HOUSING & HOSPITALITY SERVICES

CONFERENCE SERVICES

AUDIT REPORT #24-2205

Audit & Advisory Services

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Background

As part of the Campus audit plan for fiscal year 2023-24, UCLA Audit & Advisory Services (A&AS) conducted an audit of UCLA Conference Services.

UCLA Conference Services offers various levels of group housing accommodations to meet clients’ diverse needs and budgets: high-rise residence halls with community bathrooms, residential suites with private bathrooms, and deluxe rooms with private bathrooms. All accommodations are sold as “package plans” consisting of lodging, meals, and complimentary access to UCLA’s recreational facilities. UCLA Conference Services manages all event planning and hosting services, while UCLA Housing Services is responsible for all billing and accounting on behalf of Conference Services.

To manage conference activities, Conference Services and Housing Services use two software applications, Salesforce and OPERA. Salesforce is a customer relationship management (CRM) software that assists sales and event managers with account management and sales. OPERA is a hoteling software used to manage guest bookings and process billing. Using OPERA, residential hall front desk staff and Housing Services staff monitor room inventory, create group master accounts, manage reservations, and handle check-ins/outs. Housing Services manages the final bills generated in OPERA.

A Director oversees the Conference Services unit, which includes two Administrative Officers, one Financial Analyst, three student assistants, and twelve event specialists. The Director of Conferences, Catering, and Events reports to the Assistant Vice Chancellor for Housing and Hospitality Services (H&HS).

Purpose and Scope

The purpose of the audit was to evaluate the adequacy of key processes and controls surrounding Conference Services. Compliance with University policies and procedures was also evaluated where applicable. The scope of the audit covered the following areas:

* Event Arrangements
* Billing and Collections
* Revenue Recognition
* Monitoring and Reconciliations
* System Access

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included interviews, tests, and other procedures considered necessary in achieving the purpose. Interviews were conducted with key personnel. Financial ledgers, contracts, billings, and other documents were also examined.

Summary Opinion

Based on the results of the work performed within the scope of the audit, Conference Services has an organizational structure with systems of internal controls and business practices present in some areas. However, controls and procedures could be further strengthened by implementing the following:

*Salesforce and Contract Rates Variance*

* Management should establish procedures around Salesforce data entry to ensure finalized, approved contract rates are accurately reflected in Salesforce. Additionally, all contract changes, including location updates, should be clearly documented and understood to maintain transparency of transactions.

*Deposit Collections*

* Management should ensure that initial conference deposits are received by the date specified in the contract. Conference deposit extensions should be approved and documented. Management should update booking and billing procedures to ensure deposits are collected before facilities are booked.

*Opera Documentation – Contract Variance*

* Management should ensure that Opera documentation agrees to rates specified in the contracts and consider updating billing processes and related procedures to ensure that all amounts processed in Opera are in accordance with contract terms.

*Contract Rates and Billing Audit Documentation Variance*

* Management should update their billing audit procedures to ensure that contract rates are verified and documented in the audit forms. Management should also consider a training session for staff to ensure all the critical contractual elements related to billing are verified.

*On-site Order Forms and Banquet Check Form Approvals*

* Management should communicate these findings to event management contacts to ensure event managers enforce policy on the authorization of charges made on-site by the clients. Management should update procedures to confirm all client charges, including on-site charges, are acknowledged.

*Billing Audit Documentation – Billed Amounts Variance*

* Management should ensure that billing audit forms agree with billed amounts. Procedures should be established to include adequate standards for the audit billing documentation, including cross-referencing/indexing to final billing amounts.

*Accounts Receivable (AR) Management and Communication*

* Housing Services should update procedures to ensure that Conference Services is informed in a timely manner about billing errors, write-offs, significant adjustments, or otherwise.

*Recharge Account – Contract Discrepancy*

* Management should ensure that recharge Full Accounting Units (FAUs) align with those specified in the contract. If any changes to recharge FAUs occur during the booking process, management should obtain the client's signature via a contract addendum. Management should establish procedures to include change-management protocols for recharge accounts.

*Billing Errors and Communication to Clients*

* Management should establish billing audit procedures to ensure all charges are included in final client communications. Also, management should communicate requirements to related UCLA service providers to ensure timely submittal/processing of on-site order forms. Updated requirements should include timelines to ensure all forms and charges are captured before final bills are sent to the customer.

*Salesforce Access – Unique Identifier*

* Management should consider using the University ID (UID) or Employee ID (EMPL ID) as the unique identifier for Salesforce access.

The audit results and recommendations are detailed in the remainder of this audit report.

Audit Results and Recommendations

| **#** | **OBSERVATION and CRITERIA, where applicable** | **RECOMMENDATION** | **MANAGEMENT’S RESPONSE** |
| --- | --- | --- | --- |
| **Event Arrangements** | | | |
| Once approved, rates are entered into Salesforce. As clients confirm bookings, event managers enter contract details in Salesforce. Contracts are then exported from Salesforce and are signed by the client, events manager, and Director of Conferences, Catering, and Events. Once signed, contracts are forwarded to Housing Services for billing and accounting. If a client wishes to change any contract terms, Conferences Services documents this with a contract addendum or extension form, as applicable.  Audit work included the following:   * Conducted discussions with the Director of Conferences, Catering, and Events and the Assistant Director of Financial Services, Housing Services to obtain an understanding of rate approvals and contract preparations. * Obtained and performed a comparison of the 2023 Conference Services Rates Book and 2023 Salesforce Rates Report. * Obtained 2023 Conference Season Budgets, related email correspondence, and noted respective approvals. * Obtained a 2023 Conference Services Events Listing and selected a judgmental sample of 10 events, which considered revenue amounts and client types. * Examined contracts, contract extension forms, addenda, deposit slips, and financial ledgers for all 10 sampled bookings. * Verified whether contracts were executed appropriately and whether authorized signers were listed. * Verified whether contract extensions were approved and documented through contract extension forms and addenda. * Verified whether deposits were submitted in accordance with contract and billing amounts using deposit slips and financial ledgers. * Reviewed email correspondence, OPERA documentation, and billing audit forms for all 10 sampled bookings, ensuring rates matched those specified in the contract. * Agreed amounts on OPERA itemized statements (“Folio 19” statements) for each guest and group to final bills and contract terms. * Obtained guest lists for all sampled bookings to verify whether a final housing list was provided adequately to Conference Services management.   The observations identified are detailed below. | | | |
| 1. | Variance in booking rate between Salesforce and Contract  The rates specified in one contract selected by A&AS did not match the Salesforce Report. Such rate variances can lead to revenue and customer billing errors.  \_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Policy 360: Internal Control Guidelines for Campus Department  UCLA Financial Policy:  Principles of Data Integrity | Management should establish procedures around Salesforce data entry to ensure finalized, approved contract rates are accurately reflected in Salesforce.  Additionally, all contract changes, including location updates, should be clearly documented and understood to maintain transparency of transactions. | Response: Agree. Management will ensure /monitor via a Salesforce report of definite bookings, that contract addendums are completed and sent to the Accounting Services Office (ASO) to document any approved rate adjustments, meal plan updates, room type/building location changes, etc. from the original countersigned contract.  Responsible Owner:Director of Conferences, Catering & Events along with Operations & Budget Officer  Target Completion Date: September 2025 |
| 2. | Untimely Deposit Collection  For one selection made by A&AS, a $24,775 conference deposit was not received by the deposit date of 3/17/2023, as specified in the contract. While the amount was received in September 2023, delays in receiving deposits can disrupt cash flows and increase collection risk.  \_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Financial Policy:  Principles of Financial Accountability  UCLA Policy 360: Internal Control Guideline for Campus Department | Management should ensure that initial conference deposits are received by the date specified in the contract. Conference deposit extensions should be approved and documented. Management should update booking and billing procedures to ensure deposits are collected before facilities are booked. | Response: Agree. Contract and deposit due dates will be carefully monitored via the same Salesforce report of definite bookings mentioned in #1 above, to remind clients of any upcoming due dates. Any approved contract/deposit extensions will be documented on a deposit extension form. A copy will be placed in the file and also sent to ASO. ASO will contact the Sales & Event Manager to submit a Deposit Extension form if one has not already been received once a deposit due date has lapsed.  Responsible Owner: Director of Conferences, Catering & Events along with Operations & Budget Officer  Target Completion Date: September 2025 |
| 3. | Opera Billing Documentation – Variances to Contract  Ten of the samples reviewed by A&AS noted exceptions between Opera (Billing Module "Folio 19") and the executed contract. Specifically, Opera “Folio 19” rates did not agree with those specified in Section II of each contract. These discrepancies can lead to revenue misstatements, incorrect billing, and substandard customer service.  \_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Financial Policy: Principles of Financial Accountability  Principles of Data Integrity  UCLA Policy 360: Internal Control Guideline for Campus Department | Management should ensure that Opera documentation agrees to rates specified in the contracts and consider updating billing processes and related procedures to ensure that all amounts processed in Opera are in accordance with contract terms. | Response: Agree. ASO will review the contracts for any sections that state possible rate changes when a discrepancy is found. If nothing is stated in the contact, the Sales Manager will be contacted and an addendum requested. Also, please note that the rates listed in Folio 19 are per person rates generated from Opera, not room rates as reflected in the contract which is generated from Salesforce.  Responsible Owner: Accounting Services Office (ASO)  Target Completion Date: September 2025 |
| 4. | Variance with Contract Rates and Management’s Billing-Audit Documentation  Housing Services staff use billing “audit” forms to ensure that contract rates and billed amounts are accurate. The contract rates did not match the billing audit documentation for two selected bookings. These discrepancies can lead to revenue misstatements, non-compliance with the contract, potential billing errors and disputes with customers.  \_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Financial Policy:  Principles of Financial Accountability  Principles of Data Integrity  UCLA Policy 360: Internal Control Guideline for Campus Department | Management should update their billing audit procedures to ensure that contract rates are verified and documented in the audit forms. Management should also consider a training session for staff to ensure all the critical contractual elements related to billing are verified. | Response: The audit sheets are for ASO’s internal use to verify nightly rates and banquet checks are correctly reflected upon the different stages a group may be audited. The audit will not reflect the totals shown in the final bill as these audits are snapshots in time to help prevent major corrections at the end of the groups stay. ASO will discuss with Database to see if Event Orders can be added to the audit sheets to help audit the banquet checks. Trainings are on-going with all staff before and during the Conference Season. SOP will be updated to ensure that the contract and the billing audit portions are emphasized to help reduce errors.  Responsible Owner: Accounting Services Office (ASO)  Target Completion Date: If edits are possible, September 2025 |
| **Billing and Collections** | | | |
| Housing Services uses OPERA to produce billings, which often include additional charges clients incur during the course of their stay. These additional charges are documented using on-site order forms, which contain client names, a description of the additional charges, dates, and management signatures. On-site order forms are also used to document any refunds due to the client. Banquet forms document audio-visual (AV) and catering charges incurred by clients. Recharge clients are billed weekly. For sundry clients, there is no specific due date for the final payment; Housing Services typically collects payment within 30 days of the client’s departure. Sundry billings also include brief aging schedules, which categorize outstanding client balances by the number of days outstanding (e.g., 30, 60, 90+))  Audit work included the following:   * Obtained a 2023 Conference Services Events Listing and selected a judgmental sample of 10 events, which considered revenue amounts and client types. * For all 10 sampled bookings, obtained contracts, deposit slips, financial ledgers, OPERA documentation, on-site order forms, and banquet check forms as applicable. * Inspected the signature field and initials on each on-site order form to verify whether forms were completed and authorized. * Where applicable, totaled banquet checks, on-site order forms, and Opera invoices to verify whether additional charges were accurately reflected on the final bill. * Reviewed amounts and rates specified in each contract, billing audit forms, and Opera documentation to verify the accuracy of the final bills. * Compared Conference Services billing memo dates and client departure dates to determine whether final bills were provided to the client on a timely basis. * Where applicable, reviewed that refunds were approved, recorded, and issued in a timely manner.   The observations identified are detailed below. | | | |
| 5. | On-Site Order Forms and Banquet Check Forms omitted clients’ approvals  For six bookings, the client did not sign the on-site order forms. Additionally, for two bookings, banquet check forms were not signed and dated by the client. Unsigned on-site order and banquet check forms may indicate unauthorized charges and may lead to revenue misstatements, billing disputes, and substandard customer service.  \_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Financial Policy:  Principles of Financial Accountability  UCLA Policy 360: Internal Control Guideline for Campus Department | Management should communicate these findings to event management contacts to ensure event managers enforce policy on the authorization of charges made on-site by the clients. Management should update procedures to confirm all client charges, including on-site charges, are acknowledged by the client. | Response: The purpose of an on-site form was to capture additional charges and/or credits that couldn’t be captured in Salesforce. Management will discard old on-site forms and create a new form also eliminating client signature requirement. The Prepayment form that the client acknowledges and signs (along with the contract) states that the group may be incur additional charges not listed in the contract and prepayment. Hence, the Sale & Event managers will submit the new form to ASO for proper billing and properly document emails/notes from clients regarding any additional items requested. SOPs will be updated to reflect change in form.  Responsible Owner: Director of Conferences, Catering & Events along with Operations & Budget Officer  Target Completion Date: June 2025 Conference Season |
| 6. | Billing Audit Documentation – Billed Amounts Variance  For all (10) bookings sampled, A&AS noted that final billed amounts were not listed on billing audit forms, making it unclear whether the inspected quantities are correct. The absence of billed amounts on audit forms can lead to revenue misstatements not being detected, billing errors, and customer dissatisfaction due to these errors.  \_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Principles of Financial Accountability  UCLA Principles of Data Integrity  UCLA Policy 360: Internal Control Guideline for Campus Department | Management should ensure that billing audit forms agree with billed amounts.  Procedures should be established to include adequate standards for the audit billing documentation, including cross-referencing/indexing to final billing amounts. | Response: Please see response to #4 above. Before final bill is sent to the client, ASO sends the final bill and backup to Conference & Catering’s Operations & Budget Officer for final audit and review.  Responsible Owner: Conference &Catering’s Operations & Budget Officer) & ASO  Target Completion Date: June 2025 Conference Season |
| **Monitoring** | | | |
| Housing Services reviews accounts receivable (AR) aging schedules using OPERA, which summarizes balances by the number of days outstanding (30, 60, 90, 120+), Conference Services FAU, and indicates the line of credit amounts. Management compiles an accounts receivable reconciliation packet, summarizing variances between OPERA and the UCLA Accounts Receivable Ledger. These reconciliations are prepared by the Housing Services Accounting Analyst, reviewed by the Assistant Director of Financial Services, Housing Services, and include management sign-offs.  Additionally, Housing Services maintains an “AR Traces” log detailing all follow-up communication with clients with outstanding balances. If management deems an account uncollectible, a write-off packet is prepared. The packet includes a log of all follow-up communication with the client and invoices related to uncollectible accounts. Write-offs are initially approved and signed by the Associate Director of Housing Services and Director of Housing Services. The write-off packet is then approved and signed by the Assistant Vice Chancellor of Housing and Hospitality Services and sent to UCLA Financial Management for processing.  Audit work included the following:   * Conducted discussions with the Housing Services Accounting Analyst and Assistant Director of Financial Services, Housing Services to obtain an understanding of accounts receivable and related write-off procedures. * Obtained and reviewed the April 2024 Conferences and Catering Accounts Receivable Packet to verify whether aging reports are regularly prepared and reviewed, and outstanding balances are monitored. * Noted outstanding balances and credit limits on OPERA aging schedules. * Reviewed subsequent activity (May-June) of the accounts receivable ledger to verify the effectiveness of monitoring and write-off procedures.   The observation identified is detailed below. | | | |
| 7. | Accounts Receivable Write-Off-Communication Improvement  As part of reviewing and monitoring receivables aging, A&AS noted a write-off due to a billing error, which the customer confirmed. The write-off was not communicated to Conference Services or documented as a formal write-off, which is typical practice. Without information on write-offs, account corrections, and collectability issues, Conference Services lacks critical information necessary for booking clients and estimating credit risk.  \_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Financial Policy:  Principles of Financial Accountability  UCLA Policy 360: Internal Control Guideline for Campus Departments | Housing Services should update procedures to ensure that Conference Services is informed in a timely manner about billing errors, write-offs, significant adjustments, or otherwise. | Response: The process is already in place, but all ASO staff will do a process refresher training to go over the necessary steps when a billing error occurs. ASO will ensure that Conference & Catering management is informed timely of billing errors, write-offs, and adjustments as soon as ASO finds the discrepancy. ASO will provide all backup related to the matter.  Responsible Owner: Accounting Service Office (ASO)  Target Completion Date: June 2025 |
| **Revenue Recognition and Reconciliations** | | | |
| Housing Services manages the accounting for all conferences. Recording of earned revenue depends on the type of client. For recharge clients, Housing Services posts recharges on a weekly basis to the accounts/FAUs specified in the contract. For sundry clients, payments are typically received by UCLA Treasury. The Housing Services Accounting Analyst submits an Excel journal request to UCLA Business & Finance Services (BFS) to transfer the funds and clear the respective UCLA Accounts Receivable Ledger.  Housing Services also performs a monthly reconciliation of Conferences and Catering revenue accounts between OPERA, and the UCLA General Ledger (G/L). Differences primarily occur due to timing. For instance, billing adjustments posted to the OPERA system which have not been reflected in the GL. Each reconciliation contains FAUs, OPERA, and G/L balances. Variances are noted at the end of the reconciliation. Reconciliations are prepared by the Housing Services Accounting Analyst, reviewed by the Assistant Director of Financial Services, and include management signoffs.  Audit work included the following:   * A&AS selected a judgmental sample of 10 contracts, which considered revenue amounts and client types. From these contracts, A&AS reviewed 12 bookings. * For recharge clients, A&AS obtained the G/L for the FAUs specified in the contract. A&AS noted effective dates and booking codes to verify that recharges were posted to the appropriate period and FAU. * A&AS compared recharge amounts and final bill amounts to the G/L to verify that amounts were recorded properly. * For sundry clients, A&AS noted effective dates and accounts on CashNET deposit slips and agreed these amounts to the UCLA Conference Services Accounts Receivable Ledger to verify whether payments were recorded to the appropriate accounts and time period. * A&AS obtained and reviewed June – September 2023 OPERA and G/L Reconciliations. A&AS recalculated reconciliation balances and noted management sign-offs to verify whether reconciliations were documented and timely and whether variances were resolved.   The observation identified is detailed below: | | | |
| 8. | Recharge Account – Contract Discrepancy  For the one booking, while the amounts billed were correct, the recharge FAU billed was different than the FAU specified in the contract. FAU discrepancies may lead to misstatements in customer financials and customer dissatisfaction due to incorrect FAU recharges.  \_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Financial Policy: Principles of Financial Accountability  UCLA Policy 360: Internal Control Guideline for Campus Departments | Management should ensure that recharge FAUs align with those specified in the contract. If any changes to recharge FAUs occur during the booking process, management should obtain the client's signature via a contract addendum. Management should establish procedures to include change-management protocols for recharge accounts. | Response: Currently ASO will contact the Sales & Event Manager and/or the client for an alternate FAU if the FAU provided is not validated by the recharge system. We use the email received from the client as back-up documentation for using the alternate FAU. Because of the fast turn in ensuring all billing is entered into the recharge system before the month ends, waiting to receive a contract addendum may not be feasible at all times. We would like to keep the current process in place for timeliness purposes and ensure recharges hit our client’s ledgers in the correct month. Management will be sure to include the email in the group’s file as backup. SOPs will be updated and new team members will be properly trained on the procedures.  Responsible Owner: Conference & Catering Sales & Event Managers & ASO  Target Completion Date: September 2025 |
| 9. | Billing Errors and Communication to Clients  A&AS noted instances where customers disputed or did not understand billing amounts.   * Specifically, sales tax for one selection was not included on the final bill sent to the customer. * Due to an immaterial overbilling error, management incorrectly included a past-due amount in the aging follow-up activities. Management communicated with the customer regarding the outstanding balance, which the customer disputed. Consequently, this amount was written off. * For one booking, A&AS noted that recharge amount was $80,207.40 greater than the final bill. This difference was due to delayed on-site order forms totaling $80,207.40, submitted on 9/29/23 and 10/1/23.   These discrepancies lead to financial misstatements, billing errors, and customer dissatisfaction.  \_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Financial Policy: Principles of Financial Accountability  UCLA Policy 360: Internal Control Guideline for Campus Departments | Management should establish billing audit procedures to ensure all charges are included in final client communications. Also, management should communicate requirements to related UCLA service providers to ensure timely submittal/processing of on-site order forms. Updated requirements should include timelines to ensure all forms and charges are captured before final bills are sent to the customer. | Response: While we pride ourselves on being one-stop shop for our clients, not all campus partners who render services to the summer conference groups, provide their charges timely. In the cases in which these situations arise, Sales & Event Managers will ask the client if they prefer an intermediary bill minus the outstanding charges or wait until all charges have been collected before sending a final bill. Client responses regarding final billing will be properly documented in the file and sent to ASO. SOPs will be updated and new team members will be properly trained on the procedures.  Responsible Owner: Conference & Catering Sales & Event Managers & ASO  Target Completion Date: November 2025 |
| **Systems Access** | | | |
| Conference Services employees use Salesforce to manage contracts and event bookings and streamline client communications. Access to Salesforce requires management approval, with Housing IT Services provisioning access as necessary. Employees use passwords to access Salesforce securely. Conference Services employees do not have access to OPERA, which is administered through Housing Services.  Audit work included the following:   * Conducted discussions with the Director of Conferences, Catering, and Events to obtain an understanding of Conference Services software applications and related procedures. * Conducted discussions with the Assistant Director, Databases, Housing Services to obtain an understanding of access provision procedures. * Validated a management-prepared listing of Conference Services users with access to Salesforce against a system-generated Salesforce User Access report. * For all 20 Conference Services employees, A&AS verified that access is appropriate by reviewing employment status and job titles in UCPATH.   The observation identified is detailed below: | | | |
| 10. | Salesforce Access – Unique Identifier  A&AS noted that the user’s UCLA employee email address is used as the unique identifier in Salesforce. Using an employee's email address as a unique identifier can lead to issues when email addresses change, employees have the same name and the wrong address is used, and systems change.  \_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  University of California – Policy BFB-IS-3: Electronic Information Security  UCLA Policy 360: Internal Control Guideline for Campus Departments | Management should consider using the University ID (UID) or Employee ID (EMPL ID) as the unique identifier for Salesforce access. | Response: Salesforce uses the email related to the user’s network user name/password in conjunction with the Duo app for dual factor authentication. While we have discussed the recommendations provided, unfortunately we cannot change our current practice due to the limitations of the Salesforce system. Hence the current practice will remain in place.  Responsible Owner: IT Services & Housing Services Database  Target Completion Date: N/A – on-going |

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