



AUDIT AND ADVISORY SERVICES
SANTA BARBARA, CALIFORNIA 93106-5140
Tel: (805) 893-2829
Fax: (805) 893-5423

May 9, 2022

To: Danielle Quinones-Ortega -Director, Student Engagement and Leadership
Student Life

Re: **Office of Student Life – Registered Campus Organizations**
Audit Report No. 08-22-0010

We have completed a limited review of Office of Student Life – Registered Campus Organizations as part of the 2021-22 annual audit services plan. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Enclosed is the report detailing the results of our work.

We sincerely appreciate the cooperation and assistance provided by the Office of Student Life and Student Engagement and Leadership during the review. If you have any questions, please contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ashley Andersen", is written over a light blue horizontal line.

Ashley Andersen
Director
Audit and Advisory Services

Enclosure

cc: Chancellor Henry Yang
Chuck Haines, Associate Chancellor
Margaret Klawunn, Vice Chancellor for Student Affairs
Katya Armistead, Assistant Vice Chancellor & Dean of Student Life
Suzanne Perkin, Associate Dean for Student Life
UCSB Audit Committee
Alexander Bustamante, Senior Vice President and Chief Compliance and Audit Officer

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UC **SANTA BARBARA**
Audit & Advisory Services

Audit Report

Office of Student Life – Registered Campus Organizations

May 9, 2022

Performed by:

Antonio Mañas-Melendez, Associate Director
Gifty Mensah, Senior Auditor

Approved by:

Ashley Andersen, Audit Director

Report No. 08-22-0010

EXECUTIVE SUMMARY

OBJECTIVE

The primary purpose of the audit was to evaluate the adequacy and effectiveness of internal controls implemented by Student Engagement and Leadership (SEAL) in managing Registered Campus Organizations' (RCO)¹ revenues and disbursement to ensure RCO financial sustainability and compliance with applicable University policies.

The objective of our audit was to determine whether:

- University funds are awarded to RCOs who met the criteria for the fund.
- Awards are fully accounted for and used for the intended purpose consistent with university policy.
- Disbursements are appropriately supported.
- SEAL will have funds to pay off liabilities if the accounting services phase-out.

CONCLUSION

Based on the results of the work performed within the scope of the audit, we found SEAL has implemented overall sufficient internal controls in managing RCOs' revenues and disbursement to ensure RCOs financial stability. However, our review highlighted opportunities for improvement in the following areas:

- Enhancing support documentation for awards including documenting exceptions to award requirements
- Accounting for award funds
- Performing reconciliation of accounts
- Determination for allowance of recreation groups operating in deficit

SEAL has gradually stopped providing accounting support to non-student campus groups and has expressed the intention of stopping management of RCOs trustees' accounts. It is important for the campus to weigh the risks of decentralizing this service without adequate guidelines and best practices to oversee RCOs financial activity. The decision of how to proceed is currently under discussion by Student Affairs management. Audit and Advisory Service will include an advisory service next year to identify best practices to oversee RCO's financial activity.

¹ Campus organizations supported by SEAL. For clarification purposes, this report will use Campus Groups for all other organizations not supported by SEAL. See background section for additional details.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. STEWARDSHIP OF STUDENT FUNDS

OBSERVATION

We found overall adequate controls to review and award University funds to RCOs. SEAL overseas² After Dark fund and steward funds for the Student Initiated Outreach Program (SIOP), CommUnity Grants, and Student Fee Advisory Committee (SFAC) to RCOs who meet the established criteria for the fund.

Our work revealed that criteria for funding has been established and communicated to RCOs. An award committee reviews and approves the funding requests based on predefined criteria. Additionally, SIOP, SFAC, and After Dark awards did not exceed the funding allocation for the review period and any unused fund/allocation was returned to the appropriate fund as required.

However, we found the need for the department to adhere to the requirements of the awards or document any exceptions. We noted that some awards were granted for a higher amount than is required of the fund and did not document the justification for the exception. Additionally, it could be convenient to include in the award application form that the RCO will not restrict the target audience. Finally, some award letters were not signed.

Allocations

During the audit, we assessed the fiscal years 2019-2020 and 2020-2021 allocations for the After Dark, SFAC, and SIOP funds and found that total awards did not exceed the funding allocation for any of the periods.

CommUnity Grants does not have periodic allocations. It is sourced from donations funds and used until the account is depleted. Total awards disbursed from this fund for the 2019-2020 and 2020-2021 fiscal years were \$3,325 and \$2,750 respectively.

Award Review

We reviewed a sample of 10 awards to confirm whether the requirements/criteria for the respective funds were met. Overall, requirements were met except in the following circumstances:

- We noted in a sample of five After Dark awards that:
 - In two applications, the amount awarded was higher than the amount requested by the applicants, and justification for the exception was not documented. The amount awarded to each RCO was \$1,000 while the RCOs applied for \$850 and \$350. The department explained that during the interview, they were presented with a budget that surpassed the amount requested and the committee chose to approve \$1,000 due to having enough funds to be able to provide for the students.

² See *Steward Funds* in the Background section for details.

- One award request form did not explicitly specify that the target audience was the entire UCSB student population as required of the fund.
- There was no exception in two of the samples reviewed.
- We reviewed three awards for the SIOP fund and all three awards met the criteria. However, the award letters to the applicants were not signed. The department explained that the letters were attached to the decision emails sent to the applicants.
- We selected two CommUnity Grant awards and found that the amount in one award exceeded the required limit for the fund. Amount approved was \$750 when the required limit for the fund is \$500. The committee did not document the justification for the higher amount. The department explained that during the pandemic, due to the low number of requests and the desire to disburse the funds as requested by the donors, the committee decided to make a maximum award of \$750 instead of \$500. There was no exception in the other sample reviewed.
- SFAC is a new fund that started in March 2021. We reviewed the approval of the only two awards and both awards were duly approved as required.

RECOMMENDATION

We recommend SEAL:

- Adhere to the requirements of the funds or document the justification for exceptions to the criteria.
- Ensure a statement that events funded by the awards cannot be restricted to a group of students is explicitly stated on the application form.
- Implement the use of electronic signature process to sign award letters.

MANAGEMENT RESPONSE

SEAL will:

- Adhere to the requirements of the funds or document the justification for exceptions to the criteria.
- Ensure a statement that events funded by the awards cannot be restricted to a group of students is explicitly stated on the application form.
- Implement the use of electronic signature process to sign award letters.

Audit and Advisory Services will follow up on the status of these issues by August 30, 2022

2. DISBURSEMENTS AND USE OF AWARDS

OBSERVATION

We found sufficient controls and monitoring procedures to ensure disbursements and RCOs' use of funds is appropriately supported and authorized and university funds are used for the intended purpose. However, we found opportunities to improve the support documentation for the use of the awards.

During the audit, we reviewed the support documentation for the use of 10 awards from After Dark, SIOP, and CommUnity Grants and:

- Verified that expenses have the appropriate support documentation.
- Verified that the award amount is fully accounted for.
- Confirmed whether University funds are not used to purchase alcohol or drugs.
- Confirmed that SEAL authorized all transactions.

Our review of the disbursement and use of awards process found that SEAL has accounting procedures to fulfill bills and for RCOs to expense funds from the trustee account as well the internal accounts³. RCO officers submit a request together with the support documentation to withdraw, transfer, and pay vendors through the department's online system, Shoreline. Additionally, there is an approval workflow within the department to approve the request and issue checks. SEAL maintains documentation for the accounting transactions. However, we found opportunities for improvement detailed below.

Support Documentation

Expenses and transactions were appropriately supported in seven⁴ out of 10 awards reviewed. There were invoices/receipts, and RCO officers signed accounting requests for reimbursements. Our review found that the support documentation to account for the use of advance checks and for payments to campus partners and departments is not centralized and properly documented. Specifically:

- In one After Dark award, there was no documentation to account for the use of the award. This was a \$1,000 check advanced to an RCO. The department explained that they usually request invoices for the expenses on all advanced checks and possibly collected via email. The support document for the advanced payment was not centralized in the department for easy access and was not available for review.
- Two awards consisting of four transactions did not have support documentation available for review. They consisted of two in each After Dark and SIOP fund, and were paid directly to campus partners amounting to \$935 and \$351, respectively. The department explained that the request for these transactions is not submitted by RCOs. They receive the requests through email from campus partners/departments to disburse funds and the email records are not maintained.

³ SIOP, SFAC, and CommUnity Grant accounts are maintained on campus.

⁴ All the multiple transactions in the seven awards were appropriately supported.

Accounting for Awards and Intended Purpose

The award value for eight out of 10 awards was fully accounted for. However, we found the process to account or return unused awards is not always documented.

In two awards, the total expenses were less than award value and evidence of refund of unused amounts was not documented and available. The total invoices for two CommUnity Grant awards were less by \$50 and \$296 from the award amount. Total checks advanced to the RCOs were \$750 and \$500, respectively. There was no evidence of refund of the unused amounts and it was not documented whether the unused amounts were returned by the RCOs to the respective award.

For all invoices reviewed for the 10 awards, there was no purchase of alcohol or drugs as required by policy.

Authorization and Approval

SEAL properly authorized all transactions in eight of 10 awards. However, we noted that the department processes transactions when the accounting request submitted has been rejected, without submitting a new request for approval.

We found that the accounting requests form for two advance checks for \$722 in one SIOP award and \$500 in one CommUnity grant were not authorized. A new request was not submitted for approval, but payments were released.

RECOMMENDATION

We recommend SEAL to:

- Ensure RCOs submit invoices to accounts for advance payments received. These documents should be centralized for reference and availability.
- Evaluate enhancing the support documentation for reimbursements to campus partners and departments.
- Ensure award amount is fully accounted for. This should document monitoring procedures for advanced check transactions including the process to return unused awards.
- Complete a new accounting request form when the original request is rejected to ensure that all transactions are authorized and have an approved accounting request form.

MANAGEMENT RESPONSE

SEAL will:

- Ensure RCOs submit invoices to accounts for advance payments received. These documents should be centralized for reference and availability.
- Evaluate enhancing the support documentation for reimbursements to campus partners

and departments.

- Ensure award amount is fully accounted for. This should document monitoring procedures for advanced check transactions including the process to return unused awards.
- Complete a new accounting request form when the original request is rejected to ensure that all transactions are authorized and have an approved accounting request form.

Audit and Advisory Services will follow up on the status of these issues by August 30, 2022

3. ACCOUNTING SUPPORT

OBSERVATION

Student Affairs is evaluating alternatives to reduce or stop providing accounting support to RCOs and managing RCOs trustees' accounts. SEAL plans to continue to award the After Dark and steward funds for SIOP, Community Grants, and SFAC. The approval of service closure and how the campus would proceed are pending management's decision. It could be convenient to assess the risk of decentralizing the service and to identify best practices to guarantee RCOs financial activity is properly monitored.

Currently, SEAL maintains an account on behalf of RCOs which is referred to as a "trustee account" or "RCO account" in an account at Union Bank. RCOs deposit fundraised cash or checks into the RCOs' trustee account through the Associated Student Cashiers and Ticket Office. When an RCO receives an After Dark award, it is deposited in a sub-account of the trustee account. Awards from the SIOP, CommUnity Grants, and SFAC funds are managed through internal accounts on campus. 468 campus groups on Shoreline⁵ have an RCO account with SEAL for the 2020-2021 academic year. This includes 424 active RCOs, 13 inactive RCOs, three faculty/staff-only⁶ groups, and 28 recreation groups.

We were informed that the Department of Recreation would not be able to take over the accounting process of the recreation groups from SEAL because the concept is already set up in SEAL. At the time of the audit, Recreation was in a discussion with SEAL and Business and Financial Services on how to proceed with the accounts of the 28 recreation groups after the closure, and the final decision had not been made.

4. FINANCIAL STATEMENTS

OBSERVATION

Our review of financial statements for the RCOs' accounts managed by SEAL determined that there should be sufficient funds to pay off liabilities upon the service closure⁷. Specifically, we found bank accounts balances exceed liabilities by approx. \$144,500 and SEAL has the responsibility to assume a total deficit of approx. \$17,441 reported in the financial system upon the closure.

⁵ See *UCSB Student Engagement & Leadership/ Office of Student Life* in the Background section for details.

⁶ See Section 5 for additional information.

⁷ As of February 28, 2022.

Liabilities

During the review, we calculated the total RCOs accounts and compared them to bank statement balances to see if the department would have enough funds to pay off liabilities after the closure. We determined that the funds in the bank accounts were sufficient to cover all declared balances in RCOs' trustee accounts.

Additionally, we found a discrepancy between the total liabilities reported in the department financial system and the bank accounts resulting in an excess of approx. \$144,500 after liabilities are paid. This could imply a lack of proper documentation and accountability.

Table 1 shows the breakdown of money owed to RCOs and the campus as well as the excess as of February 28, 2022.

Table 1	Liabilities	
	Liabilities	Amount
	Bank Accounts	1,133,037
	SEAL Financial System	988,539
	Difference	144,498

Source: SEAL QuickBooks and bank statements and Auditor analysis.

Accounts with Negative Balance

We found that SEAL has the responsibility to assume a total deficit of approx. \$17,441 reported in the financial system upon the closure. Some RCOs overdraw their account because the department does not always verify that RCOs have sufficient funds in their accounts before a transaction, and this places some accounts in deficits.

We identified RCOs who are not under the Department of Recreation but have overdrawn balances as of February 28, 2022, and confirmed the department liable for the deficit as well as the reason for the deficits. We were informed that it is not feasible to charge the accounts of past RCOs' officers or enforce payment from current officers. As a result, SEAL will have the responsibility to pay off the deficit:

- A total of \$15,209 of the deficit is from several RCOs who have overdrawn their accounts and no longer exist on campus. These groups and their officers don't exist to shoulder the responsibility. This amount is a long outstanding bulk balance and not identified with a specific RCO. As a result, we could not determine the reasons for this deficit and how long it has existed in the books.
- 13 active RCOs have overdrawn their balances due to several reasons to a total of \$2,232. Even though by policy RCO officers are responsible for the deficits, the campus currently does not enforce payments of deficits. At the time of the audit, the SEAL was following up on some of these RCOs and expects part to be recovered.

Some of the reasons for the deficits include overdrawn due to shipping charges, maintenance fees, instructional development, and Transportation and Parking Services

bills. Based on these reasons provided by the department, we noted that:

- The department did not always confirm that the RCOs had enough funds in the account to cover a transaction before charging the account.
- There could be a lack of communication with external parties/departments who billed SEAL for RCOs use of department services. The responsibilities SEAL has for RCOs bills may not be clearly communicated.

5. NON-STUDENT GROUPS

OBSERVATION

SEAL currently does not allow non-student groups to be registered as RCOs and does not manage the accounts of non-student groups. However, SEAL modified this process 18 months ago and may have non-student groups' accounts with residual balances that continue providing financial support.

During the audit, we inquired about the management of these groups' accounts, their sources of funds as well as the process for opening a non-student group on campus. We found the following:

- SEAL does not manage the accounts of non-student groups. However, we found the accounts of three groups registered under faculty/staff-only groups on Shoreline with a total balance of \$5,318 as of February 28, 2022 as follows:
 - One has completed registration requirement and has been active. SEAL explained that this was an oversight since they stopped managing such accounts. The total balance on this account is \$1,790.
 - Two have not re-registered and have not been active since 2018-19 academic year. Total balance on these accounts amounted to \$3,528. SEAL continues to access maintenance fees in these accounts.
- We identified 151 campus groups (24 faculty/staff-only groups, 10 university committees, and 117 department) on Shoreline. However, we found that two groups classified on Shoreline under faculty/staff-only group do not belong to this category and should be reclassified as a student group.

RECOMMENDATION

We recommend SEAL to:

- Evaluate current RCOs and determine that they are appropriately classified on Shoreline.
- Identify all non-student groups accounts in their financial system and return their balance on account to the departments tied to these groups.

MANAGEMENT RESPONSE

SEAL will:

- Evaluate current RCOs and determine that they are appropriately classified on Shoreline.
- Identify all non-student groups accounts in their financial system and return their balance on account to the departments tied to these groups.

Audit and Advisory Services will follow up on the status of these issues by August 30, 2022

6. RECREATION ACCOUNT MANAGEMENT

OBSERVATION

We found that the Department of Recreation operates with a total deficit of about \$139,384 on the RCO accounts as of February 28, 2022 due to allowing sport teams to overdrawn RCO account balances and usually clearing deficits with funds in University of California (UC) Regents' accounts (Regents) at the end of the academic year. This has highlighted the need for Recreation to implement practices to minimize deficits in RCO accounts and to improve tracking controls to prevent teams who have no funds in their Regents' account to overdraw their accounts.

SEAL has a Memorandum of Understanding with the Department of Recreation that covers SEAL doing part of their accounting, funding, and collection processes. Each team of the 28 teams has an RCO account managed by SEAL and a Regents account managed by Recreation.

We noted that it is the practice of teams to overdraw their account in anticipation of future funds or offset by funds in the Regents account. Recreation usually moves funds from Regents accounts to offset deficits by the close of the fiscal year.

During the audit, we found that 14 out of the 28 teams have overdrawn their RCO accounts to the tune of approx. \$139,384. We determined whether these teams have sufficient funds in their Regents' accounts to cover the deficit should the need be and noted the following:

- 10 out of the 14 have enough funds in the Regents accounts. Their total balance of \$242,031 in the Regents accounts will cover the deficit of \$43,061.
- Three do not have enough funds in Regents accounts to cover the deficit. They have a total of \$52,880 in the Regents accounts while the deficit is \$95,324. The department explained that these teams are expecting winter and summer dues to clear the deficits.
- One team has a deficit balance also in the Regents account. The total deficit amounted to \$27,544 and this team is also anticipating fall and summer dues to offset both deficits.

RECOMMENDATION

We recommend SEAL and Recreation evaluate measures to prevent teams without funds in

the Regents account to overdraw their RCOs' accounts. If possible, Recreation should move funds quarterly to clear deficits instead of the end of the fiscal year.

MANAGEMENT RESPONSE

SEAL and Recreation will evaluate measures to prevent teams without funds in the Regents account to overdraw their RCOs' accounts. If possible, Recreation should move funds quarterly to clear deficits instead of the end of the fiscal year.

Audit and Advisory Services will follow up on the status of these issues by August 30, 2022

7. RECONCILIATION

OBSERVATION

Our review has highlighted the need to perform regular reconciliations of RCOs' account balances between the departmental financial system (QuickBooks) and Union Bank to ensure the accuracy of account balances tracked in QuickBooks.

During the audit, we found that SEAL does not perform periodic reconciliations of RCOs' account balances. We determined RCOs' account balances were understated by approx. \$286,000 with bank statements as of February 28, 2022.

Table 3 summarizes the balances in the department's financial records and the bank statement balances.

Table 2 SEAL Financial System Balance Vs Bank Statement Balance	
Entity	Amount
RCOs (Non-sports Teams) with Positive Balances	\$792,660
RCOs (Non-sports Teams) with Deficit Balances	(2,232)
Inactive RCOs (Non-sports Teams) with Positive Balances	13,245
Recreation Sports Teams with Positive Balances	170,293
Recreation Sports Teams with Deficit Balances	(139,384)
After Dark Fund Balance	7,024
Faculty/Staff-Only Groups	5,318
Total Net Balance in Financial System	\$846,923
Union Bank Statement Balance	\$572,984
RCOs On-campus Account Balance	560,052
Total Net Balance on Bank Statement	\$1,133,037
QuickBooks Understated	\$286,113

Source: SEAL financial statements and Auditor analysis.

SEAL explained that they do not have enough support to provide this service in the department. The last reconciliation was prepared in 2014 by the previous director and the process stopped after the director left. As compensation, the department informed us that they usually confirm deposit records in Union Bank with QuickBooks to ensure both agree. However, they do not do the confirmation for checks paid or total balances at month-end.

We selected a sample of 10 checks paid by the bank for the month of February and confirmed that these checks were accurately recorded in QuickBooks.

We reconciled balances reported by the Recreation department on the sports teams to balances reported by SEAL for the teams. We found 25 out of 28 teams' balances agreed in both records but three did not. However, Recreation explained that the differences could be a result of the time lag between when entries were made in both departments.

RECOMMENDATION

We recommend SEAL perform reconciliations regularly to ensure the accuracy of transactions and account balances.

MANAGEMENT RESPONSE

SEAL will perform reconciliations regularly to ensure the accuracy of transactions and account balances.

Audit and Advisory Services will follow up on the status of these issues by August 30, 2022.

GENERAL INFORMATION

BACKGROUND⁸

Based on UC Policy PACAOS_70, a Registered Campus Organization is a campus group whose membership predominantly comprises students, faculty, and/or staff of a particular University campus. However, SEAL define Registered Campus Organization as student only organizations that receive support from SEAL. For clarification purposes, this report will name UC definition for Registered Campus Organization as Campus Groups and will only consider campus organizations supported by SEAL as Registered Campus Organizations.

Membership in a Registered Campus Organization shall be open to any student, consistent with the Nondiscrimination Policy Statement for the University of California Publications Regarding Student-Related Matters, with the exception that membership in an officially recognized sorority or fraternity may be limited by gender. An authorized student government of a campus shall not be eligible for registration also as a Registered Campus Organization of that campus.

UCSB Student Engagement & Leadership/ Office of Student Life (SEAL/OSL)⁹

SEAL/OSL is home to campus groups, including fraternities & sororities, and leadership development programs. It also hosts a variety of special initiatives including After Dark Late-

⁸ UC-SA-12-0047_Policy on Registered Campus Organizations (PACAOS_70).

⁹ Office of Student Life website.

Night Social Programs, CommUnity Grants, and Student-Initiated Outreach Programs. To register a campus organization with the Office of Student Life, one must submit a constitution or equivalent document that has been approved by the group's officers/members. Based on registration status, there were 444 and 407 RCOs in 2019-2020 and 2020-2021. This includes 28 sports teams each year.

The Shoreline creates a platform to recognize all campus groups, including students and non-student groups. Non-Student groups follow a similar enrollment and training process expected for student groups. However, SEAL will only recognize student groups as Registered Campus Organizations. The steps to be incorporated on Shoreline are the following:

1. Creating an organization page on Shoreline and submitting the necessary documentation
2. SEAL approval of the page
3. Attending organizational leadership trainings
4. Pay registration fees
5. Meeting with a SEAL advising team

Compulsory Campus-Based Student Fees

Fees normally voted on by students through the Associated Students, Graduate Students Association, or Campus Election Commission process and levied at UC Santa Barbara which must be paid by all registered students to whom the fee applies. Such fees may be used to fund:

- Student-related services and programs, including, but not limited to, referenda-based student health insurance programs.
- Construction and renovation of student facilities such as student centers and recreation facilities.
- Student governments, Registered Campus Organizations, and student government- and Registered Campus Organization-related programs and activities.

Steward Funds

The department oversees four main steward funds that are awarded to RCOs who meet established criteria for the fund:

- **After Dark Funding:** The After Dark Late-Night Social Program Fund allocates funding to RCOs for student-initiated, alcohol-free, and non-alcohol centered social events and activities. The maximum funding that will be allocated to an RCO at one time is \$1,000.
- **CommUnity Grants** are designed to promote campus discourse around issues related to identity and cross-cultural interaction, as well as to enhance collaboration between diverse student organizations in order to build understanding and unity. The maximum funding that will be allocated at one time is \$500.
- **SIOP** serves to empower RCOs to participate in student-led outreach to inspire, motivate, and guide historically underrepresented and income-eligible, pre-college youth and transfer students. The maximum funding is \$6,000.

- SFAC Fund is a new OSL funding source for UCSB and it is meant to fund new and innovative student initiatives on campus. The maximum funding that will be allocated at one time is \$750.

Accounting Services

An account is maintained by SEAL on behalf of the RCOs which is referred to as a "trustee account" or "RCO account" This is a single account held at Union Bank but the department uses QuickBooks to manage individual accounts of each organization. RCOs can deposit fundraised cash or check to their organization's RCO account at the Associated Student Cashiers and Ticket Office. Funds deposited into by organization's RCO account roll over from year to year, similar to a bank account.

Occasionally, when an RCO is awarded an After Dark fund, this is also deposited in a sub-account in the trustee account. The unused balance from this fund does not roll over and when this account is overdrawn, funds are moved from the RCO's main account to pay off the balance. Awards from the SIOP, CommUnity Grants, and SFAC funds are managed through internal accounts on campus. Unused balances from these funds do not roll over from year to year.

RCOs request to disburse/expense funds from their accounts or awards through a reimbursement process at SEAL. Sports clubs under the Recreation department initiates their reimbursement process through Recreation. SEAL maintains documentation of all accounting transactions, which enables the organization to maintain accountability among officers, promotes transparency from year to year, and allows for thorough auditing by the organization's officers or members or the University.

SCOPE

The scope was limited to reviewing practices and processes for managing accounts of and awarding University funds to RCOs to ensure accountability as well as assessing the liabilities of the department upon the closure of the service. To accomplish our objectives, our work included interviews, a review of support documentation, and testing. Specifically, we:

- Obtained all RCOs accounts balances as of the current date and:
 - Reviewed OSL reconciliation of accounts reports and confirmed whether the separation of duties controls have been implemented.
 - Verified that bank statement balance agreed with department records to ensure accuracy and consistency.
 - Identified all non-sport RCOs accounts balances in deficit. Selected a sample of them and analyzed reasons for accounts in deficit.
 - Identified all recreation groups' account balances in deficit. Selected a sample of them and:
 - Confirmed if teams had enough funds in the Regent account that could cover the deficit.

- Verified that Recreation account balances agreed with OSL balances.
- Obtained the list of award decisions for the various funds. Selected a sample of awards and confirmed whether requirements/criteria were met.
- Identified allocations for the funds and verified whether expenses/awards exceeded the funding allocation for the period.
- Identified all After Dark accounts in deficit and confirmed why the account was in deficit.
- Selected a sample of reimbursement transactions and verified that:
 - Expenses had the appropriate support documentation.
 - Expenses were properly authorized.
 - University funds were not used to purchase alcohol or drugs.
 - Requested amounts were accounted for and agreed with invoices and amounts paid.
- Documented the campus process to award university funds to RCO when the accounting process phases out. This included the role in monitoring the fund and how they would ensure funding is used for the intended purpose.
- Verified whether funds available would pay off liabilities when accounting services phase-out.
- Identified non-student groups and whether their accounts are managed by SEAL.

CRITERIA

Our audit was based upon standards as set forth in the UC and UCSB policies, best practices, and other guidance relevant to the scope of the audit. This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

- UC-SA-12-0047_*Policy on Registered Campus Organizations (PACAOS_70)*
- UC-SA-12-0044_*Policy on Use of University Properties (PACAOS_40)*
- UC-SA-12-0046_*Policy on Student Governments (PACAOS_60)*
- UC-SA-12-0049_*Voluntary Student Contribution (PACAOS_90)*
- UC-SA-12-0048_*Policy on Compulsory Campus-Based Student Fees (PACAOS_80)*
- UCSB - *Student Conduct-Code-Fall-2020_Final*
- UCSB - *Campus-Regulations-Final-Effective-Fall-2020*

AUDIT TEAM

Ashley Andersen, Audit Director
Antonio Mañas-Melendez, Associate Director
Gifty Mensah, Senior Auditor