COLLEGE OF LETTERS AND SCIENCE

DIVISION OF HUMANITIES

UCLA DEPARTMENT OF ENGLISH

AUDIT REPORT #18-5002

Audit & Advisory Services

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Background

In accordance with the Campus fiscal year 2017-18 audit plan, Audit & Advisory Services (A&AS) conducted an audit of the UCLA Department of English (English).

English is a department within the Division of Humanities and part of the UCLA College of Letters & Science. The department grants degrees as follows: Bachelor of Arts (B.A.) in English, Bachelor of Arts in American Literature & Culture (B.A.), English Minor, Literature & the Environment Minor, and a Doctor of Philosophy (Ph.D.) in English. Also, a Creative Writing concentration is offered. For the academic year 2016-17, there were 6,658 Undergraduates and 841 Graduate students enrolled in the department.

The department is dedicated to the study of the literatures and cultures of those parts of the world in which English is a primary language. English is dedicated to providing its students with a liberal arts education, one that develops the reading, writing, and critical thinking skills necessary for them to excel in today’s world. English offers a wide range of courses on British, American, and Anglophone literatures and cultures. The department strives to foster intellectual curiosity and critical thinking, and encourages its students to be not only expert readers and writers, but also engaged and ethical citizens. English is located within the Humanities building on the UCLA campus.

English oversees the Grace M. Hunt Memorial English Reading Room (Reading Room), which is a library that houses approximately 35,000 non-circulating books and periodical volumes in the fields of British and American literature, as well as reference and interdisciplinary sources that support the instruction mission of English.

The Chief Administrative Officer (CAO) oversees the areas of student affairs, academic personnel, accounting, and administration within English. The CAO reports to the Chair of the department. There are 16 staff and 106 faculty members. Total revenues for fiscal year 2016-17 were $16,745,616, and total expenditures were $16,765,601. The department is funded primarily from State General Funds ($14,076,517), and the largest expenditure is compensation ($15,164,791).

Purpose and Scope

The purpose of the audit was to determine whether there are adequate internal controls over key departmental administrative and financial processes. Compliance with University policies and procedures was also evaluated when applicable. The scope of the audit covered the following areas:

* English Reading Room
* Financial Management
* Payroll
* Information Technology (IT)
* Conflict of Interest/Commitment
* Mandatory Training
* Cash Handling
* Gifts and Endowments

The review was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included interviews, tests, and other procedures considered necessary to achieve the objective.

Summary Opinion

Based on the results of the work performed within the scope of the audit, English has established effective systems of internal controls and business practices to ensure that the financial and administrative objectives of the department are met. English’s administrative staff appear to be experienced and knowledgeable of the University’s policies and procedures. However, the review did find additional areas where internal controls could be further strengthened.

*English Reading Room*

* Management should develop policies and business practices for the Reading Room with regard to collection review, retention decisions, and disposal of material. Management should continue to weed the collection, including reviewing the items’ physical condition, relevance of the subject, and currency of the information.
* Since there is no current inventory regularly performed for the Reading Room, management should routinely and on an ongoing basis, compare items on the shelves with a list in the call number order generated from the library catalog, and correct any shelving mistakes. This enables the identification of items that are missing from the shelf, which should then invoke other processes, such as comparisons with circulation records and searches by staff for missing items.
* An individual independent of the Reading Room should perform periodic spot checks of records of items purchased and maintained to the physical inventory on-hand. Any discrepancies should be investigated and resolved.

*Financial Management*

* Management should provide regular communication to faculty and staff to remind them to create orders in BruinBuy at the time of commitment, and prior to the event taking place or the service being provided, using an estimate or quote from the vendor. Orders should not be created after the event has occurred or service has been provided. This will help to protect the University by ensuring that the proper terms and conditions are in place, timely payments are made to vendors, and budgeting data is accurate. Also, management should perform periodic reviews of purchase transactions to verify that orders have been properly created in BruinBuy.

* To help ensure that the proper terms and conditions are applied to purchases and vendors, management should remind staff that construction services should be processed on a requisition and not through Low Value Orders (LVOs). Also, Purchasing/Strategic Sourcing should be consulted for furniture purchases. Further, management should spot check LVOs on a periodic basis to determine whether they are being used in compliance with University policies and procedures, and whether additional training is warranted.
* Management should remind staff and faculty that if an employee hosts an event while traveling, it should be entered separately as an entertainment expense (and not as per diem meal expense). A business justification and list of attendees is required for entertainment claims.
* Management should review Post Authorization Notification (PAN) audit logs on a periodic basis to help identify those reviewers who are not reading their PANs in a timely manner. These individuals should be reminded to read their PANs timely, as this is a control point with regard to financial transactions, and a delay in reading PANs dilutes the control activity of monitoring transactions to ensure that they are proper and appropriate.
* The CAO should continue to monitor accountability delegations on a periodic basis, and review all relevant Distributed Administrative Computing Security System (DACSS) reports to ensure that the structure reflects access that is appropriate and consistent with the department’s organizational structure and job responsibilities.

*Payroll*

* Management should ensure that proper forms are maintained for newly hired employees. For the individual identified during the audit without a UC State Oath of Allegiance, Patent, Policy & Patent Acknowledgement form on file, the Patent Acknowledgement portion of the form should be completed and forwarded to Payroll Services. Also, management should remind departmental staff that offer letters should be signed by newly hired employees. Further, management should remind department payroll staff that the Statement of Understanding and offer letter should be retained in department files for Academic Student Employee (ASE) title codes.
* Management should periodically spot check timesheets to ensure the monthly timesheet form is accurately completed, indicating the total number of hours worked each day. Supervisors and faculty who sign off and approve timesheets should ensure that timesheets accurately reflect time worked, and are properly approved.
* Management should ensure that employee separations occur in the Employee Database (EDB) in a timely manner. PANs, which show detail regarding an employee’s separation date in EDB and the appointment separation date, should be reviewed by mandatory reviewers for timeliness. Another option would be to designate an independent individual to periodically run Campus Data Warehouse (CDW) payroll separation reports and spot check related PANs and information for timeliness of separations.
* Management should consider the following in order to digitize payroll records:
  + Work with the Center for Digital Humanities (CDH) to store the payroll data on related servers.
  + Ensure that the server or system is password protected, and limited to authorized individuals.
  + Ensure that backup data is properly stored, and preferably not in the same building as the English department.

*Information Technology*

* Management should continue to remind faculty not to disable the automatic security patch update functionality on their computers. This will help to protect computers and related software from being compromised.
* Controls for Active Directory passwords should be improved via the following options: Active Directory passwords should be changed every 90 days. Passwords should be at least eight characters long and contain three of the following four elements – uppercase letters, lowercase letters, numbers, and symbols. Another option could be the use of multi-factor authentication when accessing the Active Directory.

*Conflict of Interest/Commitment*

* A&AS supports management’s efforts to send periodic reminders to faculty to complete their Annual Report of Category I and II Outside Activities and Additional Teaching Activities forms by November 1st of each reporting year. However, since forms are not always completed timely, management should provide additional training/notification by the Chair’s office to faculty, emphasizing the importance of timely completion of the forms. Also, management should continue to review the spreadsheet that keeps track of the forms, and consider spot checking the hard-copy forms to ensure that the forms and fields are properly completed and documented.

*Mandatory Training*

* Management should continue to remind staff to complete their mandatory Sexual Violence/Sexual Harassment (SVSH) and Cyber Security Awareness (CSA) training. Also, the Chair should send periodic reminders to faculty to ensure compliance with the mandatory training.

*Cash Handling*

* Management should consider updating the current recordkeeping process for keys by implementing the use of an online key database, in conjunction with current business practices. This database could be used to assign, change, and track key assignments. Also, the database could be used to identify which keys are outstanding, and need to be returned.

*Additional Audit Observation*

* In order to better safeguard and account for alcohol (wine bottles) that is stored in English for faculty and educational events, management should limit access to the alcohol by storing it in a locked receptacle. In addition, the log currently used to track alcohol purchases should be used on a consistent basis and accurately record when alcohol is dispensed. Periodic inventory counts and reconciliations should also be performed to ensure that amounts on hand match the log.

The audit results and recommendations are detailed in the remainder of this audit report.

Audit Results and Recommendations

| **#** | **FINDING and**  **CRITERIA, where applicable** | **RECOMMENDATION** | **MANAGEMENT’S RESPONSE** |
| --- | --- | --- | --- |
| **ENGLISH READING ROOM** | | | |
| Audit work included the following:   * Sample review of 20 selected items to ensure accurate records of the physical items. * Walk-through and tour of the Reading Room to determine that access is adequately controlled. * Discussions with management, staff, central campus units, and the American Library Association regarding inventory, purchasing, recording, and disposal practices. * Discussion with management and staff to ensure that proper separation of duties exists between the acquisition, recording of items, and disposal processes.   Issues noted are summarized below. | | | |
| 1. | Disposal Processes:  Currently, a large-scale weeding project and the disposal of deaccessioned books for the Library has been temporarily postponed until the disposition of unwanted books can be resolved. Major benefits of weeding the collection and disposing of items include saving space and time, ensuring that the collection is up-to-date and is in good physical condition, and keeping up with collection needs. | Management should develop policies and business practices for collection review, retention decisions, and disposal of material.  Management should continue to weed the collection including reviewing the items’ physical condition, relevance of the subject, and currency of the information.    The following ways to dispose of unwanted library books, periodicals, and other materials should be considered:   * Sale. * Donation to other charitable organizations. * Trade/exchange with other libraries. * Recycle. * Destroy/send to landfill.     Deciding on which approach to take depends upon:   * Evaluation of the relative cost of staffing requirements. * Evaluation of the discarded material for potential interest/value to other organizations or individuals, in terms of subject/content and physical condition. * Evaluation of alignment with Campus policies and procedures.     Best practices for enacting any of these means of disposal should incorporate:   * Appropriate record keeping, including updating information in the online records about holdings, and marking all items to be discarded as “withdrawn.” * Development of an appropriate communication plan for stakeholders and participants. * Compliance with Campus and California state policies and regulations concerning the disposal of public property. | In response to the recommendation that “management should develop policies and business practices for collection review and retention decisions”: Collection development and collection management policies are already developed and followed by the Librarian in consultation with the Department faculty advisory committee, the English Reading Room Committee (chaired by Professor Eric Jager).    Regarding Disposal Processes, the English Reading Room (ERR) Librarian sought out clarification from Audit Services for allowable dispensation of deaccessioned library books in order to comply with “Campus and California state policies and regulations concerning the disposal of public property.” Since Audit & Advisory Services have verified that a book sale will be an allowable option, the ERR Librarian will evaluate the feasibility of a book sale in deciding upon which approach to pursue. |
| 2. | Inventory and Reconciliations:  A physical inventory and reconciliation of items on hand has not been performed for the Reading Room.  Records are maintained in the online Library catalog. | A&AS recognizes the constraints English may have with limited staff resources to be able to perform a full inventory and reconciliation of items on hand.  However, management should routinely and on an ongoing basis, compare items on the shelves with a list in the call number order generated from the library catalog, and correct any shelving mistakes. This enables the identification of items that are missing from the shelf, which should then invoke other processes, such as comparisons with circulation records and searches by staff for missing items. | Management accepts the risk of not implementing the recommendation.  Shelf reading is already a routine practice that is carried out to locate books that have been shelved in the wrong location, but adding the recommendation of conducting an inventory (comparing items on the shelf with the shelf-list) requires much more extensive staffing and coordination and requires obtaining frequently updated holdings reports from Library IT services (an outside unit), which is not a regular service that is typically provided to affiliated library units whose holdings are hosted in the Library Catalog. Since the ERR is a non-circulating collection and since ERR users rarely report problems with finding material in the ERR, it is not clear that the benefit from inventory activities would justify the cost. The ERR’s user-centered and needs-based approach efficiently utilizes limited staffing.  In the peer-reviewed article titled “Sequential Analysis as a Sampling Test for Inventory Need” from *The Journal of Academic Librarianship*, authors DiCarlo and Maxfield write that “time and personnel costs make an inventory a costly procedure for almost any institution, and the gain in catalog integrity is, in most cases, viewed as too slight to justify the cost.” In the article titled “How to Choose Hand-held Inventory Devices and Handle Inventory Exceptions” from the journal *Technical Services Quarterly*, author Gordon Xu describes how manually comparing the physical volumes in the stacks with the shelf-list is considered pre-technology inventory methodology. Electronic technology inventory methods involve the utilization of portable scanners to generate inventory management reports. Since the English Reading Room collection is non-circulating, the collection has never been barcoded. Therefore, the only inventory methods that could be employed would necessarily be pre-technology practices. Xu asserts that “the usual methodology used in warranting the need for an inventory is random sampling.” As time and staffing permit, the English Reading Room Librarian will coordinate a sampling test to better analyze the need to allocate limited resources toward inventory practices. |
| 3. | Separation of Duties:  Adequate separation of duties between the receiving process and recording of items is not maintained. While purchases are reviewed by the Senior Fund Manager and CAO, the Reading Room Librarian has full control over receiving items, recording them in the online Access database, and sending and receiving the books to Catalog Services for binding/cataloging.  As mentioned previously, there is no inventory performed, and disposals have not occurred. | A&AS recognizes the constraints English may have with limited staff resources to be able to separate duties between each function mentioned to independent individuals.  As a compensating control, an individual independent of the Reading Room should perform a periodic spot check of records of items purchased and maintained to the physical inventory on-hand. Any discrepancies should be investigated and resolved. | The English Reading Room Librarian recommends the following procedure to implement this compensating control:  On a quarterly basis, the CAO or Senior Fund Manager will select a random sample of ERR purchase orders from PAN notifications. The Librarian will provide status information on the receipt and processing of the items. The Librarian will provide the CAO or Senior Fund Manager with a link to the Library Catalog record (allowing approximately 3 weeks from the time of receipt for cataloging and processing with call number spine label for shelving). The CAO or Senior Fund Manager can assign the task to a student employee to check the English Reading Room stacks and verify that these randomly selected items are available in the ERR collection.    Looking forward, the ERR Librarian hopes to explore options for using the Acquisitions Module of the proposed UC Systemwide Integrated Library System (SILS) should this prove possible for affiliated library units. Use of this integrated and automated system could conceivably enhance tracking processes for material purchased for the ERR collection. Information about SILS can be found: <https://libraries.universityofcalifornia.edu/sils>. |
| **FINANCIAL MANAGEMENT** | | | |
| Audit work included the following:   * Review of 20 judgmentally selected disbursements in fiscal year 2016-17, including purchasing activity and travel and entertainment. Documents reviewed included BruinBuy documentation, general ledgers, invoices, and other supporting documentation. * Data analytics was performed on the English department's fiscal year 2016-17 purchasing data, and was used to verify that LVOs do not exceed threshold of $5,000 per vendor, per day, per account. * Review of two sample months (January and February 2018) and discussion with management indicated that the reconciliation process is strong. Reconciliations reviewed were properly performed, and SAS 115 checklists were properly signed and dated in a timely manner. * Evaluation of PANs for mandatory reviewers between January and December 2017. * Review of Document Direct reports as of May 2018. * Analysis of the current accountability structure. * Discussion with management and central campus Purchasing.   Issues noted are summarized below. | | | |
| 4. | Bruin Buy Order Input Delay:  For three out of 17 sampled transactions, the order was not created in BruinBuy until after the event had occurred, or goods and services were provided. These included transactions that were processed as an LVO and Educational Media. The delay for these items ranged between one and 22 calendar days.  Orders should be established prior to the receipt of goods or delivery of services, in order to confirm the scope of work or exchange of value, and also to record the obligation (as an encumbrance) on the University’s financial books. When an encumbrance is not created, this could result in inaccurate decisions when budgeting and allocating monies. Also, University terms and conditions should be presented to the vendor when the order is placed, otherwise the vendor’s terms and conditions may govern the transaction. Vendor terms and conditions may violate University policies, and may not provide the required protection, or may have onerous business terms.  Further, inputting orders into BruinBuy after the invoice date could cause payment delays to the vendor. | Management should provide regular communication to faculty and staff to remind them to create orders in BruinBuy at the time of commitment, and prior to the event taking place or the service being provided, using an estimate or quote from the vendor. Orders should not be created after the event has occurred or service has been provided. This will help to protect the University by ensuring that the proper terms and conditions are in place, timely payments are made to vendors, and budgeting data is accurate.  Also, management should perform periodic reviews of purchase transactions to verify that orders have been properly created in BruinBuy. | Management sends out emails to this effect already, although the timing of such e-mails can be inconsistent. Henceforth, management will send out annual reminder emails to faculty and staff at the beginning of the academic year or no later than October 10th. |
| 5. | Low-Value Orders (LVOs):  Based on audit review, the following two purchases should not have been processed as LVOs:   1. An order of bookshelves for $3,893 on June 22, 2017, was processed as an LVO, but appears to have required construction services to anchor them to the ground. Language in e-mails from the vendor indicated that "assembly" rather than "mounting and anchoring" shelves should be used in order to process the transaction as an LVO. Discussion with Purchasing indicated that this should have gone through Purchasing and a purchase requisition should have been used. 2. Based on data analytic results, the following was noted:  * Five furniture orders for chairs totaling $5,448 were made (based on sample review of items between October 2017 and April 2018) from Amazon.   Management indicated that Amazon was chosen as the vendor because it was a less expensive option; however, for office supply items, the preferred vendor(s) should have been used on BruinBuy.  An LVO should not have been used to order furniture, as this is not in compliance with Policy 741, Low-Value Purchases, Attachment A.  Also, Purchasing/Strategic Sourcing should have been consulted, to see if the preferred vendor could match the prices. | To help ensure that the proper terms and conditions are applied to purchases and vendors, management should remind staff that construction services should be processed on a requisition and not through LVOs. Also, Purchasing/Strategic Sourcing should be consulted for furniture purchases.  Further, management should spot check LVOs on a periodic basis to determine whether they are being used in compliance with University policies and procedures, and whether additional training is warranted. | Management will send out reminder emails to staff annually by September 1st every year reminding them of the requisition policy and to review UC accounting policies for any updates. Management will continue to review PANs and remind our purchasing staff to consult with Purchasing/Strategic Sourcing for furniture purchases. Additional training or reminders to individual staff will be provided on an as-needed basis. |
| 6. | Business Meeting Justification:  The sample reviewed included a foreign travel expense reimbursement, and a detailed review of four days out of the trip that occurred between October 12, 2016, and November 10, 2016.  Out of the four days reviewed, there were three instances where receipts contained meal purchases and guest numbers for multiple individuals (ranging from three to four people), indicating that the meal was not only just for the traveler.  Discussions with the traveler indicated that these instances were for business-related meetings.  Discussions were held with Travel Accounting regarding the application of BUS-79, Expenditures for Business Meetings, Entertainment, and other Occasions, while on foreign travel. Documentation for business meetings would have to follow BUS-79, and include a guest list containing the name and title of participants, in order to establish the business-related relationship to the University.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Criteria:  BUS 79 – Expenditures for Business Meetings, Entertainment, and Other Occasions, V.B.1 “A request for reimbursement, recharge, or payment of expenses for meals or light refreshments and related services must be submitted on the appropriate Entertainment Check Request form, Check Request form, or an equivalent campus or location electronic form. The completed request must include the following information:  • Type of expense (lunch, dinner, etc.);  • Type of event;  • Number of participants (attach a guest list containing the name and title of participants, and their occupation or group affiliation, in order to establish the business-related relationship to the University);7  • Date and location of the event;  • Business-related nature of the occasion or purpose of the event; and  • The signature, printed name, and department of the department head or approving authority. | Management should remind staff and faculty that if an employee hosts an event while traveling, it should be entered separately as an entertainment expense (and not as per diem meal expense). A business justification and list of attendees is required for entertainment claims. | Management will send out annual reminder emails to faculty and staff regarding the entertainment policy by October 10th every year. |
| 7. | Post Authorization Notifications (PANs):  Review of PANs indicated that mandatory reviewers are not always reading their PANs in a timely manner.  The following was noted for four mandatory reviewers, who had a delay in reading their PANs:     |  |  |  | | --- | --- | --- | | **Reviewer** | **# of PANS in PAN Queue Greater Than 5 Calendar Days** | **Days Unread (Calendar Days)** | | 1 | 28 | 6 to 7 | | 2 | Over 200 | 31 to 59 | | 3 | 94 | 6 to 348 | | 4 | 18 | 6 to 372 |   Also, review of Document Direct reports indicated that there are 301 unread PANs by three mandatory reviewers as of May 5, 2018, that have not been read. A total of 56 had not been read between 14 and 180 days. The remaining 245 had not been read for more than 181 calendar days.  Further, there are two unread PANs by a mandatory reviewer, who separated from the University on September 29, 2017.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_  Criteria:  UCLA Financial Policy, Principles of Financial Accountability, Section III.2, "A reviewer must review all transactions within two working days of receipt." | Management should review PAN audit logs on a periodic basis to help identify those reviewers who are not reading their PANs in an appropriate timeframe. These individuals should be reminded to read their PANs in a timely manner, as this is a control point with regard to financial transactions, and a delay in reading PANs dilutes the control activity of monitoring transactions to ensure that they are proper and appropriate.  For the individual identified who has separated from the University, the two transactions should be reviewed, and a note should be added to the “Add Comment” sections in the PAN audit, in order to document that the transactions have been checked. | Management will check Document Direct report PNSPAN3A and PNSPAN5 every two weeks and Document Direct report PNSPAN3S on a quarterly basis.  The individual identified that was separated from the University has had both PANs read and a comment added. One of the PANs we were unable to add a comment.  Other separated employees had their PANs reviewed on an active basis, as the management team is on the PAN as well.  All employees have been notified to check their PANs for outstanding unread notifications. |
| 8. | Financial Accountability:  Overall, the CAO has established an effective DACSS structure for the delegation of initiating, processing, and reviewing transactions. However, the following issues were noted in reviewing the accountability structure on June 4, 2018:   * Two users have value based functions that allow access to some of the department’s accounts and funds, but are not employed by English. One user is employed by the Development department and had preparer access to the Recharge system for English. The other user is employed by World Arts & Cultures/Dance and had access as a Transportation Services Coordinator for English. * Two users transferred from the English department to another UCLA department, but continued to have value based functions that allowed access to some of the English department’s accounts and funds. * One user separated from the University on September 29, 2017, but continued to have access to the non-pear application, Time Reporting System (TRS), and Billing and Accounts Receivable (BAR) system. * One user’s System Access Request (SAR) department code for their login continued to be associated with their previous department.     A&AS reviewed DACSS Web and verified that the English department made all the above necessary updates to their accountability structure during the audit once they were notified by A&AS.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_  Criteria:  UCLA Financial Policy, Principles of Financial Accountability, Section I, “The head of each unit will normally delegate the overall financial management responsibility to the Chief Administrative Officer (CAO). The CAO is responsible for developing an appropriate structure for handling the unit's financial resources.” | The CAO should continue to monitor accountability delegations on a periodic basis, and review all relevant DACSS reports to ensure that the structure reflects access that is appropriate and consistent with the department’s organizational structure and job responsibilities. | The CAO will add the Cognos report for “Users and their non-value based access” to the quarterly access review schedule. This is in addition to the reports mandated as part of the annual CAO Certification forms. |
| **PAYROLL** | | | |
| Audit work included the following:   * Discussions with management and central offices to determine that controls are in place to ensure payroll records are complete and accurate. * Evaluation of a sample of 10 newly hired employees (from July 2017 to October 2017) to verify that proper policies and procedures were followed. * Review of 10 employee timesheets (for February 2018 and March 2018) to ensure that pay rates were accurate and processed in a timely manner. * Analysis of 10 employees who separated (between January 2017 to April 2018) to verify that they were properly processed. * Review of 10 employees from fiscal year 2016-17 to ensure that performance evaluations were conducted in accordance with University policies. * Examination of 10 individuals to substantiate that awards were properly distributed. * A walk-through to ensure that personnel files are secured and limited to authorized personnel.   Issues noted are summarized below. | | | |
| 9. | Retention of Forms:  Based on audit review of 10 newly hired individuals from July 2017 to October 2017, payroll and personnel forms were properly maintained for most sampled employees. However, the following was noted:   * For one employee with title code “3218 Visiting Associate Research,” the Patent Acknowledgement portion of the UC State Oath of Allegiance, Patent Policy, and Patent Acknowledgment form was not retained by the department, and Payroll Services did not have the form on file. Also, the offer letter acknowledgement copy with the employee's signature was not on file. * For one employee with title code “2850 Reader - GSHIP,” the Statement of Understanding and offer letter was not maintained by the department. | Management should ensure that proper payroll and personnel forms are maintained for newly hired employees.  For the individual identified without a UC State Oath of Allegiance, Patent, Policy & Patent Acknowledgement on file, the Patent Acknowledgement portion of the form should be completed and forwarded to Payroll Services.  Also, management should remind departmental staff that offer letters should be signed by newly hired employees.  Further, management should remind department payroll staff that the Statement of Understanding and offer letter should be retained in department files for ASE title codes. | Management will make sure that offer letters and other required documents are signed as part of new employee’s hiring packets. |
| 10. | Time Reporting:  Based on a review of 10 employee timesheets from February and March 2018, documentation of timesheets warrants improvement.  While seven of the 10 employees indicated accurate timesheets and related records, three timesheets did not provide sufficient detail regarding days and/or hours worked per day, as noted below:     * For two selections, there was a monthly time sheet completed, but it was documented as “Jan-Mar 2018.” The days and time worked was not properly reflected. * For one selection, there was e-mail documentation regarding the number of hours worked, but not the days or the time worked.   Also, for one selection, the timesheet was not signed or dated by the employee. However, the timesheet was signed and dated by the supervisor. | Management should periodically spot check timesheets to ensure that the monthly timesheet form is accurately completed, indicating the total number of hours worked each day. Supervisors and faculty who sign off and approve timesheets should ensure that timesheets accurately reflect time worked, and are properly approved. | Management will educate faculty on how to ensure timesheets are correct and more thoroughly review them as they are submitted. Management will reject and return timesheets signed by faculty that do not accurately reflect working hours. |
| 11. | Employee Separations:  Based on the review of 10 employees who separated from the English department from January 1, 2017 - April 24, 2018, all employees were paid in accordance with their appointment end date and rate. However, controls surrounding the timeliness of employee separations in the Employee Database (EDB) can be improved. Also, as mentioned above, PANs were not being read timely.  All 10 employee separations were not processed in EDB within two business days, prior to the employee’s separation date. While the employees were paid timely, their separations in EDB were processed between two and 124 business days after the employee’s appointment end date. Management indicated that the delay was due to staffing shortages.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_  Criteria:  UCLA EDB Manual, B12.0 EDB Employee Separations, “The steps in the Separation process are as follows:  Process the separation immediately on the EDB using the Separation Bundle (SEPR). The separation must be processed at least two days prior to the separation date.” | Management should ensure that employee separations occur in EDB in a timely manner.   * PANs which show detail regarding employee separation date in EDB and the appointment separation date should be reviewed by mandatory reviewers for timeliness.      * Another option would be to designate an independent individual to periodically run CDW payroll separation reports and spot check related PANs and information for timeliness of separations. | Management has already begun and will continue to review monthly personnel status reports to ensure that employees are separated on or prior to their end dates, whenever possible. This list of reports include PRS745 for expired VISA holders.  As the audit found, a number of these delayed separations were due to a period of severe turnover in our payroll staff. Three of our payroll staff left the department within the span of roughly one quarter. |
| 12. | Digitizing Payroll Records:  Management indicated they would like to explore the option of digitizing payroll files. Currently, paper files are maintained in locked drawers, and access is restricted to a limited number of authorized individuals. Also, the central payroll office retains associated forms.  Digitizing departmental records helps save time and space. The advantages also include easy storage, as documents can be scanned and electronically stored in a centralized system, and costs associated with the physical storage of paper copies are reduced. Further, digital documents are easily backed up which helps with disaster preparedness and recovery. | Management should consider the following in order to digitize payroll records:   * Work with the CDH to store the payroll data on related servers. * Ensure that the server or system is password protected, and limited to authorized individuals. * Ensure that backup data is properly stored, and preferably not in the same building as the English department. | Thank you for looking into whether or not we were legally able to pursue this endeavor. Management hopes to convert our filing system from paper to digital over the next few years. |
| **INFORMATION TECHNOLOGY (IT)** | | | |
| Audit work included the following:   * Review of password security. * Review of controls over desktops, laptops, and mobile devices indicated a listing of the devices are maintained. * Discussion with management regarding the controls in place to secure Personally Identifiable Information (PII).   Issues noted are summarized below. | | | |
| 13. | Security Patches:  Security patches are not regularly updated on all the faculty’s computers.  The English IT Manager updates computer patches on Apple and Microsoft computers for faculty and staff. Also, CDH sends out periodic notices to remind individuals to update security patches on their computers.  Further, computers are set to auto update with security patches. However, some faculty manually disable this function. As a result, these computers could be exposed to vulnerabilities, including being exploited by hackers, viruses, or malware.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_  Criteria:  UCLA Policy 401 Minimum Security Standards for Network  Devices, Attachment A.1 “Devices to be connected to the Campus Network must run software for which critical security patches are made available in a timely fashion and must have all currently available security patches installed.” | Management should continue to remind faculty not to disable the automatic security patch update functionality on their computers. This will help to protect computers and related software from being compromised. | Management will continue to deploy computers with Automatic Updates enabled and periodically send out reminders to keep machines patched and up to date. |
| 14. | Password Security:  Active Directory, which is divisionally managed, is used to access other programs such as Filemaker, etc. Active Directory passwords are not periodically changed, and multi-factor authentication is not currently used to access Active Directory.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_  Criteria:  UCLA Policy 401 Minimum Security Standards for Network  Devices, Attachment A.4, “All passwords employed to authorize access to campus electronic communications systems or services must meet the following minimum password complexity standards. The password must:   * Contain eight characters or more. * Contain characters from at least two of the following three character classes: * Letters (a-z, A-Z) * Numbers (0-9) * Special characters including a space (: !@#$%^&\*()\_+|~-=\`{}[]:";'<>?,./)” | Controls for Active Directory passwords should be improved via the following options:   * Active Directory passwords should be changed every 90 days. Also, passwords should be at least eight characters long and contain three of the following four elements - uppercase letters, lowercase letters, numbers, and symbols. * Another option would be for multi-factor authentication to be used when accessing the Active Directory. | Active directory policies are not managed at the department level. While the local admins (in English) have access to perform certain administrative functions in active directory, password/group policies are not one of them. For this reason, and several others, we are taking steps to delete the Filemaker directory. The deletion will happen in stages with a completion date estimated to be October 15, 2018. Any new internal Active Directories that English makes will adhere to either MFA or 90 day password changes.  The policies are centrally managed through the Center for Digital Humanities (CDH). Management will, however, continue to remind staff, faculty and students to lock their workstations if they need to step away from their desk—even in a locked office. |
| **CONFLICT OF INTEREST/COMMITTMENT** | | | |
| Audit work included the following:   * Review of 10 sampled Faculty Annual Report of Category I and II Outside Activities and Additional Teaching Activities forms for fiscal year 2016-17. * Review of potential conflicts of interest for fiscal year 2016-17.   Issues noted are summarized below. | | | |
| 15. | Conflict of Commitment Forms:  English faculty members are not always completing their Annual Report of Category I and II Outside Activity and Additional Teaching Activities in accordance with UCLA Academic Personnel Appendix 19 and APM-025, Conflict of Commitment and Outside Activities of Faculty Members.  A sample of 10 Annual Report of Category I and II Outside Activities and Additional Teaching Activities forms (the form) indicated the following:   * All 10 forms were turned in later than November 1, 2017, for the reporting period during fiscal year 2016-17. The amount of the delay ranged from 31 days to 170 calendar days.  Per APM-025, Annual Reports on Outside Professional Activities are due to department Chairs by November 1st. * For one selection, the Chair signed and approved his own form. * For one selection, the form was not signed off by the Chair or Dean. * For eight selections, the top portion of the form indicating the reporting period was not documented.   Management indicated that periodic reminders are sent to faculty to complete the forms on time, and that designated individuals help to keep track of this information on a spreadsheet.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Criteria:  The UCLA CALL, Appendix 19: Conflict of Commitment and Outside Professional Activities, 20, "Annual reports on Outside Professional Activities are due to the Department Chairs by November 1st." | A&AS supports management’s efforts to send periodic reminders to faculty to complete their forms by November 1st of each reporting year. However, since forms are not always completed timely, management should provide additional training/notification by the Chair’s office to faculty, emphasizing the importance of timely completion of the forms. Also, management should continue to review the spreadsheet and consider spot-checking hard-copy forms, to ensure that the fields are properly completed and documented. | Management will continue to send reminders to faculty and work with the Chair to send additional notifications. |
| **MANDATORY TRAINING** | | | |
| Audit work included the following:   * Review of compliance with UC mandatory CSA and SVSH trainings as of April 2018 for all English employees.   The following issue was noted: | | | |
| 16. | Mandatory Training:  Based on results of test work performed, the English department is not compliant with having 100% of its employees complete the CSA and SVSH mandatory training, as required by the University.     * 77% of English department staff and faculty are in compliance with the SVSH and CSA training. * 23% of English department staff and faculty are not in compliance with the SVSH and CSA training.   Management indicated that reminders are sent to staff and faculty on a regular basis. | Management should continue to remind staff to complete their mandatory SVSH and CSA training. Also, the Chair should send periodic reminders to faculty to ensure compliance with the mandatory training. | Management wants to note that the far majority of non-compliant training individuals were ladder track faculty. Management has taken steps to ensure compliance with training, and will work with the Chair to send out customized notes.  Previous attempts at getting faculty to be compliant have not been successful. Absent any true disciplinary action at the Dean’s or Chancellor’s level, faculty compliance will remain sporadic. |
| **CASH HANDLING** | | | |
| Audit work included the following:   * Discussion with management regarding current key tracking and deposit business practices. Management requested a review of current processes to explore the feasibility of adding a required deposit from employees when issuing departmental keys.   The following issue was noted: | | | |
| 17. | Recordkeeping of Keys:  Based on discussion with management, Corporate Financial Services, and another Campus department, the cost of implementing a key deposit process outweighs the potential benefits.  However, review of the current recordkeeping process with regard to keys indicated that improvements are warranted.  Currently, keys that are checked out are documented on a 4x6 card, including the individual that is checking out the key.  The card lists the keys that are being issued.  The individual dates and initials this card to document when they are issued a key.  Also, the individual will initial this card when they return the key.  These cards are kept in a box in the Office Assistant's office.  If cards are lost or misplaced, it would be difficult to trace which individual checked out a particular key. | Management should consider updating the current recordkeeping process for keys by implementing the use of an online key database, in conjunction with the current business practices.  This database could be used to assign, change, and track key assignments.  Also, the database could be used to identify which keys are outstanding, and need to be returned. | Management will take this recommendation under consideration as our group widely agrees with this assessment. |
| **ADDITIONAL AUDIT OBSERVATION** | | | |
| Audit work included the following:   * Discussion with management, and a walk-through of the area where alcohol (wine bottles) is stored. * The English department stores a few cases of alcohol in a locked office.  Per discussion with management, the practice to purchase alcohol at a better price point started approximately eight years ago.  Faculty use the alcohol for their own events, and are recharged $12 per bottle.  A log is maintained to document the current inventory and distribution of the wine bottles.  Management indicated that alcohol is purchased in bulk a few times a year.   The following issue was noted: | | | |
| 18. | Alcohol Access and Log:  Controls surrounding the physical security, individual accountability, and reconciliation of the alcohol can be improved.  The wine bottles are not maintained in a locked receptacle and are accessible by multiple individuals.  The Chair, CAO, IT Manager, and main office staff can access the room.  Also, review of the log (wine inventory) indicated it only shows the event the alcohol is being used for. The log does not indicate which individual received the alcohol.  As a result, individual accountability is not maintained, and if any wine bottles were to go missing, it would be difficult to hold any one person accountable.  In addition, periodic inventory counts are not performed consistently.  As a result, it would be difficult to determine the propriety of the current inventory on hand. | In order to better safeguard and account for the alcohol that is stored in English for faculty and educational events, management should implement the following controls:   * Limit access to the alcohol by storing it in a locked receptacle. The key should be maintained by an authorized individual, and access to this receptacle should be limited to a few authorized individuals. * Ensure that the log is accurately maintained by recording every time wine bottle(s) are dispensed. The log should record what was dispensed, to whom, and should include both initials/signatures of the individuals involved in the activity. * Perform periodic inventory counts and reconciliations to ensure that amounts on hand match the log. Any discrepancies should be investigated and resolved. | Previously all alcohol was gated behind a locked cabinet and a locked office.  A log was also maintained by a former employee.  Management has already created a hardcopy check-out log, a reconciliation database, and a locking receptacle for the alcohol.  These new procedures are operated by three distinct individuals for better accountability and reconciliation.  These changes were implemented immediately following the audit recommendation. |
| **GIFTS AND ENDOWMENTS** | | | |
| Audit work included the following:   * Discussion with English management regarding departmental procedures for the handling of gift monies. * A review of 16 judgmentally selected gift expenditures (from 10 funds) in fiscal year 2017-18 was performed. Supporting documentation (invoices, PANs, general ledger detail, Consolidated Gift Fund data, etc.) was reviewed to ensure that the expenditure was used in accordance to donor terms and conditions. Test work indicated expenditures appear appropriate and reasonable. Also, these expenditures were made in accordance with donor restrictions and University policy and procedures, selection committees were used when required, and adequate supporting documentation was available to document the expense.   No significant control weaknesses were identified in this area. | | | |

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