

The logo for UCI Irvine, featuring the text "UCI IRVINE" in a large, black, serif font. The "UCI" is in a smaller size than "IRVINE".The text "INTERNAL AUDIT SERVICES" in a black, serif font, positioned to the right of a vertical line.

UC Irvine Alumni Association

Internal Audit Report No. I2018-604

June 4, 2018

Prepared By

Mike Shead, Senior Auditor

Reviewed By

Niran Joshi, Associate Director

Approved By

Mike Bathke, Director



INTERNAL AUDIT SERVICES
IRVINE, CALIFORNIA 92697-3625

June 4, 2018

ENRIQUE J. LAVERNIA, Ph.D.
PROVOST AND EXECUTIVE VICE CHANCELLOR

RE: UC Irvine Alumni Association Audit
Report No. I2018-604

Internal Audit Services has completed the audit of the UC Irvine Alumni Association and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Mike Bathke

Mike Bathke
Director
UC Irvine Internal Audit Services

Attachment

C: Audit Committee
Mike Arias – Associate Chancellor & Chief of Staff
Brian Hervey – Vice Chancellor, University Advancement and Alumni Relations
Jeff Lefkoff – Associate Provost & Executive Vice Chancellor
Jeff Minhas – Executive Director, UC Irvine Alumni Association

I. MANAGEMENT SUMMARY

At the request of the UC Irvine Provost and Executive Vice Chancellor (EVC), Internal Audit Services (IAS) reviewed UC Irvine Alumni Association (UCIAA) compliance with policies, internal controls in financial operations and cash handling, and compliance with reporting requirements to the UC Office of the President (UCOP). The review disclosed a significant need for improvement in compliance and financial operations.

1. **Compliance with UC Alumni Association Policies** – UCIAA is in compliance with several standards presented in UC Alumni Association policies. However, compliance with some standards could be further improved. Specifically, IAS noted the following concerns.
 - a. UCIAA utilizes an outside bank account as their primary bank account to conduct a majority of their business, which is in direct conflict with policy requiring that campus alumni associations comply with applicable University policies, guidelines, and procedures since many UCIAA transactions are processed outside University systems and related processes, policies, and procedures.
 - b. UCIAA officers and directors do not provide written annual conflict of interest statements.
 - c. Audit reporting prepared by UCIAA's independent accounting firm does not include a statement that UCIAA complies with University policies and guidelines.
 - d. UCIAA does not obtain a statement signed by the officers of the organization that the Board of Directors has read and formally voted that it will comply with the Policy and the Guidelines.

These observations are discussed in section V.1.

2. **Review of Internal Controls in Financial Operations** – IAS noted significant internal control weaknesses, policy and procedure exceptions, and financial exceptions that caused or could cause errors, omissions, fraud, or other adversities to go undetected. IAS noted the following concerns.

- a. Petty Cash - A petty cash fund is maintained by UCIAA but it was not properly established and authorized in accordance with University policy and it's uncertain what the balance should be. In addition, IAS noted prohibited items such as travel and entertainment being reimbursed through the fund. IAS also noted 19 checks made payable to "Cash," and some of the supporting documentation referenced the petty cash fund. However, none of the activity was recorded in the petty cash fund.
- b. Outside Bank Account Expenditures - Some transactions processed through the outside bank account lack transparency and scrutiny and violate University policy.
- c. Independent Contractors - Independent contractors, including UC employee-vendors providing goods and services to UCIAA and paid through the outside bank account are not properly vetted, creating violations of state and federal laws and subjecting the University to potential fines and penalties.
- d. Lack of Management Reviews of Financial Transactions - Ledgers are not reviewed and reconciled leading to errors and omissions such as duplicate payments and stale-dated checks (some dating back to 2013). Over 70 percent of the PALCard transactions last year had been auto-approved by the system because they had not been timely reviewed by management.
- e. Lack of Separation of Duties – Inadequate separation of duties was noted in cash handling, purchasing, financial posting, and bank reconciliations.

These observations are discussed in section V.2.

II. BACKGROUND

For 50 years, UCIAA has prioritized enriching the lives of alumni and engaging them in a lifelong advancement of UC Irvine. UCIAA has become the hub and home for more than 187,000 alumni. The alumni base has continued to grow around the world, with alumni chapters in more than a dozen cities and countries. UCIAA has also grown at home, with the recent addition of a new alumni center.

UCIAA serves as the University's alumni relations department and is also a 501(c)(3) nonprofit corporation. Reflecting this dual-purpose structure, the head

of alumni engagement is the singular Assistant Vice Chancellor (AVC) for Alumni Relations and the CEO, who is a full time employee of the University reporting to the Vice Chancellor (VC) of University Advancement (UA) and responsible to the UCIAA Board of Directors in directing the development of programs and benefits for Alumni Association members. The AVC/CEO works with the alumni board and senior management of the university to set and execute strategy for alumni engagement. Management responsibilities are shared with the Executive Director for Alumni Relations, who is responsible for more operational functions of the enterprise. Each of the two supervise about half of the twelve other staff members directly and indirectly. Approximately 50 percent of UCIAA's funding is provided by the university, covering 100 percent of its career staff salaries and benefits. The other 50 percent is self-generated revenue, which covers all operational and programmatic expenses.

UCIAA engages alumni via career services, events, young alumni programming, student programming, its membership program, digital and print marketing outreach, alumni chapters, its scholarship program, philanthropic strategies, alumni surveys, cross-campus partnerships and more.

III. PURPOSE, SCOPE AND OBJECTIVES

Effective July 1, 2017, UCIAA's reporting structure transitioned from the UC Irvine Chancellor's Office to University Advancement. The primary purpose of the audit was to complete a review of UCIAA compliance activities and financial operations for FY 2016-17. The audit objectives included a review of:

1. UCIAA compliance with the UC Administrative Guidelines for Campus Alumni Associations and Constituency Alumni Groups;
2. UCIAA internal controls for financial operations and cash-handling; and
3. UCIAA Reporting Requirements to the UCOP.

IV. CONCLUSION

UCIAA utilizes two systems to record expenditures, the Kuali Financial System (KFS), and the UCIAA general ledger (G/L). KFS is UC Irvine's general ledger and official book of record. It is utilized by University employees, which includes

UCIAA employees. Certain UCIAA financial transactions are recorded in KFS. Conversely, the UCIAA G/L is UCIAA's general ledger and is used only by UCIAA employees. As the UCIAA official book of record, the UCIAA G/L contains all UCIAA financial transactions, including those recorded in KFS.

Depending on the chosen method of payment, UCIAA's expenditures may be recorded in both KFS and the Alumni Association G/L. However, a majority of UCIAA's expenditures are funded through its outside bank account, and are therefore recorded only in the Alumni Association G/L. When UCIAA's financial transactions are not recorded in KFS, Accounting and Fiscal Services is unable to view the transactions, thereby eliminating an important check and balance of UCIAA financial transactions. In addition, third-party reviewers can have a difficult time viewing the entire spectrum of expenditures that pertain to a particular UCIAA activity or event when the expenditures are recorded piecemeal in the UCIAA G/L and/or in KFS. In conclusion, the piecemeal recording of UCIAA expenditures in two financial systems involving multiple payment methods diminishes the transparency of UCIAA financial transactions.

With regard to UCIAA compliance with policies, UCIAA is not in compliance with some standards presented in the UC Policy - Administrative Guidelines for Campus Alumni Associations. With regard to UCIAA internal controls in financial operations and cash handling, opportunities for improvement were noted in the following areas: separation of duties in cash handling and purchasing/payment/reconciliation activities; certain processes involving the UCIAA outside bank account and petty cash fund; payment and recording methods for UCIAA expenditures; purchases from employee-vendors; and duplicate payments made on payment requests.

Based on responses received from UCIAA management, no exceptions were noted pertaining to UCIAA compliance with reporting requirements to the UCOP.

Observation details were discussed with management, who formulated action plans to address the issues. These details are presented below.

V. OBSERVATIONS AND MANAGEMENT ACTION PLANS

1. Compliance with UC Policy for Alumni Associations

Background

There are two UC policies that pertain to campus alumni association operations. The two policies are Regents Policy 5203 – “Policy on Support Groups, Campus Foundations, and Alumni Associations,” and “Administrative Guidelines for Campus Alumni Associations and Constituency Alumni Groups.” Together, these policies provide a foundation for UC campus alumni association operations.

Observation

A review of UCIAA’s compliance with UC campus alumni association policies disclosed the following concerns.

- a. UCIAA utilizes an outside bank account as their primary bank account to conduct a majority of their business, which is in direct conflict with Regents Policy 5203 requiring that campus alumni associations comply with applicable University policies, guidelines, and procedures, since many UCIAA transactions are processed outside University systems and related processes, policies, and procedures. In addition, the UC Policy “Administrative Guidelines for Campus Alumni Associations and Constituency Alumni Groups” does not provide detailed guidance on the administration of outside bank accounts for interdependent UC alumni associations like UCIAA. However, verbal guidance for administration of outside bank accounts provided by the UCOP Department of Public Affairs - Alumni and Constituent Affairs stipulates that UC alumni associations should not use an outside bank account as their primary bank account. Outside bank accounts should be utilized only for infrequent expenditures that are difficult to complete through University systems and processes.
- b. A written statement is not signed annually by officers, representatives and the Board of Directors that they have read and formally voted to comply with the UC Regents Policy 5203 and UC Administrative Guidelines for Alumni Associations.

- c. UCIAA officers and directors do not provide written annual conflict of interest disclosures. However, UCIAA management stated that officers and directors provide the disclosure verbally.
- d. Audit reporting prepared by UCIAA's independent accounting firm does not include a supplementary statement that comments on UCIAA compliance with Regents Policy 5203 and the UC Administrative Guidelines for Alumni Associations.

UC alumni associations are required to comply with UC alumni association policies in order to continue their alumni association recognition.

Management Action Plan

UCIAA strives to be in full compliance with the UC Regents policy and the UC Administrative Guidelines for Alumni Associations. These documents are distributed to board members and staff. In order to further ensure compliance, UCIAA and its board will abide by every stipulation in the guidelines. Additionally, by November 15, 2018 the following measures will be implemented.

1. UCIAA will significantly scale back the use of the outside bank account so that the vast majority of business flows through campus accounting systems, with a minimal number of transactions going through the outside bank account, as recommended by UCOP.
2. The UCIAA Board of Directors officers will annually sign a statement that they have read and formally voted to comply with UC Regents policy 5203 and the UC Administrative Guidelines for Alumni Associations.
3. UCIAA officers and directors will be required to provide written conflict of interest disclosures annually.
4. The scope of UCIAA's annual independent audit will be adjusted to include a supplementary statement commenting on UCIAA's compliance with Regents Policy 5203 and the UC Administrative Guidelines for Alumni Associations.

2. Review of Internal Controls in Financial Operations

a. **Petty Cash Fund**

Background

The UCIAA maintains a petty cash fund for miscellaneous office expenditures. The custodian of the fund is the Finance and Administration Manager, who is responsible for fund disbursement and replenishment. Receipts are obtained for petty cash disbursements, and are submitted to the Finance and Administration Manager with a Payment Request Form that is approved by the CEO or the Executive Director. To replenish the Petty Cash fund, a UCIAA outside bank account check is prepared by the Finance and Administration Manager. The check requires two signature approvals from senior UCIAA management.

Observation

A review of the petty cash fund disclosed the following concerns.

Petty Cash Fund Authorization letter: An authorization letter for the approved petty cash fund balance could not be located by UCIAA management. UCIAA policy (last updated on July 23, 2013) indicates that a petty cash balance of \$400 is maintained, \$300 for office use and \$100 for cap and gown change. However, the petty cash fund custodian stated the approved balance was \$350, and IAS noted balances in the petty cash fund ledger in excess of \$3,300 since July 2013 (it appears that petty cash was commingled with change funds in the past).

Petty Cash Fund Oversight: The UCIAA petty cash fund is not a University-approved petty cash fund. As a result, Accounting and Fiscal Services does not review petty cash expenses for compliance with policy, determine whether reimbursement will be approved, or issue initial and replenishment payments to the UCIAA petty cash custodian. In addition, the separation of petty cash fund duties could be strengthened.

Reconciliation of the Petty Cash Fund balance: Discussions with UCIAA management indicated that in a FY 2016-17 year-end reconciliation of the petty cash fund, additional petty cash funds were located. As a result, an

\$82.46 balance adjustment increase was made to petty cash, which enabled the G/L total to reconcile to the actual petty cash funds on hand.

No Documented Verification of the Petty Cash Fund: UCIAA senior management stated that the petty cash fund is verified annually, however the verification is not documented.

Checks Made Payable to Cash: IAS also noted 19 UCIAA checks made payable to "Cash" and some of the supporting documentation referenced the petty cash fund. However, no activity was recorded in the petty cash fund. The cash was used for the following purposes.

- cashier's check purchases - to obtain liquor sales permits;
- temporary change funds - for UCIAA events and activities;
- employee reimbursements - travel expenses, donor thank you cards, lunch with a board member and with a potential corporate partner;
- gratuities - FY17 UCIAA board retreat;
- vendor payment - UCIAA golf cart tire repair.

In addition, three counter checks from UCIAA's outside bank were made payable to "cash" to purchase cashier's checks for liquor sales permits. Counter checks were used because the employee who prepares UCIAA checks was unavailable. As a best practice, checks should be made payable to a specific individual; counter checks are not sequentially numbered and should not be used as replacements for UCIAA-issued sequential checks.

Internal controls surrounding UCIAA petty cash funds need improvement to prevent an inappropriate use of funds and potential financial loss.

Management Action Plan

Petty cash is not used very often, and in every case it has been used, with advanced planning there is a better form of payment available. Therefore UCIAA will no longer use a petty cash fund. By November 15, 2018 the following steps will be completed.

1. The petty cash fund will be deposited into a bank account and closed.
2. UCIAA will no longer keep a petty cash fund.
3. Cash change funds will be used on an event-by-event basis as needed.

Checks Made Payable to Cash

1. With the potential exception of cashier's checks for alcohol permits, no checks from the outside bank account will be made payable to cash. Any need for cash will primarily go through the UCI cashier's office. When cash is withdrawn from the outside bank account, it will be attached to a staff name.
2. Alternative methods of securing cashier's checks required for California Department of Alcoholic Beverage Control alcohol permits will be explored with the outside bank and the UCI cashier's office, with the intention to avoid bank counter checks or checks payable to cash.

b. Outside Bank Account Expenditures

Background

UCIAA maintains its own bank account, which is the primary bank account through which UCIAA financial operations are conducted. This bank account is used for UCIAA activities, including payment of bills through checks and electronic fund transfers (EFTs), and deposit of cash, check, credit card and on-line payments to UCIAA.

Observation

Excessive Meal Expenditures and Policy Violations at Board Retreat: Certain meal expenditures from a December 2016 UCIAA Board Retreat required exceptional approval; the average cost per person exceeded maximum limits allowed by UC policy. In particular, dinner expenditures exceeded the maximum limit by more than 200 percent, requiring exceptional approval from the UC Irvine Chancellor. However, the final invoice for the retreat was paid with a UCIAA check. As a result, the payment only needed to be recorded in the UCIAA G/L, not in KFS. Because the final payment was not recorded in KFS, the expenditure details could not be viewed and vetted by UC Irvine Travel Accounting and did not get exceptionally approved by the Chancellor as required by policy.

In addition, IAS noted on the same invoice that UCIAA management and some staff stayed overnight at the Pelican Hill Resort hotel (less than eight miles from the campus) for the 2016 UCIAA Board Retreat, which is against policy and was not exceptionally approved.

Corporate Card late fees: IAS noted that some expenditures, such as corporate card late fees, which were disapproved in University financial systems because they were against policy or lacked proper supporting documentation, were approved by UCIAA management and paid through the outside bank account. UC policy G-28 states that the University will not reimburse or pay late fee charges incurred in connection with the corporate card. However, discussions with the UCIAA Executive Director indicated that the late fees are incurred due to payment process delays. As a result, the fees are not the fault of the cardholder and should not be paid by the cardholder. IAS noted that almost all of the expense transactions reviewed were processed late, in violation of University policy, due to inefficient internal UCIAA manually labor intensive and duplicative processing and approval practices.

Travel Reimbursements: IAS noted some travel reimbursements for the UCIAA CEO and Executive Director that were submitted and approved piecemeal on multiple internal reimbursement requests (on multiple/different dates) and then paid through the outside bank account and/or University systems for the same travel (also on multiple/different dates). Transactions processed piecemeal make no business sense, are highly inefficient, and lack transparency.

Management Action Plan

By November 15, 2018, the following internal controls and process improvements will be in place.

UCIAA will significantly scale back the use of the outside bank account to no more than 5 percent of transaction volume related to supporting volunteers and students. UCIAA will ramp up to use KFS for at least 95 percent of its transactions. All expenditures from the outside bank account will be pre-approved by the Vice Chancellor, University Advancement and Alumni Relations.

Excessive Meal Expenditures and Policy Violations at Board Retreat

Exceptional approval policies will be followed prior to the expense being incurred. This includes approval for all alcohol distribution or purchase, all expenses to be paid by the outside bank account, any meal costs in excess of the per-person limits and any other conflicting expense with UC Regents

policy.

Corporate Card late fees

Additional onus is being placed on the UCIAA staff and student employees to process all expense requests for themselves and in a timelier manner. A new policy has been adopted that after January 1, 2018, corporate card late fees will not be paid for by UCIAA due to delayed processing, in accordance with Regents policy. Any late fee payment by UCIAA will be considered for exceptional approval by the Vice Chancellor for University Advancement and Alumni Relations.

Travel Reimbursements

1. UCIAA staff have since been trained to use the same form of payment when incurring multiple expenses from the same vendor for the same program (for example, when paying an event venue deposit and final bill), whenever possible. This will increase transparency in external review of any UCIAA expense.
2. Transparency will be further increased by using KFS as the primary source of expenditures, rather than two frequently used systems as has been done in the past. Staff personal reimbursements will be made through KFS, instead of the outside bank account.

c. Independent Contractors

Observation

Independent contractors providing goods and services to UCIAA and paid through the outside bank account are not properly vetted, creating violations of state and federal laws and subjecting the University to potential fines and penalties.

Purchases from Employee-Vendors: A review of checks drawn from the outside bank account disclosed UCIAA purchases from employee-vendors, as follows.

1. At the FY 2016-17 UC Irvine Care-a-thon and Homecoming events, UCIAA paid \$135 and \$1,000 respectively to a University employee who provided vendor services at the events.

2. At the December 2016 Board of Directors retreat, UCIAA paid \$84 to a University employee who provided vendor services for the retreat.

Purchasing goods and services from an employee-vendor is a violation of the State of California Conflict of Interest (COI) code as well as University purchasing and conflict of interest policies.

1099 Forms to Independent Contractors: UC Irvine is required to send 1099-MISC forms to all independent contractors to whom UCIAA pays \$600.00 or more in a calendar year. KFS is able to capture the names of qualifying independent contractors so that 1099 forms can be sent. However, UCIAA pays its independent contractors by UCIAA check, and the payments are not recorded in KFS. As a result, 1099 forms are not being issued to UCIAA independent contractors.

UCIAA is violating tax law and subjecting the University to potential fines and penalties by not capturing appropriate tax and payment information in order to create and send 1099-misc forms to independent contractors that UCIAA pays \$600 or more in a calendar year.

Management Action Plan

By November 15, 2018, the following process improvements will be in put into practice.

Purchases from Employee-Vendors:

1. UCIAA has since trained its staff on BUS-43 and the specific policy of not doing business with a university employee.
2. UCIAA will onboard all vendors in KFS as new practice, in order to catch any exceptions of vendors who are university employees unbeknownst to UCIAA staff.

1099 Forms to Independent Contractors:

1. With all vendors and contractors now being on boarded into KFS, campus will send 1099 forms to them automatically.
2. Vendors who were not issued 1099 forms in FY 2017 will be issued them by Feb. 28, 2018.

d. Lack of Management Reviews of Financial Transactions

Observation

General Ledger Reconciliation: Discussions with the UCIAA Executive Director indicated that currently, G/L accounts are only reconciled at the end of the fiscal year, and reconciliation documentation is not retained. Best practice would indicate a more frequent and documented reconciliation process for the G/L.

Duplicate Payments: At the FY 2016-17 Homecoming event, an alumni chapter hosted a reception with refreshments. After the reception, a reimbursement request was presented to UCIAA. UCIAA sent a reimbursement check for \$34.77 to the alumni chapter. The check was cashed on May 15, 2017. However, a second reimbursement request was presented to UCIAA. UCIAA sent a second reimbursement check for \$34.77 to the alumni chapter, which was cashed on June 8, 2017.

Internal control measures that detect multiple payment requests for the same expenditure need to be implemented to prevent excessive payments or reimbursements.

Stale-Dated Checks: A review of outstanding stale-dated checks disclosed one check outstanding from 2013, two from 2014, four from 2015, and eleven from 2016. The total of all eighteen stale-dated checks was \$15,573.45.

PALCard Transactions: In FY 2016-17, UCIAA had 206 PALCard transactions, valued at \$40,780. Most PALCard transactions were not approved in a timely manner. Approvals for 146 transactions (70 percent) were not reviewed/approved within the 14-day timeline, and were auto-approved by the KFS system as a result. Discussions with UCIAA management disclosed that they could not approve the transactions in time and that additional resources are needed to approve all PALCard transactions within the 14-day timeline.

Management Action Plan

By November 15, 2018, the following internal control measures will be implemented.

General Ledger Reconciliation:

UCIAA will adjust staff responsibility so that the general ledger will be reconciled monthly.

Duplicate Payments:

Internal controls for catching and preventing duplicate payments to vendors and volunteers will be put in place. In the short term, an option in the current Quickbooks accounting software in use by UCIAA will be enabled to alert staff when a duplicate check is potentially being issued. In the long term, as UCIAA performs its expenditures primarily in KFS, prevention of duplication will be alleviated with that system's tools.

Stale-Dated Checks:

Stale dated checks will be individually addressed with each payee.

PALCard Transactions:

As expenses are being processed on a much more condensed timeline working primarily in KFS now, PALCard transactions will be approved within the standard 14-day window, rather than being auto-approved.

e. Lack of Separation of Duties**Observation**

Revenue and Cash-Handling: A review of revenue and cash-handling processes for FY 2016-17 Cap and Gown sales disclosed some concerns with maintaining an adequate separation of duties. Cash/equivalents are handled and counted by numerous student employees on a shift-by-shift basis and reconciled against the sales reports provided by the Office of Information Technology (OIT). The cash/equivalents for deposit are then stored in a locked cabinet in the Finance and Administration Manager's office prior to deposit. The manager participates in confirming pre-deposit reconciliations by recounting the funds for deposit. The manager is also responsible for recording deposit amounts in the UCIAA general ledger and, with another full time staff member, depositing all cash/equivalents in the UCIAA outside bank account under shared custody.

Furthermore, the manager reconciles the deposit amount reflected by the bank to the deposit amount posted in the general ledger. Additionally, the

manager prepares all bank reconciliations. Currently, the bank reconciliations (including the reconciliation of UCIAA cleared checks and all other debits and credits to the UCIAA outside bank account) are not independently reviewed and approved by a second employee.

Purchases, Accounts Payable, and Vendor Payments: Some responsibilities of the Finance and Administration Manager are incompatible. The manager has authority to make purchases and is also the back-up PALCard holder. The manager receives and pays for items that are purchased, and is reimbursed by UCIAA check. The manager is also responsible for recording the purchases in the UCIAA general ledger, and in KFS, if necessary. Although a mitigating control is in place whereby the manager's reimbursement requests and checks are signature-approved by UCIAA senior management, the separation of the Finance and Administration Manager's duties could be improved upon.

UCIAA employees with purchasing responsibilities discuss their anticipated purchases w/ management, however written purchase requisitions are not prepared. Purchases are post-approved through payment request forms after the purchase has been made. In addition, UCIAA purchasing, receiving, and invoice processing functions are not centralized; they are spread among several UCIAA employees. Furthermore, UCIAA employees purchase and receive goods and services for their area of responsibility, and manage vendor invoices for the goods and services that were purchased. As a result, purchasing and receiving functions are not adequately separated.

Management Action Plan

By November 15, 2018, the following improvements will be implemented.

Revenue and Cash-Handling:

UCIAA will work within its staffing resources to adequately maintain ideal separation of duties with regards to revenue collection, cash handling, deposits, reconciliation and reporting.

1. The Finance and Administration Manager will no longer handle or deposit cash. That responsibility will be re-assigned to other career and student staff when necessary. The Manager will review these, along with

budget reporting.

2. UCIAA will seek resources for permanent funding for additional staff in finance and accounting to fully provide the required separation of duties amongst UCIAA finance and accounting personnel.

Purchases, Accounts Payable, and Vendor Payments:

Purchases and expense processing has been a significant source of difficulty for UCIAA as reflected in this audit. Steps have been taken since the audit observations were completed and more actions will be taken as described in this management action plan in order to improve the efficiency and compliance with Regents policies.

1. The Finance and Administration Manager will no longer make purchases and will close the current back-up PALCard. Mileage and other reimbursements will occasionally be made to this staff member and will be independently reconciled by another staff member when separation of duty conflicts may exist.
2. Purchasing and receiving processes will be reviewed and University Advancement best practices will be adopted. Purchase requisitions will be obtained when necessary. UCI Procurement, Contracts and Risk Management will be consulted and engaged in all contracts and relevant vendor agreements.