

**UNIVERSITY OF CALIFORNIA, SAN FRANCISCO
AUDIT AND ADVISORY SERVICES**

**Gift Administration Review
Project #19-040**

January 2019

EXECUTIVE SUMMARY

I. BACKGROUND

As a planned audit for Fiscal Year 2019, Audit & Advisory Services (A&AS) completed a review of Gift Administration. Processing and accounting for gifts is through University Development & Alumni Relations (UDAR). Gift Administration within UDAR is responsible for formal acceptance and processing of all contributions made to UCSF. Some responsibilities of Gift Administration include: review gifts for conformance with policy and procedures, implement and administer pledge review and collection process, acknowledge receipt of gift to donor, maintain appropriate internal controls to secure cash and other financial instruments, develop reports for information and planning purposes across campus, and advise staff and other campus administrators regarding gift matters and compliance with gift policies.

In Fiscal Year 2018, UCSF received 86,424 gifts totaling approximately \$744 million comprising of \$215 million in checks, \$8 million in credit cards, \$100 million in securities, \$119 million in wires and electronic fund transfers, and the remaining amount in other forms such as real estate, awards, payroll deductions, etc.

Gift Administration uses Advance, a donor, prospect and events management system to record, track and allocate gifts to UCSF departments. Gift allocations from Advance are uploaded into corresponding general ledger entries into PeopleSoft, the UCSF accounting and financial system. The accounting logs are reviewed prior to posting them to the UCSF general ledger. Timely processing of gifts and spending gifts in accordance with donor's intent are important to demonstrate good stewardship of funds.

II. AUDIT PURPOSE AND SCOPE

The objective of the review was to assess the adequacy of the internal controls over administration and processing of gift funds to ensure that gifts are properly recorded, processed, and accounted for and that there is compliance with UCSF policies. The scope of the review covered transactions and activities from July 1, 2017 to June 30, 2018.

To conduct the review, the following procedures were performed:

- (1) reviewed UCSF campus policies and procedures around gift administration;
- (2) interviewed personnel and performed walkthroughs to get an understanding of activities related to processing, recording, reconciling and monitoring gifts;
- (3) reviewed the acceptance and approval of gifts process for compliance with University policy;
- (4) evaluated the gift acceptance and acknowledgement process;
- (5) validated a sample of donor gifts to ensure that they are recorded accurately;
- (6) reviewed gift reconciliation from Advance to PeopleSoft for completeness and accuracy;
- (7) evaluated the monitoring of unexpended gift funds;
- (8) follow-up on previously identified internal control issues related to cash handling; and
- (9) assessed the controls over access to the Advance system.

Work performed was limited to the specific activities and procedures described above. As such, this report is not intended to, nor can it be relied upon to provide an assessment of compliance beyond those areas specifically reviewed. Fieldwork was completed in November 2018.

III. SUMMARY

Based on procedures performed, overall the internal controls for the administration and management of gift funds were adequate and provides assurance that gifts are properly recorded, processed, and accounted for, and there is proper segregation of duties for gifts processing and cash collections. Gift receipts and acknowledgements were sent to donors timely. Access to cash and cash equivalents are properly safeguarded with the annual changing of lock combination passcode. Additionally, every six months the cash handlers rotate their job duties. Areas of improvement identified in the review include timely allocation of gifts and a process to ensure temporary cash handlers take the required cash handling training.

The specific observations from this review are listed below as well as in Section IV. Observations and Management Corrective Actions.

1. Gift funds in the “unallocated” account are not cleared timely.

2. Gift Administration does not have a process to ensure temporary cash handlers take the required cash handling training.

IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS (“MCA”)

No.	Observation	Risk/Effect	Recommendation	MCA														
1	<p><i>Gift funds in the “unallocated” account are not cleared timely.</i></p> <p>Gifts with issues or questions are allocated to a pending “unallocated” fund until they are resolved. A&AS noted that as of September 2018 gift funds totaling \$2.9 million were in the unallocated account with approximately \$781,000 unallocated greater than 180 days.</p> <p>The table below shows an aging of the unallocated gifts as of September 10, 2018.</p> <table border="1" data-bbox="184 756 1226 927"> <thead> <tr> <th>10-30 days</th> <th>31-60 days</th> <th>61-90 days</th> <th>91-120 days</th> <th>121-150 days</th> <th>151-180 days</th> <th>≥181 days</th> </tr> </thead> <tbody> <tr> <td>1,065,139</td> <td>192,999</td> <td>316,218</td> <td>264,738</td> <td>125,934</td> <td>177,224</td> <td>780,966</td> </tr> </tbody> </table> <p>Sound financial management practice and effective stewardship of donor funds requires timely allocation of gift funds to enable them to be used in accordance with donor intent.</p>	10-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	≥181 days	1,065,139	192,999	316,218	264,738	125,934	177,224	780,966	<p>Untimely resolution of unallocated gifts cause departments to not spend the funds in accordance to the donor’s intent and may not demonstrate effective stewardship of donor funds.</p>	<p>Gift Administration should work to reduce the long outstanding unallocated gifts and develop procedures for tracking and monitoring pending allocations.</p>	<p>a) An aging report will be created and distributed amongst the Gift Administration team to monitor the unallocated gifts.</p> <p>b) Outreach efforts will be changed from following up with the Development Officers to include reaching out directly to faculty members to resolve the pending unallocated fund.</p> <p>Target Date March 31, 2019</p> <p>Responsible Party Executive Director, Financial Services & Administration</p>
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<u>No.</u>	<u>Observation</u>	<u>Risk/Effect</u>	<u>Recommendation</u>	<u>MCA</u>
2	<p><i>Gift Administration does not have a process to ensure temporary cash handlers take the required cash handling training.</i></p> <p>During the review, we noted two temporary cash handlers had not taken the UCSF Cash Handling training upon commencement of cash handling duties.</p> <p>Per the Controller's Office requirement, anyone who handles cash or cash equivalents are required to take the online "UCSF Cash Handling Training" in the UC Learning Center upon hire, and then annually thereafter. Departments should ensure employees meet this obligation.</p>	<p>Without proper cash handling training, temporary employees may not perform their duties accurately and in accordance to UCSF's policy.</p>	<p>Gift Administration should require and ensure temporary employees complete the Cash Handling training.</p>	<p>As of 12/4/2018, Gift Administration has created an on boarding checklist to require temporary employees take the cash handling training. Further, all existing temporary employees have now taken the cash handling training.</p>