

August 17, 2015

JUAN GONZALEZ
Vice Chancellor
Student Affairs
0015

**Subject: *Vice Chancellor Student Affairs–Executive Accounts Transition Review
Project 2015-68***

The final audit report for the Vice Chancellor Student Affairs – Executive Accounts Transition Review, Audit Report 2015-68, 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 to schedule a review of the corrective actions, at the appropriate time.

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. Please destroy draft reports at this time. Thank you.

David Meier
Director
Audit & Management Advisory Services

Attachment

cc: Judy Bruner
 John Hughes
 Clare Kristofco
 Cheryl Ross
 Sheryl Vacca

UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Vice Chancellor Student Affairs
Executive Accounts Transition Review
August 2015

Performed By:

Laurie Ward, Auditor
Jennifer McDonald, Manager

Approved By:

David Meier, Director

Project Number: 2015-68

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Attachment A – Vice Chancellor Student Affairs Executive Accounts

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I. Background

Audit & Management Advisory Services (AMAS) has completed a review of the Vice Chancellor Student Affairs (VCSA) executive funds as requested by management. This report summarizes the results of our review.

The VCSA Office provides policy and management direction for Student Affairs and also directly supervises a number of operating units, including:

- Chancellor's Associates Scholars Program
- Office of Student Conduct
- Parent and Family Programs
- Student Fee Advisory Committee
- Student Research and Information
- Undocumented Student Services
- VCSA Resource Management

The VCSA office staff advise and assist the Vice Chancellor and provide facilities, budget, and human resource support to the wider family of Student Affairs units. The VCSA executive funds are managed by the Director of the VCSA Resource Administration.

The former VCSA retired effective June 30, 2013 and the current VCSA was hired effective September 1, 2014. An interim VCSA was appointed between the break in appointments. This review of selected business office operations and related internal controls is a service provided to incoming Vice Chancellors to ensure executive accounts are in appropriate order.

II. Audit Objective, Scope, and Procedures

The objective of our review was to evaluate oversight for executive accounts and, on a test basis, evaluate expenditures for compliance with University and campus policy. The scope of our review was focused on internal controls for current core business processes (e.g., payroll and timekeeping, travel and entertainment, procurement) and delegations of authority. The scope of our detailed testing of expenditures was limited to expenses charged to executive accounts during the calendar year ended December 31, 2014.

In order to achieve our objectives we performed the following:

- Reviewed the organizational structure and reporting relationships for VCSA staff;
- Reviewed financial information and determined the composition of executive discretionary funds (see **Attachment A**);
- Met with management to discuss potential areas of concern;

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- Requested and reviewed departmental responses to internal control questionnaires and separation of duties matrices;
- Evaluated electronic financial approval hierarchies within the Integrated Financial Information Systems (IFIS);
- Reviewed and confirmed Delegations of Authority (DA);
- Reviewed campus policies for key business processes such as:
 - Timekeeping and payroll
 - Non-payroll expenditure transactions
 - Travel, meeting and entertainment expenses
 - Procurement and Express card purchases
 - Operating ledger review and financial reporting
 - Expense transfers
 - Delegation of Authority—Signature Authorization
 - University Personnel Policies
- Performed an analytical review of funds and accounts to assess risks associated with expenditures; and
- Performed detailed testing of 163 transactions from selected key business processes to verify that internal controls were adequate and functioning in compliance with University policy.

III. Conclusion

Based on our audit procedures, we concluded that VCSA oversight for executive accounts was generally adequate, and expenditures charged to the VCSA Executive Funds were in compliance with University and campus policies and procedures.

We observed a few opportunities for improvement, which are discussed in the balance of this report.

IV. Observations and Management Corrective Actions

A. Delegations of Authority

Our examination of delegations of authority indicated that they have not remained current with recent personnel changes.

Ten of the twelve delegations reviewed were determined to be outdated or no longer relevant. We noted that the delegations of authority on record with Policy and Records Administration included prior VC's, and the hierarchies had not been completely processed to reflect all personnel changes. Four of the twelve were eight years old; five were two years old; and one, designated in the VC interim position, was no longer relevant.

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The following five delegations were retired:

- DA 1860 - Approve Classifications to Short Term Positions
- DA 2441 - Settlement of Claims
- DA 2879 - Contingent Authority to Act for the Chancellor
- DA 2865 - Actions Involving Addition of Endowed Payout to Principal
- DA 3283 - Salary and Temporary Administrative Stipend Authority

The following four delegations are in the process of being reissued to the current VC:

- DA 797 - Designation for Areas of Consumption of Alcohol
- DA 2644 - Execution of Service Provider Agreements
- DA 2763 - Classifying Staff Positions
- DA 2990 - Salary and Temporary Administrative Stipend Authority

The final delegation is under further review prior to being reissued:

- DA 1980 - Exclusion from Campus Disruptive Conduct Penal Code 626.4

Administrative officials can delegate certain duties to staff, but remain accountable for all activities in their areas of responsibility. Local campus delegations must not conflict with other UC policy. Authority that has been re-delegated remains with the person providing the delegation as well as being granted to the delegated position title. Delegation letters may contain individual names, but the authority remains with the position title.¹ Local divisions and departments are responsible for updating and notifying Policy and Records Administration of any changes. Some of these delegations noted above will require further research as they affect many different areas of responsibilities.

Management Corrective Actions:

A plan to review, update and file letters of delegation with the Policy and Records Administration Office has been developed. In addition, management has notified Policy and Records Administration of the outdated delegations, and they are in the process of updating and revising the outdated delegations.

B. Employee Evaluations

Employee performance appraisals were not completed on an annual basis, per UC Policy.

¹ As noted on the Policy and Records Administration UCSD website <https://rmp.ucsd.edu/policy-records/delegations.html>

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UCSD career employees should receive an annual written performance appraisal. The appraisals serve to foster communication between supervisors and employees and to establish agreed upon performance expectations, while promoting a correlation between pay and performance.

UC Personnel Policies for Staff Members state that “The performance of each employee shall be appraised annually in writing by the employee’s immediate supervisor, or more frequently, in accordance with local procedures.”

We reviewed employee performance appraisals for seven employees in VCSA Resource Management and noted that six were not completed on an annual basis. See table below for details.

Employee	Last Review Date	Due Date	Past Due
1	June 2007	June 2008	7 years
2	August 2011	August 2012	2 years, 10 months
3	August 2011	August 2012	2 years, 10 months
4	December 2012	December 2013	1 year, 6 months
5	July 2013	July 2014	11 months
6	August 2013	August 2014	10 months

Management Corrective Actions:

A plan to conduct, document, and file performance evaluations for all personnel on an annual basis, as required by University policy has been developed. In addition, management is in the process of completing currently outdated performance evaluations.

C. Express Card Management

The Department Administrator assignment as Transaction Reviewer for one Express Card was not compliant with University policy.

During our review we noted that the Department Director was an Express Cardholder and the assigned reviewer of Express Card transactions was the Office Manager who reported directly to the Director. This is in conflict with UC Policy Business and Financial Bulletin BUS 43 which states that Express Card transaction reviewers may not be in a subordinate relationship to the Cardholder.

While it may be efficient for such individuals to hold procurement cards, the practice also increases the risk that the staff personnel responsible for reviewing

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Express Card purchases did not perceive they had the requisite authority to question transactions, if the need arose.

Management Corrective Action:

The transaction reviewer role for the Director's Express Card has been reassigned.

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**FINANCIAL BALANCES CALENDAR YEAR 2014
January 1, 2014 - December 31, 2014**

Organization	Fund	Index	Description	Budget	Financial	Liens	Balance December 31, 2014
660214	20095A		Tuition				
		VSA6214	VCSA - Inactive Index	\$ -	\$ -	\$ -	\$ -
		VSAADMN	Office Admin Expenses	\$ 993,941	\$ 348,996	\$ 34,654	\$ 610,292
		VSABD97	General Expenses	\$ 384,045	\$ 385,570		\$ (1,525)
	69995A		VCSA STIP				
		VUA8804	General Expenses	\$ 15,948	\$ (166,170)		\$ 182,118
		VSAHOST	Hosting Expenses	\$ 6,200	\$ 4,650		\$ 1,550
		VSAKTCH	Kitchen Supply Expense	\$ 3,200	\$ 1,031		\$ 2,169
		VSASTIP	STIP	\$ 319,761	\$ 40		\$ 319,721
680005			VCSA Special Projects				
	20000A		Student Service Fees				
		VSA5694	General Expenses	\$ 2,874	\$ 63,723	\$ 51,900	\$ (112,749)
	69995A		STIP				
		VUA0882 - Special Projects	Special Projects STIP	\$ 3,592	\$ 6,969		\$ (3,377)
EXECUTIVE ACCOUNTS OVERALL BALANCE				\$ 1,729,561	\$ 644,809	\$ 86,554	\$ 998,199