

RIVERSIDE: AUDIT & ADVISORY SERVICES

June 5, 2014

To: Sarah Sharp-Aten, Assistant Dean
UNEX - Administration

Subject: Internal Audit of University Extension – Education Department

Ref: R2014-16

We have completed our University Extension – Education Department audit in accordance with the University of California, Riverside Internal Audit Plan. Our report is attached for your review. We will perform audit follow-up procedures in the future to review the status of management action. This follow-up may take the form of a discussion or perhaps a limited review. Audit R2014-16 will remain open until we have evaluated the actions taken.

We appreciate the cooperation and assistance provided by your staff. Should you have any questions concerning the report, please do not hesitate to contact us.

Gregory Moore
Director

xc: Audit Committee
Associate Dean and Director of Education Department Jones

UNIVERSITY OF CALIFORNIA AT RIVERSIDE

AUDIT & ADVISORY SERVICES

MEMBER OF ASSOCIATION OF COLLEGE & UNIVERSITY AUDITORS

INTERNAL AUDIT REPORT R2014-16

UNIVERSITY EXTENSION - EDUCATION DEPARTMENT

JUNE 2014

Approved by:

Robin A. Maras
Principal Auditor

Rodolfo Jeturian
Assistant Director

Gregory Moore
Director

**UC RIVERSIDE
UNIVERSITY EXTENSION – EDUCATION DEPARTMENT
INTERNAL AUDIT REPORT R2014-16
JUNE 2014**

I. MANAGEMENT SUMMARY

Based upon the results of work performed within the scope of the University Extension (UNEX) Education Department audit, it is our opinion that, overall, internal controls over the operations of the UNEX – Education Department are satisfactory and generally in compliance with applicable University policies and procedures.

A positive observation noted during the audit is that the UNEX Education Department changed the process for accepting credential application and processing fees, with payments now going directly to Student Services. Checks are no longer accepted through the Credentials Office, cutting down on the department workload, as well as the risk of misappropriation.

We observed one area that needed enhancement to strengthen internal controls and/or effect compliance with University policy. Some travel vouchers reviewed lacked sufficient explanation for personal travel days and were submitted and/or approved past the 60 day requirement in accordance with Business and Finance Bulletin (BFB)-G-28: Travel Regulations (Observation III).

II. INTRODUCTION

A. PURPOSE

University of California, Riverside (UCR) Audit & Advisory Services (A&AS), as part of its Audit Plan, performed an audit of the UNEX Education Department to evaluate compliance with University policies and procedures, efficiency and effectiveness of selected operations, and adequacy of internal controls.

B. BACKGROUND

UNEX is the continuing education branch of UCR. For more than 50 years, UNEX has provided educational opportunities to people of all ages. UNEX is financially self-supporting, receiving no state funds, and operates from revenue generated primarily by tuition, which is used continuously to enhance and broaden the academic programs. UNEX delivers personal learning experiences to advance skills and enrich lives within the UC Riverside community, focusing on students' specific needs. The UNEX vision is to promote, through diverse programs, the lifelong process of education for learners of all ages. Their commitment is to

create a culture of engagement by providing opportunities for lifelong learning, public service and outreach, and by connecting with the global community.

C. SCOPE

A&AS reviewed selected records supporting transactions that occurred during fiscal years 2011 through 2013 and examined procedural controls relating to the following major administrative areas:

1. Instructor Payroll

We evaluated the adequacy and effectiveness of internal controls regarding the instructor payroll process.

2. Credential Applications / Acceptances

We evaluated the adequacy and effectiveness of internal controls regarding the credential application and acceptance process.

3. Travel and Entertainment Vouchers

We reviewed a judgmental sample of 18 travel vouchers totaling \$9,877 (which was 51% of travel expenditures during fiscal years 2011-2013).

4. Non-Payroll Expenditures

We reviewed a judgmental sample of 10 non-payroll expenditures totaling \$49,494 from fiscal years 2011 - 2013. We reviewed a random sample of two months' purchase reconciliations (July 2013 and January 2014).

5. Payroll (Limited)

We conducted a limited review of payroll reclassifications, salary increases, and approvals.

Our review was performed from January 2014 to April 2014. Accordingly, this evaluation of internal controls is based on our knowledge as of that time and should be read with that understanding.

III. **OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT RESPONSE**

Travel Vouchers

Some travel vouchers reviewed lacked sufficient explanation for personal travel days, and were submitted and/or approved past the 60 day requirement in accordance with BFB-G-28: Travel Regulations.

COMMENTS

We observed the following control weaknesses in our review of travel vouchers:

- Three of 18 travel vouchers reviewed were submitted and/or approved past the time frame stated in BFB-G-28 – Travel Regulations, Section V.I.1., *“The Travel Expense Voucher must be submitted to the campus office within a reasonable amount of time not to exceed 60 days after the end of a trip...”* Two travel vouchers were submitted at 90 and 96 days, respectively and another voucher took 108 days to be approved before submission to the UC Riverside Accounting department.
- One of 18 travel vouchers required additional explanation to verify that no personal related travel expenses were charged to the University and to specify the number of personal days used while on official travel status. Per BFB-G-28 – Travel Regulations, Section V.I.2.a, *“When any personal leave is taken while on official travel status, the number of personal days must be specified on the Travel Expense Voucher and/or the expenses associated with such personal days of travel.”* The travel voucher included an instance of staying out of town for two extra days (per the plane ticket) with no explanation.

RECOMMENDATIONS

UNEX Education Department management should ensure that:

- The travel voucher submission time frame specified in BFB-G-28 – Travel Regulations is communicated to UNEX Education Department staff to help ensure travel expense vouchers are submitted and approved per Policy.
- All travel that includes personal days be specified on the travel voucher and/or expenses associated with such personal days of travel explained on the voucher.

MANAGEMENT RESPONSE

Extension will implement the following actions to ensure that travel activities meet the requirements listed in BFB-G-28 with a completion date of October 1, 2014.

- All staff will be reminded that travel expense vouchers are to be submitted and approved per BFB-G-28. We will work with our units to emphasize that all expenses must be turned in according to policy requirement within the mandatory 60 days.
- All travelers will be informed that explanations are required if any personal days are added to approved travel.
- Additional training will be offered to any staff member who has questions or requests assistance.
- Additional reminders will also go to all travel pre-approvers and to managers.