UCSB

UCSB Audit and Advisory Services

Internal Audit Report

Assessment of Campus Policies and Procedures

October 6, 2014

Performed by:
Robert Tarsia, Director
Stacy Nummerdor, Audit Analyst

Approved by:
Robert Tarsia, Director

Report No. 08-14-0010

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University of California, Santa Barbara

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October 6, 2014

To: Distribution

Re: **Assessment of Campus Policies and Procedures**
        Audit Report No. 08-14-0010

Audit and Advisory Services has completed our Assessment of Campus Policies and Procedures audit; enclosed is the report detailing the results of our work. This audit was part of our 2013-14 annual audit services plan, but was completed during the current fiscal year.

The purpose of this audit was to assess existing campus policies and procedures, and to identify and recommend best practices. The specific objectives of the audit were to determine whether campus policies and procedures are up-to-date, cover all key areas, and are well formatted with all the necessary elements.

The results of our work identified potential best practices in each of the functional areas we reviewed in detail: Business and Financial Services, Office of Budget and Planning, and Office of Research. However, we also found that the campus would benefit from the creation of additional and updated policies and procedures, more consistency of format and content, and web-based guidance that is clearer and more current. Additional work in these areas would help ensure that the campus has adequate internal controls; promote adherence to laws, regulations, and compliance requirements; promote operating efficiency and effectiveness; and mitigate the effect of the loss of institutional memory due to retirements and other changes in staffing.

Detailed observations and management corrective actions are included in the following sections of the report. The management corrective actions provided indicate that each audit observation was given thoughtful consideration and that positive measures have been taken or planned to implement the recommendations. We greatly appreciated the assistance on this project that was provided by personnel in many campus departments. If you have any questions, please contact me.

Respectfully submitted,

Robert Tarsia
Director
Audit and Advisory Services

Enclosure

cc: Chancellor Henry Yang
   Vice Chancellor for Administrative Services Marc Fisher
   UCSB Audit Committee
   Senior Vice President and Chief Compliance and Audit Officer Sheryl Vacca

   Distribution:

   Administrative Services
   Acting Associate Vice Chancellor Pam Lombardo
   Tessa Mendez, Policy Coordinator
   Jim Corkill, Controller and Director, Business & Financial Services
   Leslie Griffin, Associate Director, Business & Financial Services
   Jacob Godfrey, Associate Director and Material Manager, Business & Financial
   Services
   Steven Kriz, Assistant Director, Accounting Services, Business & Financial Services
   Tyler Clark, Acting Manager, Extramural Funds, Business & Financial Services

   Office of Budget and Planning
   Todd Lee, Assistant Chancellor
   Arliene Shelor, Assistant Director

   Office of Research
   Michael Witherell, Vice Chancellor for Research
   Karen Hanson, Assistant Vice Chancellor for Research
   K.-T. Tim Cheng, Acting Associate Vice Chancellor for Research
   Cora Diaz, Director of Sponsored Projects

PURPOSE

The purpose of this audit was to assess existing campus policies and procedures, and to identify and recommend best practices. This audit was performed as part of UCSB's 2013-14 annual audit services plan.

SCOPE, OBJECTIVES AND METHODOLOGY

The scope of this project generally included campus policies and procedures in place as of March 18, 2014[1]. Based on a series of interviews, a survey of campus stakeholders, and other preliminary work, we selected the following functional areas for detailed audit work:

- Business and Financial Services:

    o Office of the Controller
    o General Accounting
    o Extramural Funds
    o Procurement
    o Travel and Entertainment

- Budget and Planning
- Office of Research

The objectives of this audit were to determine whether campus policies and procedures:

- Are up-to-date.
- Cover critical areas.
- Are formatted with all the necessary elements.

This audit included extensive background and data gathering work to gain an understanding of the subject area, solicit concerns from campus stakeholders, and select the functional areas for detailed audit work. This work included stakeholder interviews, a survey, research of best practices, and other steps.

We did not define our scope and objectives to specifically address the content and maintenance of campus websites. However, because campus websites include various directories of policies and procedures, as well as web-based guidance to assist the campus in complying with policies and procedures, our work included a variety of observations regarding the state of campus websites.

Stakeholder Interviews and Survey

We conducted interviews with the former and current campus Policy Coordinator; Director and Controller, Business and Financial Services; former Associate Director of Controls, Business and Financial Services; the former Manager, Extramural Funds Accounting; and several business officers. These interviews were particularly helpful in developing a survey that addressed areas of concern.

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[1] When necessary, we updated the information obtained during audit fieldwork to include more current information in this report.

We used an online survey tool to conduct a survey of campus stakeholders regarding their concerns about campus policies and procedures. We created the survey based on background work, interviews with campus business officers, and feedback from the campus Policy Coordinator. This survey was distributed to 176 individuals from approximately 80 campus units.

We compiled the recipient list for this survey to ensure we included a solid cross-section of campus departments and personnel responsible for duties that involve the use/application/ accessing of campus policies, procedures, and guidance. The survey recipient list was compiled from the Academic Business Officers Group (ABOG) membership list and campus organization charts. The survey instructions suggested recipients forward the survey to others who may have an interest in the project.

The survey included questions regarding:

- Concerns about existing policies, procedures, and written or electronic guidance.
- Specific examples of existing campus policies and procedures appearing to contradict each other.
- Which campus policies and procedures are most often referenced.
- Which campus policies and procedures are most effective.
- Whether policies and procedures regarding the retention of hard copies (vs. electronic copies) of documents for record retention requirements are clear.
- The functional areas for which the survey respondents have departmental procedures or desk manuals.

Research

We researched and examined resources from a variety of sources to inform our evaluation of campus policies and procedures, including:

- The UCSB Policies and Procedures website maintained by the campus Policy Coordinator.
- Policies, procedures, and related web guidance posted on departmental websites.
- Prior audits performed at UCSB and other campuses within the UC system.
- Policies and procedures found on the websites of other campuses and universities.

We conducted this research to identify:

- Potential gaps in coverage between UC systemwide and campus policies.
- Best practices.
- The needs of campus stakeholders.

Evaluation

We used the information obtained from our interviews, survey, and research to develop criteria to evaluate policies and procedures, and to evaluate existing campus policies and procedures based on those criteria. We determined whether the policies and procedures we examined:

- Were sufficiently clear as to whether the content was intended to be policy, procedures, or more informal guidance.
- Appeared current or outdated, or potentially outdated due to age or time since last revision.
- Were in the current standard campus policy template.
- Were otherwise reasonably well formatted and organized.

- Lacked content, e.g., blank sections or information "coming soon."
- Included broken links.
- Clearly referenced the official policy or procedure they were based on.
- Included incorrect information.
- Referenced a specific person to contact for questions instead of a position title or similar reference, and/or included incorrect contact information (e.g., refers the reader to someone who is no longer in the department or position).

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing.*

BACKGROUND

During the planning process for the fiscal year 2013-14 audit services plan, several stakeholders expressed concern about the loss of institutional memory due to retirements, along with the extent of anticipated changes in business processes due to the implementation of several new enterprise systems. Based on this input and previous experience working with campus policies and procedures, we included this assessment of campus policies and procedures in our 2013-14 plan.

Policies and procedures help define an organization's guiding principles, and provide detailed instructions and guidance on business processes. Written policies and procedures are an especially important component of internal control, since they promote adherence to laws, regulations, compliance requirements, management objectives, and other stakeholder expectations. Policies that are clearly written and kept up-to-date also promote operating efficiency and effectiveness, and assist in performance management and other human resource activities. In addition, the documentation of processes in written policies and procedures is important for organizations for which loss of institutional memory is a concern due to retirements and other changes in staffing.

Written policies and procedures are particularly important for the University, which is subject to a wide array of compliance requirements, many of which are from funding agencies. For example, they are essential for our administration of federal awards: OMB Circular A-21, *Cost Principles for Educational Institutions*, contains language allowing costs that are "consistent with established institutional policies and practices." In the new uniform guidance, Office of Management and Budget (OMB) Circular A-81, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards*, that language is changed to, "in accordance with established *written policies* of the non-Federal entity."

Policies vs. Procedures

The University Policy Office website includes guidance encouraging policy writers to separate policies from procedures in University policy documents, and notes that policies typically require extensive review and executive-level approval. The guidance also states that:

- Policies promote consistence and operational efficiency, enhance the University's mission, and mitigate significant institutional risk.
- Procedures are step-by-step descriptions of tasks required to support and carry out organizational policies."[2]

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[2] University of California Policy Process Policy Toolkit.

Table 1	Distinguishing Between Policy and Procedure	
Policies	**Procedures**	
Have widespread application.	Have a narrow focus.	
Are non-negotiable, change is infrequent.	Are subject to change and continuous improvement.	
Are expressed in broad terms.	More detailed description of activities.	
Are statements of what and/or why.	Are statements of how, when and/or who & sometimes what.	
Answer major operational issues.	Detail a process.	

Source: Adapted from University of California Policy Toolkit.

University of California Systemwide Policies

The University Policy Office, part of the UC Office of the President (UCOP), oversees the policy-making process in all areas for which the President has authority. Table 2 includes a summary of the subject areas covered by UC systemwide policies and procedures maintained by the University Policy Office. Some examples of systemwide policies we reviewed for this audit are:

- BFB BUS-49, *Policy for Cash and Cash Equivalents Received*
- BFB A-47, *University Direct Costing Procedures*
- BFB G-13, *Policy and Regulations Governing Moving and Relocation*
- BFB G-28, *Policy and Regulations Governing Travel*
- BFB BUS-79, *Expenditures for Business Meetings, Entertainment, and Other Occasions*

Individual campuses and other University locations maintain their own local policies and procedures, which should be consistent with the UC systemwide policies and procedures. Some of the systemwide policies include language stating that each University location may establish more restrictive local policies and procedures, effectively delegating to the locations the authority to establish written guidance that picks up where the systemwide policies leave off.

UCSB Policies and Procedures

The UCSB Policy Coordinator role is within the office of the Vice Chancellor of Administrative Services. The Policy Coordinator maintains the UCSB Policies and Procedures website, which includes indexes of UCSB policies and procedures; information on the creation, review, and approval of campus policies and procedures; and resources on information stewardship, delegations of authority, and related subjects.

The UCSB Policies and Procedures website has information regarding the creation of policy and procedures, including:

- A policy template that includes a standard format; section headings; fields for critical identifying information, including title, responsible office, issue date, what policy or procedure is superseded; and prompts for suggested content.
- An example of a current procedure that meets required criteria.
- Guidance on the creation and approval process.

Campus Areas of Focus

Business and Financial Services - Business and Financial Services is responsible for UCSB's financial data and provides a variety of services to the campus. Units include General Accounting, Accounts Payable, Extramural Funds Accounting, Procurement Services, and Travel and Entertainment, among others.

Office of Budget and Planning - The Office of Budget and Planning includes five functional areas: the Budget Office; Capital Development; Institutional Research, Planning & Assessment; Academic Program Review; and the Real Estate Office. Our detailed work focused on the Budget Office, whose mission is to serve the campus by providing budget and financial information to support decision-making and the effective and efficient management of resources.

Office of Research - The Office of Research is responsible for helping the campus community secure support for research activities, ensures the integrity of research, and provides assurance to stakeholders that research is conducted in accordance with the highest ethical standards. The Office of Research houses the Sponsored Projects Office, which is responsible for the handling of research proposals, specifically for preparing, interpreting, negotiating, and accepting agreements on behalf of the Regents for projects funded by external sources.

Table 2	UC Presidential Policies by Subject Area
Academic Affairs	Establishing and reviewing academic programs and units, library and extension administration, academic outreach, and other policies related to the academic mission.
Business and Finance	General business operations, including accounting and payroll, finance, internal controls, auxiliary operations, housing programs, banking, and risk services.
Clinical Compliance	Relationships with vendors, protection of health information, other topics pertinent to clinical operations.
Community Relations	Campus interactions with the surrounding community, and relations between university constituencies (faculty, staff, students).
Conflict of Interest	Conflict of interest or commitment requirements and guidance for faculty, staff, researchers, administrators.
Development and Advocacy	Donor relations, gift acceptance, campus foundations, legal and reporting requirements.
Facilities and Resources	Budget, capital projects planning and approval, real property management, plant operations, sustainability, design and construction.
Human Resources	Policies for staff appointment, performance review, classification, compensation, leave of absence and nondiscrimination.
Information Technology	Appropriate use of university information resources, including web resources, and technology infrastructure. Includes compliance with privacy requirements, copyright laws, and stewardship of university records.
Intellectual Property	Patents and licensing, technology transfer, UC trademarks, copyright, and related guidance.
Procurement	Includes purchasing under sponsored research agency requirements, approvals, sustainable purchasing practices, and strategic sourcing.
Research Administration	Administration of sponsored projects, protection of research subjects, and the research mission of the university.
Student Matters	Student life, student fees, student conduct and discipline, and student records.

Source: UC Office of the President Presidential Policies website.

SUMMARY OPINION

Our audit identified potential best practices in each of the functional areas we reviewed in detail:

- **Business and Financial Services** - UCSB recently implemented the UCSB Procurement Gateway (Gateway) an e-procurement system. The Procurement Services website includes detailed current guidance for using the system for purchasing goods and services, including a Gateway Desk Manual and an Accounts Payable Desk Manual.

- **Office of Budget and Planning** – There is substantial, detailed current guidance covering recharge processes, transfer of funds, and other critical areas.

- **Office of Research** - The Office of Research website includes well-organized series of current policies, procedures, and other guidance.

The results of our work also indicate that the campus would benefit from:

- The creation of additional formalized policies and procedures that provide more detailed guidance than the UC systemwide policies covering the same subject areas.

- Updated policies and procedures that have necessary current information and more recent revision dates, and that are therefore more likely to be seen as relevant.

- Wider use of the standard campus policy template, to promote consistency of format and content, and to make it clearer that there is a body of *official* UCSB policies and procedures.

- Clearer definition and separation of policy and procedure content.

- Web-based guidance that is clearer, more current, and that more clearly references the policies it is based on.

- More emphasis on timely communication of changes to policy.

Additional work in these areas would help ensure that the campus has adequate internal controls; promote adherence to laws, regulations, compliance requirements, and management objectives; promote operating efficiency and effectiveness; and mitigate the effect of the loss of institutional memory due to retirements and other changes in staffing.

DETAILED OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS

A. Overview of Audit Results and Campus-wide Opportunities

Stakeholder Feedback

The results of our stakeholder interviews and survey confirmed our initial assessment that there is a need for additional current, uniform, and easily located policies and procedures.[3] The top functional areas of concern identified by survey respondents were:

- Travel and Entertainment
- Procurement
- Extramural Funds (EMF) Accounting
- Human Resources
- Business and Financial Services – Other
- Enterprise Technology Services/ Information Technology

Stakeholders commented on a wide range of matters, including:

- An overall lack of current, policies, procedures, and guidance that they considered reliable.
- The need for better written guidance in a variety of specific areas.
- Inconsistencies in the guidance they receive when contacting departments directly for assistance.

Table 3	Top Responses to the Survey Question: "Considering the campus as a whole, do you have concerns about existing policies, procedures, and written or electronic guidance in any of the following major functional areas?"	
Functional Area		**Number of Responses**
Travel and Entertainment		22
Procurement		22
Extramural Funds (EMF) Accounting		19
Human Resources		17
Business and Financial Services – Other		15
Enterprise Technology Services/ Information Technology		15

Source: Auditor analysis of survey results.

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[3] Tables 3 and 4 include details of two of the survey questions that yielded the most useful responses. The full set of survey questions is included in Appendix A to this report.

Other Highlights

Our review of stakeholder feedback, research into best practices, and overall evaluation also highlighted the following opportunities for improvement:

- The campus generally should be made more aware of the role of the campus Policy Coordinator and how to effectively utilize that function.

- Greater consistency in formatting (such as using the standard UCSB policy template) would help ensure that all required information is included and would improve overall usability.

- Better distinctions should be maintained between policies, procedures, and web-based guidance.

- Web-based and other guidance not in the form of official UC systemwide or UCSB policies and procedures should clearly reference the underlying official policies on which it is based.

- The content of campus websites is not uniformly maintained. We found dated information and many broken links; stakeholders pointed out that guidance and information posted to web pages may require cross-division cooperation for consistency.

- Changes to policy need to be well communicated.

- Many campus departments have developed departmental desk procedures in various areas, some of which may be particularly necessary to compensate for gaps in campus-wide procedures.

Table 4	Survey Question: Do you have departmental desk procedures in any of the following areas?
Subject Area	**Number of Responses**
General Ledger Reconciliation	21
Purchasing	20
Contracts and Grants	12
Personnel/ Payroll	19
Accounts Payable	15
Recharges	14
Budgeting	11
Inventory	11
Asset Management/ Equipment	10

Source: Auditor analysis of survey results.

Although we understand that there are limited resources devoted to the UCSB Policy Coordinator role, we recommend that the Policy Coordinator develop and execute a management action plan that includes the following elements:

- Additional outreach to ensure that campus departments and stakeholders are aware of the approved campus policymaking process, the standard campus template, and other resources.

- Review the feasibility of publishing all campus policies on a single website, which could improve accessibility and version control.

- Actively promote the use of the standard campus template or another acceptable format.

- Review all existing policies and procedures identified as *interim,* and work with the departments to move final versions through the proper approval process.

- Coordinate the development of a campus policy and procedure covering website standards, including clear assignment of responsibilities and defined processes for maintain content that is accurate and current.

- Resend an email to the campus with guidance on creating permanent links to systemwide policies (the Policy Coordinator originally sent out this guidance in June 2014).

<div style="background-color: yellow; text-align: center; font-weight: bold;">Management Corrective Actions</div>

The campus Policy Coordinator agrees that there is a need to work with policy owners to evaluate campus policies, procedures, and web guidance to ensure that the local policy framework meets the requirements of the campus and its stakeholders. I agree to develop a policy action plan to address areas requiring improvement. I will:

- Develop an action plan by October 6, 2014, to communicate with key campus policy owners the approved campus policymaking process, the standard campus policy template, the need to distinguish between policy and procedure, and other policy resources.

- Guide policy owners through the policymaking process as they identify and address processes for which additional UCSB policies and procedures are needed.

- Facilitate the update of existing policies where needed, so that local policies include current information and are perceived to be relevant. Specifically, I will review all existing policies and procedures identified as interim, and work with the departments to move final versions through the proper approval process.

- Evaluate the policy website as the official repository for all University policies, including control of all official versions.

- Make measurable progress against milestones in the action plan by March 31, 2015.

Audit and Advisory Services will follow up on the status of this issue by April 30, 2015.

B. Business and Financial Services

Our work identified opportunities for Business and Financial Services to improve the policy and procedure guidance it provides to the campus, with the Extramural Funds area perhaps requiring the most improvement.

Office of the Controller

The Office of the Controller website included guidance on internal controls, UC and UCSB policies and procedures regarding cash handling, and other useful content. We did note that the available resources included:

- Guidance related to Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 112), including important information regarding key controls that departments are responsible for documenting. However, SAS 112 was superseded by SAS 115 in late 2008; the guidance should be updated to reflect this change and to ensure it is considered current and relevant.

- The *UCSB Administrative Responsibilities Handbook*, dated March 2001. An introductory letter states that the handbook "provides guidance to faculty and staff members who have administrative responsibilities." Although we did not review the contents in detail, the handbook includes many links that are now broken, and its age

makes it less likely that even content that is still accurate would be perceived as relevant to potential users.

General Accounting

General Accounting's website contained no campus or systemwide policy references. It does have a link to the UC Accounting Manual; however the link is broken and leads to the main Presidential Policies page of the UCOP website, not to the actual referenced document.

Extramural Funds

There are significant opportunities for improvement in the Extramural Funds area, particularly to ensure that the campus meets the expectations of federal sponsors, including the requirements of OMB Circular A-81, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards.* We found that:

- The Policies page of the Extramural Funds website included no UCSB policies, only links to OMB circulars and UC systemwide policies. However, the links to UC systemwide policies were broken; they led to the main Presidential Policies page of the UCOP website, not to the actual referenced policy documents.

- *UCSB Departmental Costing Guidelines,* listed on the Extramural Funds Resources page*,* is dated May 30, 1997, and requires review and updating to ensure it is considered current and relevant.

- Guidance on *Pre-Cost Sharing Procedures* reads like official policies and procedures, but is apparently only web-based guidance that isn't on the standard UCSB template, and doesn't have an issuance date.

- *Best Practices for Using the Effort Reporting System* has no cover page and no information identifying who issued it, and when.

- It is not clear if UCSB *Guidelines for Gift Funds* is an official policy/ procedure. If it is intended to be official, it should be on the standard template. If not, it should reference the policies it is based on.

- The answers in the Frequently Asked Questions section may benefit from policy citations.

- Web-based guidance generally included many broken links.

Procurement Services

UCSB recently implemented the UCSB Procurement Gateway (Gateway) an e-procurement system. The Procurement Services website includes substantial current guidance for using the system for purchasing goods and services, including the *Gateway Desk Manual and an Accounts Payable Desk Manual that covers Gateway* invoice processing. However, some guidance requires updating:

- The site refers to an *Interim Food Service Policy* on UCSB's Environmental Health and Safety website that was issued in February 2001, with a revision in June 2010 for a "technical update." It is unclear how a document issued in 2001 could reasonably be considered an interim policy.

- A link to Uniform Commercial Code (UCC) Article 2 is to a 2003 revision that was later withdrawn. The correct version of Article 2 is from 2002.

Travel & Entertainment

There are opportunities to improve guidance to the campus by clarifying web-based guidance and perhaps by creating official UCSB policies and procedures:

- Most of the policy documents listed on the Travel and Entertainment Policies page are links to UC systemwide policies. However, the list starts with a "policy" on *Travel Less than 24 Hours*, a three-page document that is apparently an excerpt from a UCSB policy or procedure, but lacks basic identifying information such as the name of the full document, issuer, and issuance date.

- New and prospective employees are referred to the Moving and Relocation page for information on moving and relocation expense eligibility and reimbursement. However, we found the web-based guidance to be confusing and unclear as to intended audience. For example, the text includes guidance stating, "After reading the definitions below, be sure to check UC Business and Finance Bulletin G-13 for more details when considering whether to pay for moving or relocation expenses." This information is apparently intended for departments, not new and prospective employees.

- The Entertainment Reimbursement page has what appear to be links to BUS-79, *Expenditures for Business Meetings, Entertainment, and Other Occasions,* and other UC systemwide policies. However, the links lead to the main Presidential Policies page of the UCOP website, not to the actual referenced policy documents.

Business and Financial Services should evaluate existing policies, procedures, and web-based guidance to ensure that it meets the needs and requirements of the campus and its stakeholders, including sponsoring agencies, and should develop an action plan to address areas requiring improvement. The evaluation and action plan should address:

- Identifying and addressing processes for which additional UCSB policies and procedures are needed to provide specific guidance, or implementing procedures, in areas covered in a more general fashion by UC systemwide policies.

- Updating older existing UCSB policies and procedures, when needed, so that they include current information and are perceived to be relevant.

- Review and revision of web-based guidance to ensure that it is clear, current, accurate, consistent, and clearly references the underlying official polices on which it is based.

- Ensuring that requirements of OMB Circular A-81 are completely met.

- Other areas of concern, as necessary.

<div style="background:yellow">**Management Corrective Actions**</div>

Business and Financial Services agrees that there is a need to evaluate our policies, procedures, and web-based guidance to ensure that it meets the requirements of the campus and its stakeholders, and that we should develop an action plan to address areas requiring improvement. By March 31, 2015, we will:

- Correct some of the specific areas identified by the audit, such as references to SAS 112 and the broken links on web pages*.*

- Develop an action plan to address more fundamental improvements in Extramural Funds and other areas*.*

- Make measurable progress against milestones in the action plan.

Audit and Advisory Services will follow up on the status of this issue by May 31, 2015.

C. Budget and Planning

Our work also identified opportunities for Budget and Planning to improve the policy and procedure guidance it provides to the campus. While there is substantial current guidance on Recharge processes, Transfer of Funds, and other areas published on the Budget Office website, the audit identified areas for improvement:

- The Budget Office web pages included no references to UC systemwide or UCSB policies.

- Available resources on the Budget and Planning website did not include the following resources that the results of our survey and stakeholder interviews suggest would be welcomed by the campus:

  o A budget manual or handbook, which some UC campuses have published. For example, the UC San Diego *Operating Budget Handbook* provides an "overview of the UCSD operating budget and the process by which funds are acquired, allocated, and utilized."
  o A staffing handbook or guidelines.

- The *Carry Forward of Funds Memo* reads like official policy, but it is only dated for a single fiscal year, does not reference the UC systemwide or UCSB policies on which it is based, and is not on an official campus template.

- The *Transfer of Funds Manual* lacks a cover page or introduction, does not include an issuance date or indicate who issued the guidance, and does not reference the UC systemwide or UCSB policies on which it is based.

Budget and Planning should evaluate existing policies, procedures, and web-based guidance in the areas under its purview to ensure that it meets the needs and requirements of the campus and its stakeholders, including sponsoring agencies, and should develop an action plan to address areas needing improvement. The evaluation and action plan should address:

- Comprehensive guidance to the campus in the areas of budgeting and staffing.

- Review and revision of existing guidance, such as the *Carry Forward of Funds Memo* and the *Transfer of Funds Manual,* to ensure that it includes basic identifying information, is formatted as official policy and/or procedure (when appropriate), and clearly references the underlying official polices on which it is based.

- Other areas of concern, as necessary.

Management Corrective Actions

The Office of Budget and Planning is developing more guidance to the campus by holding weekly meetings focused on information sharing, including documenting various subject areas. Time permitting, this documentation will be compiled and edited in a form appropriate to use as campus guidance. Topics covered include:

- Budget and Planning roles and responsibilities
- Data dictionary (which includes terms and data used in the budgeting process)
- Operating budget
- Student fees
- Indirect costs
- The staffing process
- Other areas

The Office of Budget and Planning will make measurable progress towards published guidance in the above areas by July 1, 2015.

Audit and Advisory Services will follow up on the status of this issue by July 31, 2015.

D. Office of Research

The audit found that policies, procedures, and other guidance available through the Office of Research website appear to offer extensive current guidance. We did find some modest opportunities for improvement:

- The Research policies we reviewed were in at least three different formats; consistency in formatting (such as using the standard UCSB policy template) would help ensure that all required information is included and would improve overall usability.

- Links to UC systemwide policies were broken; they led to the main Presidential Policies page of the UCOP website, not to the actual referenced policy documents.

- Research Circular E.1, Policy *on Material Transfer Agreements,* lacks an effective date.

The Office of Research has started a workgroup to review OMB A-81 requirements and agency implementation, with the purpose of ensuring that the campus has sufficient guidance as the new regulation goes into effect. In conjunction with that effort, the Office of Research may want to review existing guidance to address:

- Updating older existing UCSB policies and procedures (including those labeled as *interim*) when needed, so that they include current information and are on the standard template.

- Ensuring that the requirements of OMB Circular A-81, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards,* are completely met.

- Other areas of concern, as necessary.

Management Corrective Actions

The Office of Research agrees with the opportunities for improvement listed above and has developed a plan for each of the recommendations as follows:

- Consistency in Formatting - We have contacted UCSB's campus Policy Coordinator, who has provided us with a campus policy template. We are currently in the process of reviewing and revising outdated research policies, and will use the template that the campus Policy Coordinator provided as we move forward.

- Broken Links on Website - Our computer systems administrator has reviewed our website and compiled a list of broken links to the UC systemwide policy and other pages. She is now working with the functional owners of the information to have them provide updated/active links.

- Research Circular E.1 - Our records indicate that Research Circular E.1, *Policy on Material Transfer Agreements,* was last updated in January 2012. We have updated the Circular with this date and have asked our computer systems administrator to post the updated version on our website.

- OMB Circular A-81 - The Office of Research will continue its efforts to bring campus stakeholders together to discuss their roles and responsibilities in complying with OMB Circular A-81, effective December 26, 2014.

Audit and Advisory Services will follow up on the status of this issue by January 31, 2015.

Table	Survey Questions
Considering the campus as a whole, do you have concerns about existing policies, procedures, and written or electronic guidance in any of the following major functional areas? (Select as many as apply.)	
Extramural Funds (EMF) Accounting	
Travel and Entertainment	
Procurement	
Business and Financial Services – other	
Budget and Planning	
Campus Planning and Design	
Design and Construction	
Physical Facilities/ Facilities Management	
Environmental Health and Safety	
Housing and Residential Services	
Human Resources	
Enterprise Technology Services/ Information Technology	
Transportation and Parking Services	
University Center	
Sponsored Projects	
Contracts and Grants	
Office of Research – Other	
Technology and Industry Alliances	
Student Affairs	
Institutional Advancement	
Please list any functional areas not included above for which you have concerns.	
What are your specific concerns in these areas? If you selected multiple areas, please list your concerns for each area.	
Are policies and procedures regarding the need to retain hard copies (vs. electronic copies) of documents for records retention requirements clear, and do they offer sufficient guidance?	
Yes	
No	
Why or why not?	

Table	Survey Questions
Are there specific examples where existing campus policies and procedures may contradict each other?	
If you were in charge of assessing existing campus policies and procedures, what are the two areas you would focus on first?	
Which policies or procedures do you refer to most often?	
Do you have any comments or concerns about these policies or procedures?	
Which policies or procedures do you find the most effective, and why?	
What do you do if you have difficulty understanding a policy or procedure?	
Do you have departmental desk procedures in any of the following areas?	
Contracts and Grants	
Personnel Payroll	
Purchasing	
Asset Management/ Equipment	
Accounts Payable	
General Ledger Reconciliation	
Budgeting	
Recharges	
Inventory	
Other (please specify)	
Do you have any other topics, questions, concerns, suggestions, or solutions you would like to share regarding campus policies and procedures?	

Source: Auditor Analysis

Table	Sample Survey Comments
Considering the campus as a whole, do you have concerns about existing policies, procedures, and written or electronic guidance in any of the following major functional areas? (Select as many as apply.)
It is difficult to find written/electronic policies when issues arise related to BFS, HR, and Sponsored Projects. I have specific concerns of employee-staff knowledge of policies, procedures, and guidance for all of the checked sections.
Office of Research - Lack of consistency, it seems each analyst wants things done in a slightly different way. Officers need to offer more clarity on procedures. TIA - When the primary officer is out, they have insufficient back-up personnel in place to continue contract negotiations.
With changes in systems and processes, policies and procedures are not updated and communicated as they need to be. Many staff are unclear about procedures related to travel accounting,
Information is not easily found, despite sometimes having an immediate need for it. Search engines on some websites lead you to a page that says 'sorry we couldn't find your search or it no longer exists'. It would be ideal to have uniform instructions so the information is easy to follow. It is much better when you can speak to someone, but sometimes they either are not available at that time, or never get back to you.
Travel/BFS General - Clear (step-by-step) procedures need to be available to the campus, especially as they relate to advances,
We have concerns about how risk management is defined and implemented. Rules and regulations seem outdated and overly restrictive.
What is and what is not allowed on grants and contracts is confusing. UCSB policy may differ from a sponsored project's. What is a gift vs. grant is still ambiguous.
In the accounting areas, there is a lack of written policy and procedure; what is there seems to change with each transaction.
Policies and procedures are outdated, inaccurate, or difficult to understand. There is a lack of procedures and guidance, particularly for BSF unit; documentation for accounts payable procedures was not transferred to the new website.
There's a lack of policies, procedures, and guidance. Policies and procedures seem dated. Decentralization exacerbates the lack of internal control culture.

Table	Sample Survey Comments
Which policies or procedures do you refer to most often? Do you have any comments or concerns about these policies or procedures?	
HR, BFS, Academic Personnel – The move to having policy on the web is better, easier to find policies and make sure you have updated copies; however some campus office websites are not updated and you get links that don't work or outdated documents.	
I access the BFS or HR websites first. If my question is not answered by their information, I go to the UCSB policy website. Although the UCSB policy website has all policies, it is very generic (black and white), when usually the issue is not.	
Accounting – Risk: Could all policies and procedures be accessed from one central location?	
G-28 and BUS-79 - The UC policies allow campuses to adopt more restrictive policies, which are needed, although assuming for 'political' reasons, this campus has not yet wanted to make those changes.	
AP/Red Binder; Travel/Entertainment; other accounting/financial; benefits/HR. Most are out of date, hard to follow, and sometimes even hard to find. So much is not written down, or the procedure differs from policy changes. Sometimes Accounting will make changes without issuing a policy at all; we just hear about it when something is returned by Travel with a note.	
Events procedures and policies: They aren't comprehensive and have too much gray area.	
Payroll contracts: The fact that HR changes their mind about how to interpret them from person to person, and from year to year.	
Sponsored Projects: Policies could be more clearly written.	
Do you have any other topics, questions, concerns, suggestions, or solutions you would like to share regarding campus policies and procedures?	
We have a lot of policies and we need to be able to find them quickly and make sure they are accurate and up to date. We also need to have staff in central offices that understand policy and can help us interpret it when needed, or advise us if we have an issue that is in conflict with an existing policy.	
I would encourage continued review of the whole policy/procedure complex. Do much, much more process improvement and user training.	
There are managers all over campus with many years of experience who still come upon a problem they need help with from time to time, but there is often no staff with the experience to help them in the relevant area. Or else, there are so few staff doing so much work that you can't get a timely reply.	

Source: Auditor analysis of survey results.