

August 5, 2013

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***Subject: California Student Opportunity & Access Program (Cal-SOAP)  
Audit & Management Advisory Services Project 2013-10***

The final audit report for California Student Opportunity & Access Program (Cal-SOAP) Audit Report 2013-18 is attached. We would like to thank all members of the department for their cooperation and assistance during the audit.

Because we were able to reach agreement regarding corrective actions to be taken 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 conduct follow-up review procedures.

UC wide policy requires that all draft audit reports, both printed (copied on tan paper for ease of identification) and electronic, be destroyed after the final report is issued. Because draft reports can contain sensitive information, please either return these documents to AMAS or destroy them at this time.

David Meier  
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Attachment

cc: L. Doughty  
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# UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

California Student Opportunity and Access Program  
August 2013

**Performed By:**

Gabor Herman, Auditor

**Approved By:**

David Meier, Assistant Vice Chancellor

Project Number: 2013-18

*California Student Opportunity and Access Program  
Audit & Management Advisory Services Project 2013-10*

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**I. Background**

Audit & Management Advisory Services (AMAS) has completed a review of California Student Opportunity and Access Program (Cal-SOAP) as of the approved audit plan for Fiscal Year 2012-13. This review was requested by the Assistant Vice Chancellor, Admissions & Enrollment Services, after assuming oversight for Cal-SOAP as part of a Student Affairs organizational restructuring. This report summarizes the results of our review.

In 1978, the California State Legislature created the Cal-SOAP program for purposes of increasing postsecondary educational opportunities to certain targeted students by providing outreach and related services, and increase their knowledge about and access to postsecondary education by raising their achievement levels. Originating in 1979, the San Diego and Imperial Counties Cal-SOAP consortium currently consists of the following agencies.

San Diego and Imperial Counties Cal-SOAP  
Consortium Members

- 
- 1 Alliant International Univeristy
  - 2 AVID/San Diego County Office of Education
  - 3 California State University, San Marcos
  - 4 Cuyamaca College
  - 5 ETS/WAHUPA
  - 6 Grossmont College
  - 7 Grossmont Union High School District
  - 8 Imperial County Office of Education
  - 9 Imperial Valley College
  - 10 National University
  - 11 Palomar College
  - 12 Point Loma Nazarene University
  - 13 San Diego City College
  - 14 San Diego Community College District
  - 15 San Diego Mesa College
  - 16 San Diego Miramar College
  - 17 San Diego State University
  - 18 San Diego State University - Imperial Valley
  - 19 San Diego Unified School District
  - 20 Sweetwater Union High School District
  - 21 University of California, San Diego
  - 22 University of San Diego

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The consortium's Governing Board (the Board) is comprised of one voting member from each member agency. The Board establishes management policy in the form of bylaws, provides direction to the Program Director, sets priorities for budgetary decisions, and appoints a Fiscal Agent. The Board is also responsible for maintaining the required level of matching funds (cost-sharing) required by the Cal-SOAP award. The Board meets six times per year to oversee activities.

UCSD has been designated as the Fiscal Agent, and the campus Cal-SOAP Department (the Department) in Student Affairs manages all fiscal activities. The Department Program Director administers the program as instructed by the Board. The Department is staffed entirely by UCSD employees, and is located at facilities in Kearney Mesa provided by the San Diego Unified School District.

To deliver program services, the Department hires and trains college students to work as College Peer Advisors and to mentor primary education students regarding post secondary educational opportunities. The Department hires approximately 150 advisors per year, who typically work approximately 35 weeks, ten to twelve hours per week.

## **II. Audit Objective, Scope, and Procedures**

The objective of our audit was to review the Department's business practices, and evaluate whether they provide reasonable assurance that operations are effective, and result in compliance with University policies and procedures, and accurate financial reporting. In order to achieve our objectives we completed the following:

- Interviewed the Department Director, Computer Resource Specialist, Management Services Officer (MSO) and Financial Administrator;
- Reviewed the San Diego and Imperial Counties Cal-SOAP bylaws and Minutes;
- Reviewed the recent California Student Aid Commission Audit (August 2012);
- Interviewed the UCSD Director of Financial Analysis regarding campus cost-sharing accounting requirements;
- Interviewed the Assistant Director of the Office of Post Award Financial Services (OPAFS) regarding fund management and invoicing requirements;
- Compiled Departmental financial data at the fund and financial index level for prior years and provided the information to the Department MSO;
- Reviewed award documentation for funds with current balances, and traced award amounts to accounting records;
- Reviewed Department invoice preparation procedures, and examined invoices;
- Evaluated Cal-SOAP cost sharing requirements, and corresponding Department accounting practices;
- Reviewed applicable California Education codes, and UCSD policies; and
- Tested invoices, award balances, and Department cost sharing documentation.

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**III. Conclusion**

We concluded that improvement is needed in Department business practices to provide assurance that business operations are effective, and result in compliance with University Policy, and accurate financial reporting. The areas where we noted improvement is needed are described in the balance of this report.

**IV. Observations and Management Corrective Actions**

**A. Fund Management**

**We noted a number of areas in which the Department has not demonstrated effective fund management over the life cycle of Department awards. Of concern are issues in the areas of financial accounting, invoicing, cost transfers, award closeout, and financial deficits (fund overdrafts).**

1. Financial Accounting – Due to timing issues associated with the award, the Department uses temporary financial accounts (or indexes) to manage award expenditures. The practice makes accounting for fiscal activity unnecessarily complex and inefficient, as each expense is initially charged to one temporary accounting index (on state funds), and later transferred to another index. The volume of cost transfers required to support this accounting practice has a significant and detrimental impact on Department workload.

This practice originated due to circumstances outside the Department's control. As a practical matter, the Department cannot charge expenses directly to award funds until the award is formally accepted (executed) by the Office of Contracts and Grants Administration (OCGA), and then funds are allocated by the Office of Post Award Financial Services (OPAFS). The Department's largest recurring award is from the California Student Aid Commission (CSAC). Due to the State of California's budgeting and contracting practices, the signed contract indicating the award from the state is generally not received until the fifth or sixth month of the fiscal year, well after the effective award start date. Award periods generally follow the primary school academic calendar, and typically start and end in mid-August. As a result, the Department incurs and pays a significant amount of expenses before award funds are technically available to spend in the Integrated Financial Information System (IFIS).

The recommended method to avoid the use of temporary indexes is to obtain early spending approval authority from OCGA. This is a process whereby the OCGA contracting officer authorizes the opening of a fund and associated budgetary accounts prior to receipt of a signed award contract from the granting agency, based on the reasonable expectation that the award will be executed. That

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expectation is grounded in the historical relationship of the agency and the campus department for recurring awards. The advantage is that expenditures can be (initially) originally posted to the correct grant fund, and the effort intensive process of moving expenditures is avoided. This is a process that must be initiated by the campus department in a timely manner (so that early spending approval is granted before expenditures are need to be recorded on accounts). While the Department has a history of using this method, they discontinued the practice apparently due to turnover in key fiscal positions (and for not having the process documented).

2. Invoicing – The Department did not invoice CSAC timely for services provided under the awards. CSAC requires that invoices be submitted on a quarterly basis, one month after the close of the quarter. The schedule below lists two recent invoices associated with separate CSAC awards.

Award Billing Periods vs. Invoice Dates

Fund	Award Period		Agency & Description
	Start	End	
18883A	8/14/2011	9/30/2012	California Student Aid Commission
	5/14/2012	9/30/2012	Fourth Quarter Invoice Period
		1/30/2013	Invoice Date Fourth Quarter
		4	Months after close of invoice period
18923A	8/14/2012	8/13/2013	California Student Aid Commission
	8/14/2012	11/14/2012	First Quarter invoice period
		3/11/2013	Invoice Date First Quarter
		5	Months after close of invoice period

OPAFS generally reviews invoices prepared by the Department. As part of the review process, OPAFS validates that expenditures listed for reimbursement on the invoice agree with those listed on the financial index associated with the award. On an exception basis, where time is of essence, OPAFS will approve invoices where the expenditures were charged to temporary indexes, on the condition that the Department fulfills its responsibility to transfer those expenditures to the award index in a timely manner.

3. Cost Transfers – We noted that the Department did not complete the required costs transfers from temporary accounting indexes to the award funds in a timely manner. Further, we noted that well after awards were executed and funds were

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allocated, the Department occasionally charged expenses to temporary accounting indexes.

Specifically, we noted that four expired CSAC awards continue to have a large number of expenses in the general fund (Attachment B).

4. Award Closeout – As a result of the Department’s lack of timeliness in invoicing expenses and completing costs transfers, the Department did not fulfill its responsibilities for award closeout.

As award periods near their end, campus departments are generally responsible for monitoring expenses and fund balances. This is accomplished by ensuring that all expenses that are allowable and allocable to the award are charged to the award. This serves to optimize the use of external funding, and minimizes the risk that expenses incurred that are allowable and allocable to an award are funded by the University. Departments are responsible for coordinating with OPAFS in the developing that Financial Status Report (FSR) for submission to the agency. The FSR should agree with both the IFIS Operating Ledger, and the total of all expenses invoices under the award. Afterward, remaining fund balances must be de-obligated by OPAFS as they are no longer available to spend because the award period has lapsed. We noted 19 Department awards that have ended; however, which have not been closed out and funds de-obligated due to the lack of timely business practices (Attachment A).

5. Financial Deficit Balances (Fund Overdrafts)

We also noted that the Department had a number of funds in significant financial deficit as of December 31, 2012. Specifically, three funds were in material overdraft for longer than 60 days as of December 31, 2012, as listed below.

	<b>Fund</b>	<b>Overdraft Balance</b>	<b>Agency</b>	<b>Award Date</b>
1.	18594A	(\$9,951)	CSAC	7/1/2003 -6/30/2004
2.	18883A	(\$119.146)	CSAC	8/14/2009 – 8/13/2010
3.	19900A	(\$739.834)	n/a	n/a

The largest negative balance (fund 19900A; **-\$739,834**) appears to be largely attributable to award expenses initially charged to temporary indexes on this fund, and not transferred to the corresponding fund as required.

The campus Overdraft Policy requires that Departments monitor financial balances with respect to overdrafts. Should spending exceed award allocations, administrators are to initiate corrective action in a timely manner to eliminate



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overdrafts. The policy requires that resolution plans to eliminate deficit balances exceeding \$10,000, or greater than 60 days in duration, be documented and be approved by Vice Chancellor or Dean to whom Department reports.

Overdraft is a negative financial position caused generally by spending in excess of authorized or available funding. An award's authorized funding limit is typically reflected in the budget balance contained within the accounting system. It is the responsibility of the fund manager to ensure that budgeted fund balances are in agreement within the award contract so that budgetary accounts may serve as an effective control against overspending.

Where fund balances are negative, specific deficit reduction corrective action plans demonstrate a commitment to resolve the deficits. We noted that deficit reduction plans had not been formally documented.

**6. IFIS Updates**

We also noted that the Department had not effectively coordinated with central campus departments (OCGA and OPAFS) regarding updates to information in IFIS as required when award terms were modified, as follows.

1. A review of award documentation indicated that CSAC modified the Department's Cal-SOAP award period for Fund No. 18883A.
2. Specifically, the agency increased the funding by \$14,100 and extended the award period to September 30, 2012. However, neither change was recorded in IFIS.
3. CSAC had also increased award (G-09-006) by \$25,000 (Fund 18784A).

**Management Corrective Actions:**

See page seven.

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<b>Department Practices</b>	<b>Management Corrective Actions</b>	
	<b>Department Fiscal Staff</b>	<b>Department Management</b>
Financial Accounting	<p>Fiscal staff<sup>1</sup> will attend training as needed to become skilled at using various UCSD systems required for effective transaction processing.</p> <p>Fiscal staff will request early spending authority for each recurring award from OCGA in a timely manner.</p>	<p>The Cluster Management Services Officer (the MSO) has initiated the process to request a reclassification of the Administrative Specialist position to Administrative Analyst in order to recruit and retain the skills needed to fulfill the Department's fiscal responsibilities.</p> <p>The MSO will ensure the continuity of business practices (such as requesting early spending authority) by documenting practices, and cross-training of fiscal staff.</p> <p>The MSO will discourage the use of temporary indexes, and will monitor financial accounting practices to ensure that temporary indexes are used only when necessary.</p>
Invoicing and Cost Transfers	<p>Fiscal staff will transfer all costs as needed from temporary indexes to award funds, as needed. Going forward, this will be completed before preparing invoices.</p> <p>Fiscal staff will prepare invoices in a timely manner.</p>	<p>The MSO will prioritize overdue cost transfers, and direct staff to complete them within a defined period of time.</p> <p>The MSO will establish deadlines for fiscal staff to prepare invoices before submittal to OPAFS, and will monitor completion of invoice preparation quarterly.</p>
Award Closeout	<p>Fiscal staff will coordinate with OPAFS in the final reporting, fiscal closeout, and de-obligation of funds after award expiration.</p>	<p>The MSO will regularly monitor fiscal activity to ensure that fiscal staff are conducting closeout activities in a timely manner.</p>
Financial Deficit Balances	<p>Fiscal staff will follow the approved Overdraft Resolution Guidelines as per the campus requirements.</p>	<p>The MSO will develop an action plan for all significant financial deficits, and forward to the Assistant Vice Chancellor of Admissions &amp; Enrollment Services.</p>
IFIS Updates	<p>Fiscal staff will review and coordinate with OPAFS to update IFIS, as needed.</p>	<p>The MSO will monitor fiscal activity to ensure that IFIS is updated when necessary.</p>

<sup>1</sup> Fiscal staff refers to the Administrative Specialist or the Administrative Analyst depending on results of the position reclassification.

Attachment A  
 Cal-SOAP Department (Org. 681611)  
 Historical Fiscal Year End Balances for All Current Funds

Ref.	Fund	Fund title	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	Dec.2012
1	07427A	OPPORTUNITY FUND								454	1,007	1,007
2	18370A	CAL SACO/THOMPSON/08/13/11								19,214	12,160	12,507
3	18372A	CAL-SOAP G-10-006/THOMPSON								587,393	275,688	290,382
4	18594A	CALSOAP/ THOMPSON/ GS-03-006 6/04	(23,485)	(31,847)	(69,134)	(69,134)	(9,951)	(9,951)	(9,951)	(9,951)	(9,951)	(9,951)
5	18627A	CALSOAP/ THOMPSON/G-04-006 0% 6/05		(9,303)	30,254	30,559	(11,492)	(11,492)	(10,796)	(10,816)	9,931	9,931
6	18672A	CALSOAP THOMPSON 0% 6/07				68,979	3,873	4,023	7,328	7,328	7,328	7,328
7	18705A	CALSOAP G-07-006 THOMPSON 6/08					26,759	(57)	6	6	6	6
8	18724A	CSAC/EDFUND THOMPSON 0% 6/08					12,798	13,587	13,524	13,524	13,524	13,524
9	18774A	CSAC/EDFUND C-08-005 THOMPSON 0%							22,000	22,000	22,000	22,000
10	18784A	CSAC/EDFUND C-09-005 THOMPSON 0%							18,581	18,581	18,581	18,581
11	18864A	CALSOAP THOMPSON G08-006 12/09						385,536	(43,438)	51,224	51,224	51,224
12	18878A	CALSOAP G-09-006 THOMPSON 8/10							306,405	(119,146)	(119,146)	(119,146)
13	18883A	DE-CSAC/CALSOAP/BROWN 8/12									578,715	160,743
14	18904A	CAL STUDENT AID COMM/BROWN/8/13/12									2,415	(1,001)
15	18923A	ADV. APP CALSOAP BROWN										(40,724)
16	19900A	GENERAL FUND	7,015	9,371	5,779	3,493	(25,380)	(194,680)	(225,053)	(363,589)	(588,517)	(739,834)
17	20000A	STUDENT SERVICE FEE							314	314	314	314
18	54599A	EDUC FINANCING FDN THOMPSON				(409)	3,371	(186)	473	437	405	394
19	61152A	SOAP STUDENT FOLDERS SALES	(6,252)	(5,610)	19,824	(25,949)	(9,629)	13,604	13,509	37,271	50,460	50,460
20	64102A	CAL-SOAP PROG SVC AGREEMENT	10,067	2,551	(5,874)	(2,853)	(2,856)	(2,951)	(3,046)	(3,046)	(3,046)	(3,046)
21	68310A	SALE OF SURPLUS PROPERTY	884	884	53	53	10	10	40	40	40	66
22	69995A	VICE CHANCELLOR-STUDENT AFFRS-STIP	4,543	43	43	0	0	0	0	1,045	1,045	1,045
23	85790A	COLLEGE ACCESS FDN THOMPSON 11/10							376,864	(1,002)	(1,002)	(1,002)
24	87179A	DODEA/SDUSD SUB PS-90-554-20 THOMPS							87,942	57,151	30,883	23,987
25	89528A	COLLEGE ACCESS FOUNDATION OF CALIFO								378,309	(20,043)	(6,612)
26	89826A	COLLEGE ACCESS FDN BROWN 89825A									357,613	2,953
27	93613A	ED/MISCELLANEOUS AGENCIES KLEIN										(142)
Total Department Fund Balances			\$ (7,228)	\$ (33,911)	\$ (19,055)	\$ 4,739	\$ (12,498)	\$ 197,443	\$ 554,702	\$ 686,741	\$ 691,634	\$ (255,006)

Indicates approximate periods that constitute the life of the fund award.

Attachment B  
 Cal-SOAP Department (Org. 681611)  
 12/31/2012 Fund Balance Summary with Recent Prior Fiscal Year Expenditures

Ref	Fund	Agency	(a) Award Amount	Expenditures					(b) Total Expenditures	(c) Liens	(a)-(b)-(c) Balance	Note
				Prior FYs	FY2009	FY2010	FY2011	FY2012				
<b>State Funds</b>												
1	18370A	CSAC	22,000				(2,586)	(6,907)	(9,493)		12,507	A
2	18594A	CSAC	1,250,000	(1,259,951)					(1,259,951)		(9,951)	A
3	18627A	CSAC	1,248,994	(1,260,486)	-	695	(20)	20,747	(1,239,064)		9,930	A
4	18652A	CSAC	1,250,000	(1,228,558)	-	(695)	-	(20,747)	(1,250,000)		-	A
5	18672A	CSAC	1,250,000	(1,246,127)	150	3,306			(1,242,671)		7,329	A
6	18705A	CSAC	928,750	(896,786)	(32,021)	63			(928,744)		6	A
7	18724A	CSAC	20,100	(2,202)	(4,311)	(63)			(6,576)		13,524	A
8	18774A	CSAC	22,000						-		22,000	A
9	18784A	CSAC	22,000			(3,419)			(3,419)		18,581	A
10	18864A	CSAC	976,149	(522,473)	(497,114)	94,661			(924,926)		51,223	A
	19900A	Expenditures on temp. indexes		(180,403)	91,925	-	-	-	(88,478)		(88,478)	
		Total Fund 18864A expenditures		(702,876)	(405,189)	94,661			(1,108,065)			
11	18878A	CSAC	934,792		624,066	428,243			1,052,309	1,629	(119,146)	A
	19900A	Expenditures on temp. indexes			107,149	(9,058)			98,092		(98,092)	
		Total Fund 18878A expenditures			731,216	419,185			1,150,401			
12	18372A	CSAC	960,351			365,005	317,769	(14,695)	668,079	1,889	290,383	A
	19900A	Expenditures on temp. indexes				187,567	812	-	188,379		(188,379)	
		Total Fund 18372A expenditures				552,572	318,581	(14,695)	856,459			
13	18883A	CSAC (see note)	940,159			359,824	419,381		779,206	211	160,742	A
	19900A	Expenditures on temp. indexes				226,600	(226,615)		(15)		(15)	
		Total Fund 18883A expenditures				586,424	192,766		779,190			
14	18904A	CSAC	22,000				(19,585)	(3,416)	(23,001)		(1,001)	
15	18923A	CSAC						(40,039)	(40,039)	(685)	(40,724)	
	19900A	Expenditures on temp. indexes						(377,231)	(377,231)	928	(376,303)	
		Total Fund 18923A expenditures						(417,270)	(417,270)			
<b>Private Grant (Fed Flow Thru)</b>												
16	20000A	Student Service Fee	314						-		314	A
17	54599A	Ed. Financing FDE Thompson	300,000	(296,412)	(3,556)	659	(36)	(33)	(299,389)	(218)	393	A
18	85790A	College Access Grant of CA.	400,000			(23,136)	(377,865)		(401,001)		(1,001)	A
19	89528A	College Access Grant of CA.	400,000				(21,691)	(398,202)	13,464	(182)	(6,611)	A
20	89826A	College Access Grant of CA.	375,000				(17,387)	(354,661)	(372,048)		2,952	
21	87179A	San Diego Unified School District	89,100			(1,158)	(30,791)	(26,268)	(6,896)	(65,113)	23,987	A
<b>Federal Contracts</b>												
22	93613A	ED/Misc. agencies Klein	4,775					(4,917)	(4,917)		(142)	
<b>Service Agreements &amp; Self Supporting Activity</b>												
23	61152A	SOAP Student Folders Sales									50,460	
24	64102A	Cal-SOAP Prog Svc Agreement	447,748	(450,604)	(95)	(95)			(450,794)		(3,046)	A
<b>General &amp; Other Funds</b>												
25	68310A	Sale of surplus property		40				26	66		66	
26	69995A	VC-Student Affairs-STIP									1,045	
27	07427A	Opportunity Funds	1,007						-		1,007	
28	19900A	State funds - Undistributed									11,432	
										<u>\$ (255,006)</u>		

**Legend & Notes:**

Indicates approximate periods that constitute the life of the fund award.

**A** Award contract or service agreement period has ended and fund should be evaluated for closed out.

Ref. 4 Note that fund 18652A is included above in order to present expenditures although it has a 0 balance at 12/31/12. Fund 18652A is excluded from Attachment A which only lists funds with balances and thus lists 27 funds.

Ref. 13 CSAC increased Fund 18883A by \$14,100 to \$954,259 and extended ending to 9/30/2012.