

March 22, 2021

RONALD CORTEZ
CHIEF FINANCIAL OFFICER/VICE CHANCELLOR
DIVISION OF FINANCE AND ADMINISTRATION

RE: COVID-19 Post Event Review
No. I2021-206

At the request of the Chief Financial Officer/Vice Chancellor (CFO/VC), and in accordance with the fiscal year (FY) 2020-2021 audit plan, Internal Audit Services (IAS) reviewed select expense transactions applied against COVID-19 funding for appropriate approval and supporting documentation.

IAS reviewed the raw data submitted for the Period 6 fiscal year (FY) 2021 COVID Budget to Actuals report. The report contained 5,261 records comprising a grand total of \$14,203,666.36. Of these transactions, 906 records were transfers totaling (\$21,965,931.81). The resulting balance of \$36,169,598.17 were comprised of 4,355 records.

IAS sampled all transactions that totaled \$10,000 or more, resulting in 202 records equaling \$30,452,297.08 or 84% of the positive dollar total.

Overall, 136 or 67% of the tested transactions had either the "Pre-Authorization Form for COVID-19 Funding" form or a copy of an approval by email. Additionally, the dollar total was \$24,501,791.36 or 80% of the tested total.

Part of the sampled transactions included \$16,715,999.95 in cancelled lease payments and fees payable to American Campus Communities (ACC), a third-party company who manages and maintains five on-campus apartment communities independently from UCI Student Housing. IAS was able to trace the payments to the invoice and request for approval to pay. The approval memo states that "ACC has provided the related accounting" in support of the request for payment, however, IAS did not review this documentation as it was not uploaded as support for the payments in the Kuali Financial System (KFS).

Sixty-six or 33% of the 202 tested transactions did not have the "Pre-Authorization" form or any approval documentation in KFS.

Moreover, 41 or 20% of the total tested transactions had no documentation whatsoever. These transactions were recharge transactions for Facilities Management and Campus Temp Services or Payroll expenses or Auxiliary Voucher mass transfers of expense where support documents are not available through KFS. The Budget Office and CFO/VC office are currently in the process of gathering or confirming support documentation.

Please see the following tables for details.

Raw Data Information

	Number of Records	Percent to Record Total	Dollar Amount
Overall Number of Records	5,261		\$14,203,666.36
Total of Transfers	906	17.22%	\$(21,965,931.81)
Total of Expense	4,355	82.78%	\$36,169,598.17

Sample tested (over \$10,000)

	Number of Records	Percent to Number of Records Tested	Dollar Amount	Percent of Dollar Amount to Number of Records Tested	Percent of Records to Total of Expense (4,355)	Percent of Dollar Amount to Total of Expense (\$36,169,598.17)
Number of Records Tested	202		\$30,452,297.08		4.64%	84.19%
Total with Approvals	136	67.33%	\$24,501,791.36	80.46%	3.12%	67.74%
Total without Approvals	66	32.67%	\$5,950,505.72	19.54%	1.52%	16.45%

Tested Records without Pre-Authorization Forms

	Number of Records	Percent to Totals without Approvals	Dollar Amount	Percent of Dollar Amount to Totals without Approvals	Percent of Records to Number of Records Tested	Percent of Dollar Amount to Number of Records Tested
Total without Approvals	66		\$5,950,505.72		32.67%	19.54%
Records with support* but no pre-authorization form or approval	25	37.88%	\$823,189.84	13.83%	12.38%	2.70%
Records with no support available in KFS (eg: recharges)	41	62.12%	\$5,127,315.88	86.17%	20.30%	16.84%

*Support documents included quotes, invoices, and/or packing slips

In general, IAS found that the expenses appear to be COVID-19 related.
 If you have any questions, please do not hesitate to contact me.

Sincerely,



Mike Bathke
 Director
 Internal Audit Services

C: Audit Committee

Katherine Gallardo, Assistant Vice Chancellor – Budget Office

Jean Yin, Executive Director for Financial Reporting – CFO/VC Office