management to know whether or not the amount spent for the annual permits is justified at the existing levels.

Recommendation: Management should collaborate with UCLA Events & Transportation – Parking Services to identify potential alternatives to the current practice of purchasing Yellow and/or Nite annual permits for the occasional use by guests of live-in staff. These alternatives should consider how to best address the operational needs of Residential Life live-in staff while also being as efficient as possible with University funds.

Response: Residential Life agrees that a cost analysis should be conducted in collaboration with UCLA Events & Transportation – Parking Services to determine the most cost effective methods to achieve this operational need. Residential Life Leadership will reach out to UCLA Events & Transportation – Parking Services Leadership before fall 2017 to initiate this process.

Personnel and Payroll

Interviews were conducted with Residential Life management and staff to obtain an overview of the process and controls over personnel and payroll business practices. A sample of personnel files for new hires and separated employees were tested to ensure that business practices are appropriate and comply with applicable University policies. Time Reporting System records were examined for accuracy and completeness. Compliance with California’s Child Abuse and Neglect Reporting Act (CANRA) was evaluated to determine the extent to which Residential Life adhered to requirements for mandated reporters under the Act. Payroll ledgers and related documentation was reviewed to verify that the ledgers are reconciled and approved in a timely manner. Further, A&AS evaluated the process used to distribute paychecks and earning statements to determine whether distributions are in accordance with University policy.

1. New Hires

The departmental new hire process was tested to verify that personnel were hired in accordance with University procedures. Verifications were performed to ensure that background checks were requested for applicable new hires by Residential Life staff. A&AS selected a sample of two Resident Assistants, one Resident Advisor, one Management Service Officer, and one Student Work Study hired on or after August 1, 2016, for testing. Test work indicated all background checks were properly performed and documented.

There were no significant weaknesses noted in this area.

1. Separated Employees

Residential Life departmental processes to separate employees was tested to verify that employees were properly separated in accordance with University policies and procedures. Test verifications were performed to ensure employees were paid correctly and in a timely manner. A sample of two Resident Assistants, two Student Workers, and one Program Representative that separated after April 1, 2016, was selected for testing. Test work indicated the employees were separated in accordance with University policies and procedures.

 There were no significant weaknesses noted in this area.

1. Time Reporting System (TRS)

A&AS reviewed a sample of ten employee time records via the TRS from Residential Life. The time records were verified to ensure that accurate and complete time records are maintained, and that they are signed and dated (electronically) by the employee and their supervisor prior to payroll processing. All ten employee records reviewed were complete and properly approved.

There were no significant weaknesses noted in this area.

1. Distribution of Paychecks

Discussions regarding the distribution of paychecks and earning statements were held with the Senior Administrative Analyst Supervisor and the Administrative Analyst on November 7, 2016. Discussions indicated that the process and business practice that Residential Life has implemented to ensure that distributions are in accordance with University policy are adequate.

There were no significant weaknesses noted in this area.

E. Reconciliation of Payroll Ledgers

 Monthly payroll reconciliations from January through June 2016 were requested for review from Residential Life to verify that reviews are documented and performed in a timely manner. A&AS found that payroll ledger reconciliations are not being performed on a monthly basis by Residential Life personnel. Management stated that payroll reconciliations were a regular practice prior to roles being expanded that have increased the volume of work. The staff member previously assigned this responsibility changed roles and a replacement employee was not assigned to take over the task. Residential Life could not provide an approximate timeframe of when regular reconciliations were discontinued.

 Recommendation: Management should assign a staff member the responsibility of reconciling payroll expenditures and to document that the monthly review has been performed as required in IA-101.

 Response: Effective July 1, 2017, Residential Life has assigned a staff member to reconcile payroll expenditures monthly. Residential Life will perform a staff work audit by December 2017 to determine if additional staff are needed in order to be in compliance with all payroll personnel policies.

1. Reporting Child Abuse and Neglect (CANRA)

CANRA training is being completed by newly hired mandated reporters within Residential Life, as required; however, discussions with the Senior Administrative Analyst Supervisor disclosed that the required forms are not being collected from employees. Mandated Reporters are not completing the required CANRA "UCLA Mandated Reporter Identification Form" (Attachment A) and the "UCLA Mandated Reporter Acknowledgement Statement" (Attachment B), prior to and as a condition of employment whether at time of initial hire or transfer to a new position. Both the completed Identification Form and Acknowledgement Statement is required to be submitted to the appropriate Human Resources representative and a copy retained in the employee's personnel file, per UCLA Policy 136 “Reporting Child Abuse and Neglect.”

Recommendation: Management should review existing business practices related to CANRA to ensure that Residential Life employees who are considered UCLA Mandated Reporters are identified and notified to complete the required CANRA forms in accordance with UCLA Policy 136 and that required documentation is retained as outlined in the policy.

Response: While the audit did confirm that the department is providing the appropriate CANRA training, the department acknowledges the accompanying forms were not being signed. As of July 1, 2017, Residential Life has incorporated the completion of these forms into the CANRA training that occurs during the hiring process. All outstanding forms will be collected by, no later, than December 31, 2017.

Agency Accounts

A&AS reviewed the internal financial controls over the agency funds to ensure that disbursement, deposit, and account reconciliation practices are in accordance with Controller Policies for UCLA Residents' Hall Associations (Controller Policies). Residential Life's compliance with UC Business and Finance Bulletin A-54, "Agency Accounts" (A-54) was also evaluated. A&AS obtained the January 1 through June 30, 2016 bank records and internal financial reports from for Rieber Hall, DeNeve (AB), Saxon Suites, Sproul Hall, and Courtside. The following were noted:

*Disbursements*

A&AS selected the following four Residence Hall Association Accounts: Rieber Hall, DeNeve (AB), Saxon Suites, and Sproul Hall. A&AS obtained the related bank statements, monthly reconciliation reports, Check Register Report/Distribution sheet and Disbursement Request Forms with receipts. A&AS staff verified the following for a sample of 20 check disbursements:

* Disbursements are supported by a Disbursement Request Form and all pertinent information and approvals are completed.
* Receipts and other supporting documentation is attached to the disbursement request.
* The purpose of the disbursement is appropriate.
* Checks are drawn to the payee authorized to receive the money; Checks issued contain dual signatures.
* The recipient signed the Check Register Report/Distribution Sheet upon receiving the check.

Disbursement Request Forms disclosed that the signature approval of the building/house/floor Controller for five forms were not obtained for one Residence Hall. The Disbursement Request Form must consist of approvals by floor/house/building Controllers, floor/house/building staff and/or association cabinet members. In addition, dual signatures were not obtained on four checks from authorized Residential Life staff members before check issuance. Dual signatures are mandatory for check issuance. One of the signatures must be the Controller and the other signature must be the Resident Director, or the Assistant Director, Associate Director, and/or authorized Residential Life staff member. Further, a Check Register Report/Distribution Sheet is not being utilized by another residence hall to document the signature and date of the check pick-up by the recipient. All payees must sign a Check Register Report/Distribution Sheet upon receiving their check. This signature confirms that they have received the check. No check should be distributed until the payee has signed as receiving it.

*Deposits*

The following four Residence Hall Association Accounts: Rieber Hall, Saxon Suites, Sproul Hall, and Courtside were selected for review. A&AS obtained the related bank statements, monthly reconciliation reports, and deposit receipts for each residence hall. The following verifications were performed for a sample of 16 deposits:

* The date, amount of deposit, and account credited is documented.
* Source of income and purpose of cash received is documented.
* All supporting documentation for cash receipts, including bank receipts, invoices and actual copies of checks deposited are being maintained.
* Discrepancies are documented.
* Deposits (checks and cash) awaiting deposit are properly secured and made in a timely manner.

Test work indicated the source of income and purpose of cash received is not being documented for cash receipts, and supporting documentation including bank receipts and copies of check deposits are not always being maintained. For all cash receipts, the source of income and purpose of cash received should be described in as much detail as possible. In addition, all supporting documentation for cash receipts, including receipts, invoices, and actual copies of checks deposited should be maintained. A discrepancy identified in a February 26, 2016, bank deposit was not documented to explain the reason and/or resolution. The Controller should research and resolve all campus account charges that cannot be explained. The Controller should also seek assistance from the Resident/Assistant Director or the Associate Director, when necessary. Further, in discussions with Residential Life staff, it was disclosed that residence hall deposits are being walked over to the local bank branch by the Resident Directors instead of scheduling armored courier service for the transport of cash receipts. This practice does not comply with requirements of UCLA Policy 361: Cash Handling Safety and Security, (UCLA Policy 361).

*Reconciliations*

A&AS obtained and reviewed bank statements and monthly reconciliation reports for the following five Residence Hall Association Accounts: Rieber Hall, DeNeve (AB), Saxon Suites, Sproul Hall, and Courtside. The following verifications were performed:

* Reconciliations are being performed monthly and records are maintained for bank transactions such as balances, cleared and outstanding checks, and deposits.
* Account reconciliations to bank statements are being performed.
* Management documents their review of the reconciliations.

For the five residence hall accounts reviewed, agency and bank account reconciliations are being performed monthly. However, management is not signing the reconciliations documenting their review.

Recommendation: Management should ensure that all Residence Hall Controllers follow procedures in accordance with Controller Policies for UCLA Residents' Hall Associations and A-54. Management should also ensure that the minimum requirements related to the handling and processing of cash and cash equivalents are complied with to ensure that these assets are protected, accurately processed, and properly reported. In addition, management should ensure that those engaged in the handling and transporting of cash are protected and that associated risks are minimized to the extent possible, as stated in UCLA Policy 361.

Response: Residential Life agrees that dual signatures are required on every check, and the check register report/distribution sheet must be signed to receive a check. Residential Life also acknowledges the appropriate responsibilities around deposits and the requirement that monthly reconciliations, while being completed monthly, need to be signed by management. During this past fiscal year, the Associate Director for Finance retired, who managed the agency accounts for about the past 20 years. Residential Life will perform a comprehensive review to determine the appropriate staffing in order to be in compliance with our agency accounts. Based on this audit recommendation and previous audit recommendations, we anticipate needing greater professional staff support to comply with policies and procedures in order to appropriately manage all of the UCLA Residents' Hall Associations accounts. Residential Life is actively engaged with UCLA Financial Management to find solutions for transporting cash.

Information Systems

Interviews were conducted with Residential Life management and staff to obtain an overview of the process and internal controls over Information Systems. Personally Identifiable Information (PII) and Personal Health Information (PHI) retention was evaluated to ensure that controls are in place to adequately secure PII and PHI. A review of Residential Life’s Desktop/Laptops/Mobile device listings was performed to confirm that the inventorial records of those assets are current and being maintained by management. Cybersecurity training was evaluated to ensure that Residential Life personnel are in compliance with the October 2015 UC Systemwide mandate.

1. Personally Identifiable Information (PII) and Personal Health Information (PHI)

Information Technology interviews were held with the Director of the Office Technology Center (OTC) and the Senior Systems Engineer of OTC. Discussions with these staff disclosed that PHI is not being retained within Residential Life systems. Student Resident PII-related information is maintained on the MyResLife application "Advocate," that is used for student conduct incidents. The PII data is encrypted, access is limited to the three staff members of OTC that control it, and the information is accessed by single sign on and multifactor authentication.

There were no significant weaknesses noted in this area.

1. Desktops/Laptops/Mobile Devices

Meetings and discussions were held with the Director of OTC and the Senior Systems Engineer of OTC to gain an understanding of the Technology and Information Systems administered by Residential Life, and the related inventorial records being maintained. A listing of the number of desktop computers, laptop computers, and mobile devices was obtained and reviewed. This listing indicates the device description, status of device (whether it is checked-out or available), the name of the individual that the device is assigned to, and property tag numbers assigned to each device. The number and type of software applications were also noted.

There were no significant weaknesses noted in this area.

1. Cybersecurity

On October 22, 2015, the UCLA Office of Executive Vice Chancellor notified the campus of the new requirement that all employees on active payroll status must complete Cybersecurity Awareness Training by January 31, 2016. New hires after January 31, 2016, had six weeks to complete the training to be in compliance with the mandate. A&AS evaluated the extent to which Residential Life personnel were in compliance with the new UC Systemwide training requirement. Based on review of training records in the UCLA Learning Management System, the majority of Residential Life management and staff had completed the Cybersecurity Awareness Training by the prescribed deadline. However, A&AS identified 37 employees that had not completed the training, as of the date of our review (September 20, 2016). All 37 employees identified were on payroll and had an active status in the Employee Database (EDB) system. Training files are not being maintained and there is no written set of procedures or template used to monitor employee training progress or compliance.

Without a process to monitor and track training completions, management may not be aware its employees are not current with required training. In addition, staff may not have received the most up-to-date information on cyber-related threats facing the University and what measures should be implemented to mitigate them.

Recommendation: Management should utilize the campus Learning Management System (LMS) for tracking and monitoring training to ensure that all Residential Life staff complete the required Cybersecurity Awareness Training in a timely manner. Going forward, the Cybersecurity training should be completed by all department employees on an annual basis or within six weeks of a newly-hired employee’s start date.

Response: Residential Life has designated the Director of Operations to track and monitor all mandated online trainings including the Cyber Security Awareness training. In addition, the Director of Operations will consult with Campus Human Resources regarding the training requirements of student staff.

Travel and Entertainment Expenses

Travel and entertainment expenses were reviewed to evaluate Residential Life’s compliance with UC Policy G-28 – Travel Regulations (UC Policy G-28). A sample of 10 travel expenses and 15 entertainment expenses from fiscal year 2015-16 were reviewed. A&AS obtained supporting documentation from Residential Life, such as expense reports and receipts for transportation, airline, meals of $75 or more, and lodging expenses. Justification letters and program/meeting agendas were also reviewed to determine the purpose of the trip and reasonableness. In addition, the number of participants, date and location of the event, purpose of the event, and authorized approvals for entertainment expenses were also reviewed. The following were noted from our review:

* A travel expense report showed that a traveler used a personal vehicle and received reimbursement for gasoline totaling $45.00, in addition to trip mileage. UC Policy G-28 only allows the reimbursement of mileage for the use of privately-owned vehicles, which includes fuel expenses.

* Another expense report showed that a traveler received a $25 reimbursement for a checked baggage fee that was did not appear related to the trip details. The total amount of all expenses and advances pertaining to a particular trip must be accounted for when submitting a travel expense claim.

Recommendation: Management should ensure that travel reimbursements are carefully reviewed to ensure that all claims are appropriate and in compliance with University policy.

Response: Residential Life agrees and all travel policies will be included into the annual budget/fiscal training for staff.

Perquisites

Selected professional live-in staff within Residential Life receive perquisites as part of their employment contract. Perquisites are monthly offsets against apartment and meal charges for staff positions such as Resident Directors, Assistant Directors, Resident Advisors, Program Coordinators, and Faculty-in-Residence. Dollar amounts are generally fixed monthly amounts that are assigned to specific positions and housing locations, and not particular individuals.

A&AS selected a judgmental sample of perquisite expenses incurred during fiscal year 2015-16 to evaluate whether they are properly recorded and agree with Residential Life departmental business practices and University policies and procedures. Perquisite reimbursements from December 2015 were selected for detail review. The transactions represent monthly journal entries that charge Residential Life for room and board perquisites associated with the staff positions noted above. These selected staff positions require the individuals to live on campus as a condition of employment and, therefore, are entitled to these perquisites.

For each of the 18 staff that received a perquisite in December 2015, A&AS matched each employee name with their listed position and residence hall location.

There were no significant weaknesses noted in this area.

Accountability Structure

Residential Life’s accountability structure in DACSS as of October 21, 2016, was evaluated for effective delegation of authority in reviewing payroll and non-payroll transactions, and for compliance with the UCLA Financial Policy on “Principles of Financial Accountability.”

1. Accountability Structure

The June 2016 Chief Administrative Officer (CAO)/DSA Accountability Matrix, was evaluated to verify that current access is appropriate and consistent with the organizational structure and job responsibilities within Residential Life. During the evaluation of the accountability structure, it was determined that Residential Life’s DACSS accountability structure were not aligned with the CAO/DSA Accountability Matrix that is prepared and filed with UCLA Corporate Financial Services as a part of the annual CAO Certification process. Five mandatory reviewers with assigned Process IDs were not indicated on the CAO/DSA Accountability Matrix for the department. Specifically, an Administrative Analyst has a Process ID “PPP” assigned; a Director of Student Development Operations has Process ID “EQM" and "FSN” assigned; a Senior Budget Analyst has Process ID “PPP” assigned; and an Assistant Vice Chancellor for Student Development has Process ID “PUR” assigned. In addition, an Administrative Specialist was assigned as a mandatory reviewer for Personnel and Payroll transactions in error.

Recommendation: Management should strengthen the DACSS accountability structure by reviewing documentation maintained by the DSA, which summarizes the accountability structure and privileges granted, at least annually. The DACSS Query Database Reports should also be reviewed periodically for accuracy.

Response: Residential Life agrees that the DACSS accountability structure and regular reviews of the DACSS reports are needed. The Director of Operations is now the DSA for the department and recently completed training. The Director of Operations will be responsible for quarterly checks of the accountability structure.

1. Post Authorization Notifications (PANs)

A&AS obtained and reviewed the July 1, 2015, to June 30, 2016, audit logs of individuals to verify that PANs were reviewed in a timely manner in accordance with the UCLA Financial Policy. A judgmental sample of transactions was selected for review. Although the UCLA Financial Policy states that transactions must be reviewed within two working days of receipt, A&AS used a five-day criterion for determining compliance to account for weekends, holidays, alternative work schedules, and short absences.

For the sample selected, A&AS identified five reviewers that had Personnel and Payroll-related PANs that were unread within five days of receipt. An Administrative Specialist had over 200 PANs that went unread from 13 to 58 days; an Administrative Analyst had 153 PANs that went unread from 6 to 7 days; a Senior Budget Analyst had 8 PANs that went unread from 6 to 12 days; and a Senior Administrative Analyst Supervisor had over 200 PANs that went unread from 6 to 8 days. On another occasion, an Assistant Vice Chancellor had an unread Purchase transaction PAN notice that went unread by two days.

Recommendation: Management should review the department’s current accountability structure to ensure that the current set up is appropriate. In addition, management should ensure that all designated mandatory reviewers read their PANs in accordance within the time frame outlined in the UCLA Financial Policy.

Response: Residential Life agrees that the PANS should be reviewed in a timely manner and in accordance with the UCLA Financial Policy. The Director of Operations will run bimonthly reports and send notifications to all who are not in compliance, to assure continued compliance with the UCLA Policy. Residential Life will work with the Divisional DSA to make changes of mandatory requirements in the DACCS system to assist staff in those seasonal workload periods when it becomes more difficult to check PANS within the 2 working day policy.

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