DEPARTMENT OF INTERCOLLEGIATE ATHLETICS

BUSINESS AND FINANCE

AUDIT REPORT #18-4004

Audit & Advisory Services

October 2018

DEPARTMENT OF INTERCOLLEGIATE ATHLETICS

BUSINESS AND FINANCE

AUDIT REPORT #18-4004

# Background

In accordance with the Campus fiscal year 2017-18 audit plan, Audit & Advisory Services (A&AS) conducted a review of the Business and Finance unit within the Department of Intercollegiate Athletics (DIA).

The DIA is a National Collegiate Athletic Association (NCAA) Division-I program established in 1919 that competes in the Pacific-12 (PAC-12) and Mountain Pacific Sports Federation (MPSF) conferences. The DIA is one of the most decorated programs in the nation with 116 NCAA championships, 261 Olympic medals (133 Gold, 66 Silver, 62 Bronze), over 120 professional athletes, and the only program with a Heisman Trophy, Wooden Award, and Golden Spikes Award winners. The DIA offers 25 men’s and women’s sport programs and has over 650 student athletes. The department’s objective is to provide a broad based program that represents the University with character while providing all student-athletes with a rewarding experience academically, athletically, and socially.

The DIA operations are spread among 15 facilities located on the UCLA campus and in Los Angeles. The department employs about 2,837 employees of which 109 are contracted, 123 career, 1,986 limited (mainly camp and game staff), and 619 student staff. The Business and Finance Division consists of eight employees and is overseen by the Senior Associate Athletic Director, Chief Financial Officer (CFO) who reports to the Athletic Director.

Purpose and Scope

The primary purpose of the review was to ensure that the organizational structure and controls, and the related systems and procedures surrounding the Business and Finance unit are conducive to accomplishing its objectives. The secondary purpose of the review was to evaluate the adequacy and efficiency of internal controls. Where applicable, compliance with University and departmental policies and procedures was also evaluated.

The scope of the audit focused on the following activities:

* Accountability Structure
* Financial Management
* Collections and Deposits
* Purchasing
* Personnel and Payroll
* Equipment Inventory
* Training

The review was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included tests and other auditing procedures considered necessary in achieving the purpose. Interviews were conducted with management and staff, and various other financial and administrative documents were examined.

# Summary Opinion

Based on the results of the work performed within the scope of the audit, the Business and Finance unit’s overall organizational structure and controls are adequate to help achieve their business objectives. The Business and Finance unit’s administrative staff appear to be experienced and knowledgeable of the University’s policies and procedures. However, certain business practices could be further strengthened to improve upon the existing internal controls. The following were noted:

*Accountability Structure*

* The Chief Administrative Officer (CAO) and Departmental Security Administrators (DSAs) should monitor accountability delegations by reviewing quarterly 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. A&AS is available upon request to provide training on the DACSS reports in the Campus Data Warehouse (CDW).
* Mandatory reviewers for DIA should read their Post Authorization Notifications (PANs) within two business days of receipt in accordance with the UCLA Financial Policy.

*Collections and Deposits*

* Cash and cash equivalents should be deposited in accordance with UC Business and Finance Bulletin, BUS 49, “Policy for Cash and Cash Equivalents Received” (BUS-49).
* Management should develop a log to record the receipt of cash and cash equivalents. The log should record pertinent information to identify the individual(s) that received cash and cash equivalents, date received, and for what purpose. The DIA Deposit Record Receipt form should be enhanced to document the date funds were received.
* Management should work with UCLA’s Payment Solutions & Compliance unit to determine that the two DIA safes meet the UCLA Safe Requirements based on the cash and cash equivalents stored in the safes. Dual custody should be implemented on the two safes and as an additional compensating control; management should install security cameras that capture clear unobstructed views of the departmental safes.

*Purchasing*

* Management should ensure that Procurement Card (Pcard) cardholders do not process consecutive transactions from the same vendor that exceed established Pcard restrictions. Cardholders should be reminded of the UCLA Purchasing & Accounts Payable Pcard Guidelines. Department of Intercollegiate Athletics could contact the UCLA Pcard Administrator for guidance with future purchases or procurement goods or services through a purchase order.

*Personnel and Payroll*

* Management should ensure that work hours for limited employees are monitored on a consistent basis. Periodic monthly reports should be provided to staff to communicate total work hours, appointment end date, and any supplemental information to ensure limited employees do not exceed established guidelines for hours worked. The spreadsheet that management currently sends to supervisors should be used to provide information on the average hours worked and the amount of pay periods left before the limited employee should be released. The supervisors should also provide DIA Human Resources with any necessary information on the employee.

*Equipment Inventory*

* Management should ensure that a UC property tag is affixed to all equipment and inventory records should be enhanced to include detailed information for all equipment inventory, such as serial number and detailed location. Inventory disposals should be communicated in a timely manner to ensure proper processing and accurate equipment records.
* All DIA facilities are added to the Asset Management System (AMS) by working in conjunction with Corporate Financial Services.

*Training*

* Department of Intercollegiate Athletics management should ensure that all staff complete the UC mandated trainings; Sexual Harassment/Sexual Violence Prevention (SHSV), Cybersecurity Awareness (CSA), Ethical Values and Conduct (Ethics), and California Child Abuse and Neglect Reporting Act (CANRA). To help increase completion rates for mandated trainings, management should ensure that all employees who do not have access to a computer are provided the opportunity for in-person training.  Management should also work with the UCLA Compliance Coordinator, Title IX Office, and Campus Human Resources to determine if the mandated NCAA SVSH training would satisfy the requirement for the mandated UC SVSH training. To help increase the completion percentages for CANRA training management is encouraged to have a departmental policy that requires staff to complete the CANRA training as part of their on-boarding process.

The results of the audit and corresponding recommendations follow.

# Audit Results and Recommendations

Accountability Structure

The DIA accountability structure in DACSS in effect for March 22, 2018, was evaluated for effective delegation of authority in initiating, processing, reviewing transactions, and for adherence to the UCLA Financial Policy on “Principles of Financial Accountability.” According to the UCLA Financial Policy, maintaining and securing an effective accountability structure should provide for the routine update of DACSS to ensure that proper access is granted to inquire, prepare, and/or review transactions.

The Distributed Administrative Computing Security System is UCLA’s enterprise application access management system, which allows campus departments to manage access to the resources and functions of all major university transaction systems such as Purchasing, Accounts Payable, and Payroll. A user’s ability to perform a transaction can be limited based on organizational hierarchy and/or full accounting units (FAU). Additionally, dollar limits can be placed on financial transactions. The CAO of a unit is responsible for identifying which individuals will have access to the applications systems, and those responsible for reviewing the transactions for each specific application. TheCAO is responsible for selecting a primary and back up DSAs. The DSA is responsible for the input (into DACSS system) of the access as delineated by the CAO.

Controls surrounding the DIA accountability structure, review of PANs, and the Annual CAO Certification and Accountability Matrix were reviewed. The following were noted:

### Accountability Structure

### The following CDW reports for DIA department code 3745 were obtained on March 22, 2018:

* QDB (Query Data Base) Users by Appt (Appointment) Unit and Users by System Access Request (SAR) Unit.
* Users and their Access by Appt Unit, by SAR Unit, and Users with Access to a Specific Unit.
* Users and their access to Student Systems by Appt and by SAR unit.
* Reviewers for a Specific Unit and Reviewers by Home Department Code.

Data from the nine reports was used to create worksheets that provided a listing of all users and reviewers that have access to inquiry, process, and review DIA transactions. The worksheets were sent to the CAO and DSAs so that they could confirm that access is appropriate.

Overall, DIA has established an effective DACSS structure for the delegation of initiating, processing, and reviewing transactions. However, the following issues were noted:

* Four users who are not employed by DIA and had access that at one time was authorized, no longer need the access.
	+ Two employees of the Development Office who are currently on leave without pay had recharge access to manage annual donor parking. One has been on leave since December 1, 2017, and the other since February 27, 2018.
	+ Two users had purchasing access; one user is employed by Cultural & Recreational Affairs and the other by Corporate Financial Services.
* Two users had the function “PPRPTSEX,” this function is an inactive function and was replaced by the function “PPRPTSX.” By maintaining an inactive function, the users do not have the access that they need to run the various personnel payroll costing reports in Document Direct.
* One user separated on May 5, 2018.
* One user has general QDB access that was granted by the Development Office when the individual worked for that department from June 25, 2012, to June 13, 2013. The user’s only current employment is with DIA, yet their login remains associated with the Development Office. According to management, the user does not need general QDB access for their job duties with DIA and DIA did not request the login or access.
* An employee who separated on August 31, 2017, continued to be set up as a non-mandatory reviewer for On-Line Interdepartmental Recharge Request transactions.
* There was only one mandatory reviewer for CASHNet transactions.

Test work related to the accountability structure identified by A&AS was communicated to the DIA CAO and DSAs, and remediated during the review. A&AS reviewed DACSS and verified that DIA made all necessary updates to their accountability structure. Further discussion with the DIA DSAs revealed that they had been following the guidance provided by Corporate Financial Services, which had listed three specific DACSS reports that should be reviewed in order to ensure DACSS delegations were appropriate and to complete the annual CAO Certification. A&AS noted that the guidance provided by Corporate Financial Services did not suffice and would not provide a complete review of the accountability structure.

Recommendation: The CAO and DSAs should monitor accountability delegations by reviewing quarterly DACSS reports to ensure that the structure reflects access that is appropriate and consistent with the department’s organizational structure and job responsibilities. A&AS is available upon request to provide training on the DACSS reports in CDW.

Response: DIA will work with A&AS for additional training on DACSS reports in CDW to ensure completeness of the accountability review on a quarterly basis.

### Post Authorization Notifications (PAN) Review

Financial transactions must have at least one mandatory reviewer in order to be processed. Once the transaction is processed, a PAN is generated. Post Authorization Notifications are automatically sent to mandatory and non-mandatory reviewers based on the reviewer set up in DACSS. Mandatory reviewers are required to log onto PAN and review their notifications. Post Authorization Notifications provides an “inbox” for each reviewer and records a date/time stamp when the record is reviewed. Non-mandatory reviewers receive an email generated at the time of the transaction.

The UCLA Financial Policy states that mandatory reviewers read their PANs “within two business days of receipt,” all reviewers are to: “inspect each transaction to ensure the Preparer properly fulfilled their responsibilities;” “ensure that each transaction complies with policy, regulatory, and other requirements;” and “resolve all questions that arise with a transaction; or ensure the transaction is reversed until the questions are resolved.”

The PAN Aging Reports available on the web-based application Document Direct, were queried to verify that DIA employees who are set up as mandatory reviewers are not listed in the aging reports. Review of the reports as of May 5, 2018, indicated the following:

* There were no DIA mandatory reviewers with unread PANs listed in the “PAN Aging Report Active by Mandatory Reviewers.”
* The department does not have any separated employees with unread PANs listed in the “PAN Aging Report Separate.”

* DIA does not have any PANs that have not been read by any mandatory reviewer. The “Unread PAN by Any Mandatory Reviewer” was clear.

Additionally, the DACSS Reviewers by Home Department report was used to identify the DIA mandatory reviewers that are set up to review PANs. For the four DIA mandatory reviewers, A&AS examined the February 3, 2018, to May 3, 2018, Audit Review logs to verify that PANs were reviewed in a timely manner in accordance with the UCLA Financial Policy. Although the UCLA Financial Policy states that transactions must be reviewed within two working days of receipt, A&AS used a five-day criterion to account for weekends, holidays, alternative work schedules, and short absences.

|  |  |  |
| --- | --- | --- |
| A&AS found that PANs that were unread for more than five days from receipt by mandatory reviewers are as follows: | **# of Unread PANs > 5 Days** | **Range of Days Unread** |
| Reviewer 1 | 200+ | 8-26 |
| Reviewer 2 | 200+ | 9-10 |
| Reviewer 3 | 200+ | 16-71 |
| Reviewer 4 | 200+ | 24-31 |

Due to system limitations, only the first 200 PANs are listed.

Although PANs may not necessarily be read within a five day period as noted in the examination of the February 3, to May 3, 2018 – Audit Review; it should be recognized that discussions with management, staff and audit test work indicated that DIA’s internal process is that all transactions must be pre-approved by the Business and Finance Office prior to transactions being posted in the system.

Recommendation: Management should ensure that all mandatory reviewers read their PANs in a timely manner in accordance with the UCLA Financial Policy.

Response: DIA has preapprovals set up for transactions and understands this will be the setup in both UCPATH and the new financial system. Currently, the Senior Associate Athletic Director, CFO reviews PANs close to the two day period as noted and encourages his staff to do the same.

### The Annual Chief Administrative Officer (CAO) Certification

On an annual basis, the Office of the Controller requests that CAOs certify compliance with the UCLA Financial Policy and verify that appropriate controlling and monitoring procedures are performed. Management certifications are an important part of internal control because they raise and maintain control awareness and promote accountability. A&AS contacted the Office of the Controller and confirmed that the DIA had submitted the DACSS CAO Certification and Accountability Matrix for 2017.

There were no significant control weaknesses noted in this area.

Financial Management

Controls over DIA budgeting and planning processes were reviewed to ensure that financial resources are effectively managed. Department of Intercollegiate Athletics business practices were also reviewed to ensure that accounts are properly monitored and reconciled. The Statement of Auditing Standards (SAS) 115 Month End Checklist for the six-month period of July - December 2017 was reviewed.

Based on discussions with DIA management and review of related documents, budgets for DIA are developed by each administrative area and team sport. Expenditures for the previous fiscal year are used to forecast budgetary expenses. Budgets are adjusted to reflect expected increase in outlays for items, such as, travel, equipment, etc. Augmentations are supported with justifications. Preliminary budgets are initially reviewed by a supervisor. Budgets are then forward to the Senior Associate Athletic Director, CFO and the Assistant Athletic Director, Business and Finance for review. The Senior Associate Athletic Director, CFO reviews budgets to ensure that they are in line with the department’s long-term forecast. Revenue information is also amended to each budget. Each administrative area or team sport is contacted if budgetary questions arise. Budgets are uploaded into the DIA Financial Portal once they are approved.

Department of Intercollegiate Athletics has adequate controls in place to ensure proper monitoring and reconciliation of accounts. The area manager and/or coach for each sport has a set number of expenditure accounts that they are required to monitor on a monthly basis. Each month, ledgers are reviewed to ensure that only expenses related to that sport have been posted. Department of Intercollegiate Athletics has developed an Internal Financial Portal that uploads its information from the UCLA Financial System on a daily basis to allow users from each area/sport to review their ledgers. The following reports are available from the portal:

* Financial Operating Statement - displays actual expenses (year-to-date), current budget, and any variances.
* Financial Variance Report - is similar to the Financial Operating Statement but includes Open Orders (encumbrances).
* Financial Budget Review displays current year operating expenses, and the variance to budget, also noting percentages used.

The Assistant Athletic Director, Business and Finance periodically e-mails each sport to ensure that their accounts are reviewed. Budgets and accounts are also continuously monitored by the Senior Associate Athletic Director, CFO to identify and find explanations for any significant discrepancies. A review of all DIA accounts is performed as part of the fiscal year end close procedures. Even with a high volume of transactions, DIA focuses a good deal of attention to departmental business practices to ensure they meet department, campus, University of California, and NCAA policies and regulations.

Examination of the SAS 115 Month End Checklists for the period July – December 2017 indicated all checklists had all been properly prepared, signed, and dated.

There were no significant control weaknesses noted in this area.

Collections and Deposits

Controls surrounding the collections of cash and cash equivalents, and deposit practices were reviewed to ensure compliance with University policies and procedures. Business practices over the individual accountability of the receipt, storage, and transfer of funds were evaluated for adequacy. Controls surrounding the physical security of monies were also assessed to ensure proper safeguarding of funds. Interviews with DIA key personnel, walk-throughs, and physical observations were performed. The following were noted:

1. Cash Receipts

Based on discussion with management and review of departmental procedures, the DIA Business and Finance office is responsible for collecting accounts receivable and depositing all monies received to the UCLA Central Ticket Office (CTO) sub-cashiering station. Specifically, monies received are forwarded to the Business and Finance office along with a completed departmental Deposit Record Receipt. The form details the date of deposit, amount of cash by denomination, checks, account (i.e. FAU) information, and the individuals who submitted and received the funds. An email is sent to the Athletics Business and Finance Coordinator to notify them of the deposit. All sub-cashiering deposits are prepared and verified by the Athletics Business and Finance Coordinator and the Assistant Athletics Director, Business and Finance. Deposits are documented on the Department Deposit Record. The form details the date of deposit preparation, amount of cash by denomination, checks, account information, and the individuals who prepared and reviewed the deposit. Cash and cash equivalents are maintained in the safe while awaiting transport to the CTO sub-cashiering station. All funds picked up for transport are documented on a Dunbar Log. Funds are transferred by Dunbar to CTO for processing within CASHNet.

Based on discussions with management and test work performed, collections are not deposited in accordance with BUS-49 which states that they must be deposited "at least weekly or whenever collections exceed $500.” Department of Intercollegiate Athletics deposits are processed on Tuesdays and Thursdays, deposits in the sample tested ranged from $794 to $3.5 million, the majority of the deposits are checks.

Recommendation: Cash and cash equivalents should be deposited in accordance with BUS-49.

Response: The department will review and maintain appropriate policies. The department is moving to reloadable debit cards rather than per diem during team travel – a process on going in conjunction with the Treasurer’s office - will eliminate the need for large cash advances in many cases moving forward.

1. Deposits

A query was generated within CDW to obtain the fiscal year 2016-17 DIA detail general ledger transactions for financial type entry (TE) codes 32 (Cash Receipts – Main Cashier), 33 (Cash Receipts – Main Cashier), and 34 (Cash Receipts – Other Cashiers). A judgmental sample of 15 business days was selected and deposits for those days included a total of 156 transactions. For the dates selected, A&AS traced each payment between the DIA Deposit Record Receipt, UCLA Departmental Deposit Record, Dunbar Log, CASHNet, and the detail general ledger. Review of the documentation indicated that cash receipts were recorded to the correct FAU, and amounts agreed between the DIA Deposit Record Receipt and Departmental Deposit Record forms. Department of Intercollegiate Athletics cash receipts were transferred intact by Dunbar to CTO. Cash receipts were processed for deposit by CTO within CASHNet. Further test work indicated that Dunbar transported funds for processing between DIA and CTO on the same day the Departmental Deposit Record was prepared. However, it took between two to five days for CTO to process DIA cash receipts within CASHNet for five of the 15 days reviewed.

The Deposit Record Receipt only provides information on when payments were placed in the safe by DIA personnel, and then removed from the safe by DIA Business and Finance staff. A&AS was unable to determine how long a payment is held before being dropped into the safe, whether all payments received are in the safe, and whether all payments in the safe are getting transported and deposited. Furthermore, it is only for transactions that have a Deposit Record Receipt that it can be determined how long payments are being held in the safe before being removed and transported. Per discussion with management, the Deposit Record Receipt is only filled out for payments that the DIA Business and Finance staff was not expecting to receive. As a result, A&AS could not verify that cash receipts were processed in a timely manner or that individual accountability is maintained throughout the cashiering process.

Recommendation: Management should develop a log to record the receipt of cash and cash equivalents. The log should record pertinent information to identify the individual(s) that received cash and cash equivalents, date received and for what purpose. The DIA Deposit Record Receipt form should be enhanced to document the date funds were received.

Response: The department is currently updating the DIA Deposit Record Receipt and developing the suggested log and will implement shortly.

1. Physical Security

The department has two drop safes located in the J.D. Morgan Center. The DIA Business and Finance safe is used to store cash and cash equivalents related to the department’s business operations. A second drop safe is located in the DIA break room; the safe is used by DIA staff to deposit monies when the Business and Finance office is closed. Controls over the department’s safes were reviewed to verify compliance with BUS-49, UCLA Policy 361: Cash Handling Safety and Security, UCLA Safe Requirements, and best business practices. Specifically, A&AS staff verified the following:

* Department of Intercollegiate Athletics completed the 2017 CASHNet and Cash Handling Location Survey.
* The combinations to the two departmental safes are restricted to three DIA Business and Finance staff members.
* A sealed record of the safe’s combination is maintained by management.
* The combinations to the safes have been changed within the last year. Changes to the safe are documented management.

The J.D. Morgan Center is secured and access to visitors is restricted by a security guard. However, access controls over both safes can be enhanced to ensure individual accountability. Specifically, since both safes are not monitored by security camera nor accessible under dual custody it would be difficult for management to assign individual accountability over the safe or its contents to any of the three individuals that know the combination. The two drop safes are manufactured by the company Gardall, but do not have a model number anywhere on the safes. As a result, A&AS was unable to determine the class of the safes and verify that the two drop safes are in compliance with the UCLA Safe Requirements.

Recommendation: Management should work with the Payment Solutions & Compliance unit to determine that the two DIA safes meet the UCLA Safe Requirements based on the cash and cash equivalents stored in the safes. Dual custody should be implemented on the two safes and as an additional compensating control; management should install security cameras that capture clear unobstructed views of the departmental safes.

Response: The department will reach out to the Payment Solutions and Compliance Unit to review best practices given department operational flow and setup.

Purchasing

Purchasing activities were examined through discussions with DIA management and a review of business practices over the purchasing process was performed to determine compliance with UCLA policies and procedures. Controls surrounding the Procurement Cards (Pcards) were also reviewed. The following were noted:

1. Purchasing Process

All financial TE code 41 (Accounts Payable – Invoice Accrual) entries for DIA were obtained from the fiscal year 2016-17 detail general ledger. A&AS judgmentally selected a sample of 15 transactions for testing to verify that expenditures were appropriate, properly supported and recorded, and were reviewed in a timely manner. Documents reviewed included BruinBuy documentation, general ledgers, invoices, PANs, receipts, and other supporting documentation. Based on the test work performed, controls surrounding the DIA purchasing process appear reasonable to meet the department’s business objectives and comply with University policies and procedures. Funds for purchases are earmarked during the budgeting process for DIA administrative areas and team sports. If purchases are not approved during the budgeting process then approval is requested from the Senior Associate Athletic Director, CFO. All purchase requisitions are documented on a Purchase Request/Authorization form. Purchase requests must be approved by the area’s representative responsible for the budget. The DIA Business and Finance office authorizes and processes all purchase transactions. Invoices are forwarded to the Business and Finance office where they are compared to the purchase request and a SharePoint workflow process is initiated to verify receipt of goods/services and resolution of any discrepancies (if applicable). Once approved, invoices are forwarded to UCLA Corporate Financial Services for payment.

Discussions with DIA indicated the department spends a great deal of time and takes pride in policies that are reflective of the campus and NCAA to ensure practices are being followed to meet the needs of all constituents.

There were no significant control weaknesses found in this area.

1. Procurement Cards

Based on discussions with management and the UCLA Pcard Administrator, controls over the administration and use of Pcards appear adequate. Pcards are limited to five employees within DIA. All Pcards have controls in place that limit the number of transactions that can be processed per day and each card has a credit limit. Furthermore, restrictions are placed on the dollar amount that can be purchased in a single transaction and for a single day.

Department of Intercollegiate Athletics has established proper controls over the reconciliation of Pcard statements. Review of a sample of 17 Pcard bank statements (during the period of July 2016 - December 2018), indicated that statements are reviewed and reconciled on a timely basis by the manager listed in the Pcard application who is independent from the Pcard holder. The department is also retaining appropriate Pcard records, including bank statements, receipts, emails and order request forms.

A&AS obtained the July 1, 2016, to December 31, 2017, UCLA BruinBuy Pcard Summary Report for the department’s five Pcard cardholders. Data analytics was applied to select a sample of 20 transactions to verify that expenditures are consistent with University policy, purchasing documentation was properly maintained and proper segregation of duties exist.

Review of the 20 Pcard transactions made from August 2016 to December 2017 showed that the majority of items purchased are consistent with University policy and allowable by the funding sources. All Pcard transactions are supported with a bank statement, receipt, UCLA ProCard Expense Reports or departmental Purchase Request/Authorization form. Segregations of duties for Pcards transactions appear to be intact. Specifically, purchases are only made by the Pcard cardholder. Bank statements are reviewed by the Pcard cardholder and the manager. Post Authorization Notifications are generated, received, and reviewed by the Senior Associate Athletic Director, CFO and the Assistant Director of Business and Finance. However, in two different instances a cardholder processed two consecutive transactions, which did not comply with the UCLA Purchasing & Accounts Payable Pcard Guidelines, which states that Pcards cannot be used for goods or services in excess of $2,500. Data analytics on the July 1, 2016, to December 31, 2017, transactions for all five Pcard cardholders confirmed that for the time period reviewed these were the only instances of a DIA Pcard cardholder processing consecutive transactions with a vendor that exceeded the $2,500 limit. Additional data analytics was also performed to identify transactions over $2,500, the review identified that one Pcard cardholder had eight transactions that were over $2,500. Follow-up discussions with the UCLA Pcard Administrator indicated that the eight transactions were approved by Campus Purchasing and the individual's limit was increased to process the transactions.

Recommendation: Management should ensure that Pcard cardholders do not process consecutive transactions from the same vendor that exceed established Pcard restrictions. Cardholders should also be reminded of the UCLA Purchasing & Accounts Payable Pcard Guidelines. Department of Intercollegiate Athletics could contact the UCLA Pcard Administrator for guidance with future purchases or procurement goods and services through a purchase order.

Response: While the department does not provide many Pcards and they are tracked well, we have spoken with specific individuals about campus and Pcard policies as a reminder of best practices. These will continued to be monitored.

Personnel and Payroll

The adequacy of internal controls over personnel and payroll business practices were reviewed, including areas such as new hires, separations, personnel and payroll reports, and a review of personnel files. Monitoring practices for employees appointed to a limited position were also reviewed. The following were noted:

1. New Hire Processing

A query from CDW was generated to obtain a listing of newly hired DIA employees from July 1, 2017, to April 30, 2018. A judgmental sample of 15 recently hired employees was selected for review to ensure that individuals were properly hired in accordance with UCLA policies and procedures. Controls surrounding the completion of background checks were also reviewed. Based on the review, the United States Citizenship and Immigration Services Employment Eligibility Verification (USCIS Form I-9) form was properly completed in accordance with federal law for the 15 newly hired employees. Further review of personnel files, PANs, and the Personnel Payroll System (PPS) indicated that all 15 employees were hired in accordance with UCLA policies and procedures and that background checks were obtained.

Discussions with DIA indicated the department spends a great deal of time and takes pride in policies that are reflective of the campus and UC requirements in this sensitive area.

There were no significant control weaknesses noted in this area.

1. Employee Separations

The Campus Data Warehouse was accessed to obtain a listing of DIA employees who separated between July 1, 2017, and April 30, 2018. A sample of 15 recently separated DIA employees were selected to verify that they were properly separated in accordance with University policies and procedures. Based on the review of employee personnel files, PPS, and PANs, all 15 DIA separations were properly processed, and employees were accurately paid in a timely manner. In addition, a separation checklist is utilized by DIA and provides direction regarding items required to be relinquished by separating employees, information regarding benefits, final paycheck, and any other outstanding reimbursements/payments due employees. Separating employees are also notified regarding their access termination from DACSS and the UCLA Time Reporting System (TRS.)

There were no significant control weaknesses noted in this area.

1. Limited Time Employees

Limited appointment reports from Document Direct were accessed to obtain the benefits eligibility and career status of employees for DIA, as of May 29, 2018. Discussions with management and review of the limited appointment reports indicated that DIA has implemented controls to monitor the hours of limited time employees. Specifically, policies surrounding limited employees are reviewed with staff. Supervisors have been trained that limited employees should not meet or exceed 1,000 work hours. Microsoft Excel is utilized by supervisors to monitor work hours for limited appointment employees. Work hours are also monitored by the Assistant Athletic Director, Human Resources. Prior approval is required from the Senior Associate Athletics Director, CFO and the Assistant Athletic Director, Human Resources for any full time position. However, during the review of the Document Direct report “Employees with 1,000 Hours Towards Career Status,” A&AS discovered that an Athletics employee had exceeded 1,000 hours. The Assistant Director, Human Resources attributed the occurrence to oversight in the monitoring process, which resulted in the employee exceeding the 1,000 hour limit. The individual has since been separated from the University.

Recommendation: Management should ensure that work hours for limited employees are monitored on a consistent basis. Periodic monthly reports should be provided to staff to communicate total work hours, appointment end date, and any supplemental information to ensure limited employees do not exceed established guidelines for hours worked. The spreadsheet that management currently sends to supervisors should be used by the supervisors to provide information on the average hours worked and the amount of pay periods left before the limited employee should be released. The supervisors should also provide DIA Human Resources with any necessary information on the employee.

Response: The department will utilize information provided by A&AS to monitor hours as noted. With a large quantity of these individuals on payroll we have had minor instances of these situations and will work to monitor more closely moving forward for the small chance of this occurring. Financials are tracked on the backend should any of these instances reoccur.

Equipment Inventory

Inventorial equipment is recognized by UCLA Purchasing & Accounts Payable as any item owned by or in the custody of UCLA, has an acquisition cost of $5,000 or greater (including sales tax, shipping and installation costs), is not disposable or consumable, stands alone, has a useful life of at least one year, and qualifies as tangible personal property (can be appraised for value.) Inventorial equipment is tracked within AMS. A department’s inventory equipment is managed through the online application. The Asset Management System can be used to make changes to the inventory listing, generate inventory reports, attach documents and pictures to assets, and perform equipment disposals, transfers, and loans.

The Annual Certification of Equipment Inventory was reviewed to ensure that it was properly prepared, approved, and submitted to UCLA Equipment Management in a timely manner. A&AS obtained the most recent equipment certification from the Athletics Business and Finance Analyst. Based on the review, the UCLA Property, Plant & Equipment Management Annual Certification of Equipment Inventory form was completed for DIA on December 1, 2017. The certification was completed by the department’s equipment custodian and reviewed by the Assistant Athletic Director, Business and Finance.

A physical inventory was also performed to verify that DIA equipment inventory is properly tagged, safeguarded, and records are accurate. A judgmental sample of 50 equipment items was selected for testing, 35 were selected from the AMS and internal inventory records to verify that they were physically on hand and 15 were selected throughout DIA facilities to verify that inventorial equipment is recorded with AMS. Department of Intercollegiate Athletics has established proper safeguards to secure its equipment; however, controls surrounding the administration and documentation of equipment inventory records could be improved. A&AS identified the following:

* Property tags were not affixed to nine of the 50 equipment items reviewed.
* Two items had been disposed; however, AMS inventory records were not updated.
* Serial numbers or other unique identification information was not recorded for 22 items reviewed.
* Asset Management System records did not properly indicate asset location information for 34 items sampled. Location information could not be properly assigned to 31 of the 34 items because two recently constructed DIA facilities had not been added to AMS.

During the review, DIA management indicated that they are being proactive in the resolution of the observations identified above. Additionally, the Assistant Athletic Director, Business and Finance, and the Business and Finance Analyst/Equipment Custodian are actively working on a robust listing of equipment for the department. The listing is meant to supplement the department's AMS listing. The listing will be maintained in a notebook and has all department owned equipment listed by location (i.e. Pauley Pavilion, Wasserman, Mo Ostin, etc.). An information sheet is maintained for each equipment item with the following: a picture, property tag (if it cannot be affixed), description, model number, serial number, UC asset number, map location & number, acquisition cost, and any other pertinent information.

Data analytics was used to determine whether any information is missing in AMS and if DIA is completing a biennial physical inventory.  Based on the data analytics of all 359 inventorial equipment records, equipment inventory information in AMS is not always completely recorded. Specifically, data analytics showed that 161 (45%) items were missing a serial number and 71 (20%) were missing a room number.

Data analytics did show that for 100% of the inventory items, the following sections were completed:

* Equipment Locations
* Building Name
* Description
* Manufacturer
* Model
* User
* Purchase Order

The "Last Inventory Date" in AMS records show that DIA is completing a physical inventory at least every two years.

Recommendation: Management should ensure that:

* A UC property tag is affixed to all equipment. If a property tag cannot be affixed it should be maintained on an information sheet to supplement AMS.
* Inventory records should be enhanced to include the serial number (if applicable) and the detailed location information for all equipment inventory.
* Inventory disposals are communicated to the DIA equipment custodian in a timely manner to ensure proper processing and accurate equipment records.
* All DIA facilities are added to AMS by working in conjunction with Corporate Financial Services.

Management is also encouraged to continue working on completing the supplemental equipment inventory notebook, which would assist the department in having accurate and up to date inventory records.

Response: DIA has added new facilities recently and gone through physical renovations. Additional communication and education internally will be necessary to ensure campus equipment inventory policies and procedures are being followed. DIA will be working to ensure that all fields in AMS are properly filled out and reviewed for accuracy. DIA will continue to work on the supplemental equipment inventory notebook.

Training

UCOP mandates that employees complete training programs in SHSV, CSA, Ethics, and CANRA. A&AS reviewed controls to verify if DIA staff are in compliance with the required training classes.

A&AS obtained the SVSH, CSA, Ethics, and CANRA training compliance listing as of May 2018 from the UCLA Compliance Coordinator. The data in the SVSH, CSA, and Ethics reports was derived from the Learning Management System (LMS), the data from the CANRA listing was derived from Praesidium. A&AS reviewed the compliance listings to verify that all employees had completed mandated training. The following were noted:

UC Mandated Training

###

### *Sexual Violence and Sexual Harassment Prevention (SVSH) Training*

The University mandates annual SVSH training and education. The SVSH training program helps employees learn about and understand their role in ensuring that the University community remains free of all forms of discrimination and harassment, including sexual harassment and violence, which is prohibited by law and UC policy.

Review of the SVSH training compliance listing from LMS as of May 7, 2018 showed that DIA has a 36.5% completion rate. Although DIA has a low completion rate for the SVSH training through LMS, Athletics staff, coaches, and student athletes, have all taken in person SVSH training that was conducted by the UCLA Title IX Coordinator during 2017. The training was conducted to comply with the NCAA Board of Governors Policy on Campus Sexual Violence that was adopted on August 8, 2017. The policy requires that each University Chancellor, Director of Athletics, and Title IX coordinator attest annually that student athletes, coaches, and staff have received education on sexual violence prevention. A&AS verified that the Chancellor, Director of Athletics, and Title IX Coordinator have all signed the NCAA Board of Governors Policy on Campus Sexual Violence attestation form for academic year 2017-2018.

### *Ethics Training*

The Ethics training program raises awareness to the UC Statement of Ethical Values and Standards of Ethical Conduct, and to convey University employment obligations with respect to ethical and compliant behavior. The training provides examples of ethical challenges that may arise in the workplace and helps clarify how to apply the standards and encourage their use.

As of May 14, 2018, DIA has a 14.83% completion rate for the Ethics training. The majority of the employees who have not completed the Ethics training have the payroll title code of Recreational Program Instructor or Usher; employees in these title codes typically do not have an email address in the UCLA Online Directory. Online course assignment notifications of mandated training and reminders for completing the training are sent from LMS to employees who have an email address in the UCLA Online Directory; employees who do not have emails in the system do not receive such reminders.

### *Cybersecurity Awareness (CSA) Training*

The CSA training program is part of the UCOP initiative to enhance cybersecurity throughout the UC System. Due to the rapid pace of technological developments and the highly connected nature of education and research activities cybersecurity is a continuous effort that must be addressed by educating UC employees and students about best practices. The mandated CSA training covers basic information regarding security, email, passwords, and social engineering, in addition to introducing contemporary threats and teaching good behaviors that protect information.

Certain pay title codes are excluded from the CSA training requirement since some employee’s classification and job responsibilities do not require the individual to have a UCLA email address and access a computer. Currently only employees that are listed in the UCLA Directory have emails in LMS and receive multiple reminders and links to the training. As a result, completion rates for CSA will deviate from those found for the SVSH and Ethics trainings.

As of May 7, 2018, Athletics has a 74% completion rate for the CSA training.

### *California’s Child Abuse and Neglect Reporting (CANRA) Training*

California’s Child Abuse and Neglect Reporting requires employers to identify “mandated reporters” who have a legal obligation to report observed or suspected child abuse to law enforcement agencies or Child Protective Services. The UCLA Office of Insurance and Risk Management (IRM) has collaborated with Praesidium Services to provide online child abuse and neglect training. The UCLA Chancellor and Executive Vice Chancellor and Provost strongly recommends training for mandated reporters and other courses on preventing child abuse. UCLA Mandated Reporters are required to sign an acknowledgement form attesting that they understand their obligations under CANRA.

All DIA staff are mandated to take the CANRA training. The training is offered through Praesidium who offers four training modules. Modules are assigned to staff based on an employee’s classification. DIA HR went through each classification and determined what class that particular classification needs to take.

Review of the CANRA training listing from Praesidium as of May 7, 2018,  showed that not all DIA staff have completed the mandated CANRA training. The percentage of staff that has completed the training is difficult to determine because staff can be assigned to multiple training modules and may have finished some of the training modules but have not completed all the training that was assigned to them. Follow-up discussions with management indicated that departmental policy does not allow certain title codes, such as, camp counselors to begin work until completed CANRA Training.

Management has stated that their goal is to be compliant and have all staff take mandated training. DIA has established procedures and written documentation to assist employees in complying with the mandated training. As part of the hiring process, staff are told about the mandatory trainings that need to be completed. Employees are sent an email with helpful resources that provides employees with directions on how to access LMS, sign up for a login ID, and links to the mandated training. The majority of employees who have not attended the training are employees who do not have an email in LMS. The email from LMS is derived from the UCLA Online Directory and not all employees are listed in the Directory. Employees who do not have an email in LMS do not receive emails from LMS reminding them of the training along with the link to the training.

Recommendation: Department of Intercollegiate Athletics management should ensure that all staff complete the SVSH, CSA, Ethics, and CANRA trainings. To help increase completion rates for mandated trainings management should ensure that all employees who do not have access to a computer are provided the opportunity for in-person training. Management should also work with the UCLA Compliance Coordinator, Title IX Office, and Campus Human Resources to determine if the mandated NCAA SVSH training would satisfy the requirement for the mandated UC SVSH training. To help increase the completion percentages for CANRA training management is encouraged to have a departmental policy that requires staff to complete the CANRA training as part of their on-boarding process.

Response: A large number of staff do not have access to email and computers given the nature of their work (part time/limited) during sporting events and camps. We continue to work with campus to address a more accurate cohort (full time versus part time) and look for best practices, knowing that some of the solutions may incur the department greater costs. Open to other areas on campus suggesting better methods and hopefully UCPath will help provide that as well.

180806-2

REP