

February 27, 2023

ANN SPIRA
Vice Chancellor, Advancement
Mail Code 0141

**Subject: *Vice Chancellor of Advancement Executive Accounts
Report 2023-09***

The final report for Vice Chancellor of Advancement Executive Accounts, Report 2023-09, is attached. We would like to thank all members of the department for their cooperation and assistance during the review.

Because we were able to reach agreement regarding management action plans in response to the audit recommendations, a formal response to the report is not requested. The findings included in this report will be added to our follow-up system. We will contact you at the appropriate time to evaluate the status of the management action plans.

UC wide policy requires that all draft reports be destroyed after the final report is issued. We also request that draft reports not be photocopied or otherwise redistributed.

Christa Perkins
Director
Audit & Management Advisory Services

Attachment

cc: Judy Bruner
 Alexander Bustamante
 Jeff Gattas
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UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Vice Chancellor Advancement Executive Accounts
Report No. 2023-09
February 2023

FINAL REPORT

Performed By:

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Approved By:

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I. EXECUTIVE SUMMARY

Audit & Management Advisory Services (AMAS) has completed a review of Vice Chancellor Advancement (VCA) Executive Accounts as part of the approved audit plan for Fiscal Year 2022-23. This report summarizes the results of our review. The objective of our review was to evaluate whether internal controls and business processes for oversight for VCA executive accounts provided reasonable assurance that operations were effective and in compliance with University and campus policy.

Based on our review, we concluded that internal controls and business processes for oversight of VCA executive accounts provided reasonable assurance that operations were effective, and in compliance with University policy and procedures. The Vice Chancellor Advancement Office (VC-AO) is performing numerous procedures to ensure compliance with University policy, including review of financial reporting, monitoring of financial accounts, and review of employee system roles. Detailed testing of executive office expenditures indicated that transactions were generally performed in compliance with policy. A summary of the financial status of VCA executive accounts is presented in **Attachments A and B**.

However, we noted a few opportunities for improvement related to delegations of authority and timely cancellation of Procurement Cards (P-Cards) for terminated employees. Management Action Plans to address our findings are summarized below:

A. Delegations of Authority

1. VC-AO is working with the Policy and Records Administration (PRA) to update the DAs for the VCA.

B. Cancellation of P-Cards

1. VC-AO has implemented a process to review P-Cards for separated/transferred employees on a semi-annual basis and cancel cards promptly.
2. VC-AO has included P-Card review as part of its employee separation/transfer checklist and will submit cancellation requests in Concur when appropriate.

Observations and related Management Action Plans are described in greater detail in section V. of this report.

II. BACKGROUND

Audit & Management Advisory Services (AMAS) has completed a review of Vice Chancellor Advancement (VCA) Executive Accounts as part of the approved audit plan for Fiscal Year 2022-23. A review of selected business office operations and related internal controls is a service provided to incoming Vice Chancellors to assess the management and administration of executive accounts. This report summarizes the results of our review.

Advancement comprises six distinct units and operates under the leadership of Vice Chancellor Advancement (VCA). These units contribute expertise in fundraising, donor engagement, prospect research and management, data and business intelligence, and communications to support UC San Diego's (UCSD) fundraising goals.

The current VCA appointment was effective as of March 1, 2022. The Vice Chancellor Advancement Office (VC-AO) ensures that Advancement Team of nearly 300 staff have the support and tools they need to build relationships and engage the community — alumni, students, faculty, staff, and community members – to increase philanthropic support for the University. In addition, they manage financial and business processes, organizational procedures, assist with talent acquisition, provide resource management, and work with professionals across Advancement in many different aspects.

III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES

The objective of our review was to evaluate whether internal controls and business processes for oversight of VCA executive accounts provided reasonable assurance that operations were effective and in compliance with University and campus policy. Detailed testing of expenditures was limited to expenses charged to executive accounts from July 2020 to July 2022.

In order to achieve our objective, we performed the following:

- Reviewed:
 - The organization chart;
 - Relevant UC and UCSD policies, including Business and Finance Bulletins (BFB), University of California (UC) Accounting Manual and UC Contract and Grant Manual;
 - Financial system roles;
 - Delegations of authority;
 - Operating statements and budgets;
 - Deficit balances; and
 - Distribution of Payroll Expense (DOPE) reports;
- Evaluated and conducted limited testing related to:
 - Non-payroll expenditures, including Travel and entertainment, Procurement Cards (P-Card), Supplies and materials, and Other Operating Expenses;
 - Payroll expenditures, including Distribution of Payroll Expense report review, Timekeeping, and User Roles;
- Met with the following:

- Vice Chancellor Advancement;
- Chief of Operations of Advancement;
- Director of Business and Fiscal Affairs for Advancement Office; and
- Senior Fiscal and Business Officer for Advancement Office.

IV. CONCLUSION

Based on our review, we concluded that internal controls and business processes for oversight of VCA executive accounts provided reasonable assurance that operations were effective, and in compliance with University policy and procedures. The VC-AO is performing numerous procedures to ensure compliance with University policy, including review of financial reporting, monitoring of financial accounts, and review of employee system roles. Detailed testing of executive office expenditures indicated that transactions were generally performed in compliance with policy. A summary of the financial status of VCA executive accounts is presented in **Attachments A and B**.

However, we noted a few opportunities for improvement related to delegations of authority and timely cancellation of Procurement Cards (P-Cards) for terminated employees. These opportunities for improvement are discussed in the balance of this report.

V. OBSERVATIONS REQUIRING MANAGEMENT ACTION

A.	Delegations of Authority
We identified several delegations of authority (DA) within VCA area that require update or review for resolution.	
Risk Statement/Effect	
DAs are intended to provide clear, unambiguous statements of action that may be taken by the delegate or assign administrative or decision-making responsibility within specified parameters.	
Management Action Plan	
A.1	VC-AO is working with the Policy and Records Administration (PRA) to update the DAs for the VCA.

A. Delegations of Authority – Detailed Discussion
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University policy (Business Financial Bulletin 10 (BFB-BUS-10) “Principles of Accountability with Respect to Financial Transactions”) states, “University management formally delegates signature responsibility to provide a method to control who may approve financial transactions and to meet the University’s financial stewardship responsibilities...The delegation should be reviewed for appropriateness on a

regular basis or as necessary.” Further, UC Principles of Delegation of Authority and Protocol (UC Principles) states that: “Authority is delegated to a position title, not to an individual.”

We noted several DAs for the Advancement VC area that were delegated to individuals instead of positions. In addition, some DAs still indicate individuals who have been separated for several years. Furthermore, the DAs have been under review for some time, ranging from 9/18/2000 to 9/28/2018. The table below shows the DA number and purpose for those we noted in our review.

DA Number	Under Review	Delegations of Authority for Advancement VC Area
2105	9/18/2000	Purpose and Contents of an Independent Consultant Agreement
3340	2/18/2014	Execution of Agreements
3356	5/15/2014	Authority to Return Gifts
3470	6/16/2015	Authority to Solicit and Accept Gifts
3480	7/8/2015	Authority to Solicit and Accept Gifts
3491	9/18/2015	Authority to Solicit and Accept Gifts
3606	1/30/2017	Authority to Solicit and Accept Gifts
3722	7/10/2018	Authority to Solicit and Accept Gifts
3733	9/28/2018	Approve Special Entertainment

DAs are intended to provide clear, unambiguous statements of action that the delegate may take or to assign administrative responsibility within specified parameters. DAs should be updated per policy and guidelines upon transition of a senior leader.

B.	Cancellation of P-Cards
Four separated employees still possessed active P-Cards after separation from the University.	
Risk Statement/Effect	
Active P-Cards assigned to separated employees increase the risk of unauthorized purchases.	
Management Action Plans	
B.1	VC-AO has implemented a process to review P-Cards for separated/transferred employees on a semi-annual basis and cancel cards promptly.
B.2	VC-AO has included P-Card review as part of its employee separation/transfer checklist and will submit cancellation requests in Concur when appropriate.

B. Cancellation of P-Cards – Detailed Discussion

P-Card is a Visa card for faculty and staff who have buying responsibilities. The card simplifies buying and paying for most routine, low-cost goods, and services under \$4,999. According to the P-Card program guidelines, a reasonable time to cancel cards is within 96 hours of an employee separating from the University. When a cardholder notifies the P-Card Department Administrator of a separation

or transfer, the Department Administrator submits a status change in Concur, and the P-Card program team initiates the card cancellation via U.S. Bank.

During our review of VC-AO executive accounts, P-card cardholder data was obtained and compared to a listing of separated employees, and we noted four individuals who were separated or retired but still had active P-Cards. We were able to confirm that there were no purchases on these cards following the employee separation, therefore no financial exposure resulted from the control gap, and the P-Cards were deactivated during this review. However, timely removing the access of separated employees is essential to mitigate the risk of unauthorized purchases.

**Attachment A - Net Operating Results and Fund Balance, Advancement Office
As of 13_Jun-22 YTD**

UC San Diego

Net Operating Results and Fund Balance Report

Detail by Fund Category

Financial Unit: 9300002-Advancement

Project: All PROJECT Values

Accounting Period: 13_Jun-22 YTD

	TOTAL	CORE	OTHER UNRESTRICTED FUNDS			RESTRICTED FUNDS	
	Total Funds	Core Funds	Operating	Reserves	Clinical Operations	Restricted Funds	Contract & Grants
External Revenues							
INVINC-Investment Inc	62,167	(0)	(0)	(0)	(0)	62,167	(0)
Internal Resources							
ALCCBO-Core CBO Allocations	(3,263,282)	(3,263,282)	(0)	(0)	(0)	(0)	(0)
ALCVCD-VC/Dean Allocations	3,314,334	3,393,142	(0)	(0)	(0)	(78,808)	(0)
ALCZOT-Other Allocations	(304,978)	(304,978)	(0)	(0)	(0)	(0)	(0)
TOTAL RESOURCES	(191,759)	(175,118)	(0)	(0)	(0)	(16,641)	(0)
Compensation Expenses							
Non-Compensation Expenses							
Non-Operating Expenses/Transfers							
OTHNOP-Non Operating Transfers	8,054,242	8,054,242	0	0	0	0	0
TOTAL EXPENSES	8,054,242	8,054,242	0	0	0	0	0
CHANGE IN NET POSITION	(8,246,001)	(8,229,360)	(0)	(0)	(0)	(16,641)	(0)
Beginning Net Position	17,661,892	17,420,302	(0)	(0)	(0)	241,590	(0)
ENDING NET POSITION	\$9,415,892	\$9,190,942	(\$0)	(\$0)	(\$0)	\$224,949	(\$0)
RESOURCES AVAILABLE	\$9,415,892	\$9,190,942	(\$0)	(\$0)	(\$0)	\$224,949	(\$0)

Date Source: Oracle Financial Cloud (OFC) with Managerial Reporting Account and Fund Hierarchies

This report excludes fund 13042 - Internal Loans

Run Date: 12-21-22

**Attachment A - Net Operating Results and Fund Balance, Advancement Office
As of 13_Jun-22 YTD**

UC San Diego

Net Operating Results and Fund Balance Report

Detail by Fund Category

Financial Unit: 9300005-Advancement Office

Project: All PROJECT Values

Accounting Period: 13_Jun-22 YTD

	TOTAL	CORE	OTHER UNRESTRICTED FUNDS			RESTRICTED FUNDS	
	Total Funds	Core Funds	Operating	Reserves	Clinical Operations	Restricted Funds	Contract & Grants
External Revenues							
Internal Resources							
ALCCBO-Core CBO Allocations	1,384,275	1,384,275	(0)	(0)	(0)	(0)	(0)
ALCVCD-VC/Dean Allocations	3,090,150	3,090,150	(0)	(0)	(0)	(0)	(0)
ALCZOT-Other Allocations	1,512	1,512	(0)	(0)	(0)	(0)	(0)
TOTAL RESOURCES	4,475,937	4,475,937	(0)	(0)	(0)	(0)	(0)
Compensation Expenses							
CMPNAS-Non Academic Salaries and Wages	720,485	720,485	0	0	0	0	0
COMPAC-Accruals and Other	304	304	0	0	0	0	0
COMPBN-Benefits	331,250	331,250	0	0	0	0	0
Non-Compensation Expenses							
ATAHOH-Assessments, Tax and Overhead	400,565	400,565	0	0	0	0	0
EQPTEX-Equipment, Rentals and Repairs	90,090	96,965	0	(6,875)	0	0	0
FERREX-Facilities, Rentals and Repairs	44,801	44,801	0	0	0	0	0
NETCOM-Network and Communications	9,467	9,467	0	0	0	0	0
OOPEXP-Other Operating Expenses	690,467	686,944	0	3,523	0	0	0
PSVCST-Professional Svcs Consulting and TES	772,580	772,580	0	0	0	0	0
SOFTML-Software Maintenance and Licenses	20,545	20,545	0	0	0	0	0
SUPMAT-Supplies and Materials	46,127	46,127	0	0	0	0	0
TRAVEL-Travel and Transit	40,253	40,253	0	0	0	0	0
Non-Operating Expenses/Transfers							
OTHNON-Non Operating Expenses	35,000	35,000	0	0	0	0	0
OTHNOP-Non Operating Transfers	(8,054,242)	(8,054,242)	0	0	0	0	0
TOTAL EXPENSES	(4,852,308)	(4,848,957)	0	(3,352)	0	0	0
CHANGE IN NET POSITION	9,328,245	9,324,893	(0)	3,352	(0)	(0)	(0)
Beginning Net Position	(8,061,733)	(8,062,157)	(0)	424	(0)	(0)	(0)
ENDING NET POSITION	\$1,266,512	\$1,262,736	(\$0)	\$3,776	(\$0)	(\$0)	(\$0)
RESOURCES AVAILABLE	\$1,266,512	\$1,262,736	(\$0)	\$3,776	(\$0)	(\$0)	(\$0)

Date Source: Oracle Financial Cloud (OFC) with Managerial Reporting Account and Fund Hierarchies

This report excludes fund 13042 - Internal Loans

Run Date: 12-21-22

Attachment B - General Ledger Project Summary, Advancement Office
Financial Unit: 930002-Advancement
As of June 30, 2022

FinU Code	FinU Description	Fund Level 3	Project Code	Project Description	Fund Code	Fund Description	Beginning Net Position	Total Resources	Total Expenses	Ending Net Position	Capital Assets	Resources Available			
9300002	Advancement	Core Funds	0000000	No Project	13992	Campus Core Funds	\$4,042,362.72	\$5,391,168.96	\$7,763,425.40	\$1,670,106.28	\$0.00	\$1,670,106.28			
					14500	Student Service Fee	\$600,618.85	\$171,385.41	\$290,816.75	\$481,187.51	\$0.00	\$481,187.51			
			1001109	TEAM CC VCA Central Administration	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001110	TEAM CC VCA Central Campaign	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001111	TEAM CC VCA Central Equipment	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001112	TEAM VCA Commitments	13992	Campus Core Funds	\$4,712,264.04	(\$4,712,264.04)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001113	TEAM CC VCA Moving Expense	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001114	TEAM CC VCA OP Tax SSF	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001115	TEAM CC VCA Operating Supplies	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001116	TEAM CC VCA Professional Development	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001117	TEAM CC VCA Professional Services and Consulting	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001118	TEAM CC VCA Recruitment and Relocation	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001119	TEAM CC VCA Special Events	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001120	TEAM CC VCA Sponsorships	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001121	TEAM CC VCA Star Award Program	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1001123	TEAM CC VCA Viterbi Inventory and Appraisal	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1013196	NSA PRG Osher Scholarship Grant	13992	Campus Core Funds	\$10,814.57	(\$10,814.57)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1028257	TEAM VCA OP Tax	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			1028426	TEAM CBO Recurring	13992	Campus Core Funds	\$7,763,425.40	(\$7,763,425.40)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
					14500	Student Service Fee	\$290,816.75	(\$290,816.75)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
			2017863	OPS Adv Salary Savings	13992	Campus Core Funds	\$0.00	\$6,255,822.14	\$0.00	\$6,255,822.14	\$0.00	\$6,255,822.14	\$0.00	\$6,255,822.14	
					14500	Student Service Fee	\$0.00	\$783,826.21	\$0.00	\$783,826.21	\$0.00	\$783,826.21	\$0.00	\$783,826.21	
			Core Funds Total							\$17,420,302.33	(\$175,118.04)	\$8,054,242.15	\$9,190,942.14	\$0.00	\$9,190,942.14
			Other Unrestricted Funds	1000969	TEAM AG Cultivation	15013	Academic Operating Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
			Other Unrestricted Funds Total							\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
			Restricted Funds	0000000	No Project	10584	UCSD Foundation Board of Trustees Endowment Expendable	\$127,078.69	(\$41,854.92)	\$0.00	\$85,223.77	\$0.00	\$85,223.77		
						U0548	University Relations Operating Reserve Expendable	\$114,511.32	\$25,214.38	\$0.00	\$139,725.70	\$0.00	\$139,725.70		
			Restricted Funds Total							\$241,590.01	(\$16,640.54)	\$0.00	\$224,949.47	\$0.00	\$224,949.47
			Advancement Total							\$17,661,892.34	(\$191,758.58)	\$8,054,242.15	\$9,415,891.61	\$0.00	\$9,415,891.61
			Grand Total							\$17,661,892.34	(\$191,758.58)	\$8,054,242.15	\$9,415,891.61	\$0.00	\$9,415,891.61

Attachment B - General Ledger Project Summary, Advancement Office
Financial Unit: 930005-Advancement Office
As of June 30, 2022

FinU Code	FinU Description	Fund Level 3	Project Code	Project Description	Fund Code	Fund Description	Beginning Net Position	Total Resources	Total Expenses	Ending Net Position	Capital Assets	Resources Available					
9300005	Advancement Office	Core Funds	0000000	No Project	13992	Campus Core Funds	(\$7,914.88)	\$10,814.15	(\$4,663.01)	\$7,562.28	\$0.00	\$7,562.28					
					19900	State General Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00					
			1000969	TEAM AG Cultivation	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
			1003356	EXT OSHER Programs	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
			1026644	TEAM SB Compensation	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
			1028426	TEAM CBO Recurring	13992	Campus Core Funds	(\$7,763,425.40)	\$0.00	(\$7,763,425.40)	\$0.00	\$0.00	\$0.00	\$0.00				
					14500	Student Service Fee	(\$290,816.75)	\$0.00	(\$290,816.75)	\$0.00	\$0.00	\$0.00					
			1030641	TEAM CC CAMPUS CORE FUNDS	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
			1500077	DFLT 9300005	13992	Campus Core Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				
			2000185	OPS VCA Central Expenses	13992	Campus Core Funds	\$0.00	\$2,132,561.14	\$2,159,220.58	(\$26,659.44)	\$0.00	(\$26,659.44)					
			2002239	TEAM Advancement Office Ops	13992	Campus Core Funds	\$0.00	\$48,926.59	\$48,926.59	\$0.00	\$0.00	\$0.00					
			2003555	OPS VC Ops Compensation	13992	Campus Core Funds	\$0.00	\$994,114.88	\$994,114.88	\$0.00	\$0.00	\$0.00					
			2022260	EV FY23 Signature Event	13992	Campus Core Funds	\$0.00	\$1,289,520.00	\$7,686.54	\$1,281,833.46	\$0.00	\$1,281,833.46					
			Core Funds Total							(\$8,062,157.03)	\$4,475,936.76	(\$4,848,956.57)	\$1,262,736.30	\$0.00	\$1,262,736.30		
			Other Unrestricted Funds	0000000	No Project	16000	General Reserves		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
								1030643	TEAM CC SALE OF SURPLUS PROPERTY	16000	General Reserves	\$424.05	(\$424.05)	\$0.00	\$0.00	\$0.00	\$0.00
								2004473	REC VC Ops Surplus Sales	16000	General Reserves	\$0.00	\$424.05	(\$3,351.68)	\$3,775.73	\$0.00	\$3,775.73
Other Unrestricted Funds Total							\$424.05	\$0.00	(\$3,351.68)	\$3,775.73	\$0.00	\$3,775.73					
Advancement Office Total							(\$8,061,732.98)	\$4,475,936.76	(\$4,852,308.25)	\$1,266,512.03	\$0.00	\$1,266,512.03					
Grand Total							(\$8,061,732.98)	\$4,475,936.76	(\$4,852,308.25)	\$1,266,512.03	\$0.00	\$1,266,512.03					