



UCSB Audit and Advisory Services

Internal Audit Memorandum

**Exercise and Sport Studies
Field Audit Follow-up**

May 3, 2013

Performed by:
Olga Mery, Senior Auditor

Approved by:
Robert Tarsia, Director

Report No. 08-13-0006

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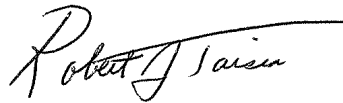
UCSB AUDIT AND ADVISORY SERVICES

May 3, 2013

To: Vice Chancellor Michael Young
Student Affairs

Executive Dean Melvin Oliver
College of Letters & Science

From: Robert Tarsia
Director, Audit and Advisory Services



Re: **Exercise and Sport Studies Field Audit Follow-up**
Project No. 08-13-0006

Purpose and Scope

During fiscal year 2010-11, Audit and Advisory Services performed an audit of University of California, Santa Barbara (UCSB) Exercise and Sport Studies (ESS), which included several management corrective actions. The purpose of this follow-up review was to determine whether ESS has met their objective of completing the pending management corrective actions from the fiscal year 2010-11 audit.

To conduct the follow-up review, Audit and Advisory Services:

- Interviewed ESS, Human Resources, and College of Letters & Science – Division of Social Sciences personnel.
- Documented current procedures.
- Evaluated whether each management corrective action has been completed.

Our interviews included discussions with the Assistant Dean of the College of Letters & Science – Division of Social Sciences, ESS Chair & Director, ESS Business & Finance Director, and the Executive Assistant to the Dean.

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

Background

The Department of Exercise & Sport Studies offers a program of basic instruction consisting of 1/2 unit courses as well as courses in athletic coaching, fitness instruction, exercise and health science, and sports management. ESS and the Recreation Department are administered under one director and the departments share a business administration office. ESS is organized within the College of Letters & Science, and annual funding is provided through the Dean of Social Sciences, College of Letters and Science. The Recreation Department is organized within the Student Affairs division and is primarily supported through student fees, facilities usage fees, and program participant charges.

The Recreation Department at UCSB offers a wide variety of activities, programs, and services for students, faculty/staff, and the community. Its goal is to encourage the development of new skills and interests essential to a balanced, healthy, and active lifestyle.

The primary purpose of our fiscal year 2010-11 audit was to ensure that there are adequate processes and internal controls for segregating and allocating costs for ESS. The audit identified areas in which processes and internal controls for segregating and allocating costs could be strengthened, and included recommendations to address the concerns in those areas.

Summary Results of Follow-up

The Dean's Office and ESS maintain open communication by meeting once a quarter, more often if necessary, to discuss issues and concerns. Based on the results of the work performed within the scope of our follow-up review, we have identified successful implementation of most of the fiscal year 2010-11 audit recommendations.

1. Tracking Actual Personnel Effort or Time

Our 2010-11 audit recommended tracking and monitoring time and effort devoted to ESS and the Recreation Department for non-academic personnel. Personnel costs were allocated between both departments; however, the allocation rates (personnel appointment percentages) were agreed to in advance of the fiscal year. Those personnel appointment percentages were not being compared to actual time and effort to evaluate their appropriateness.

The ESS Chair & Director and the ESS Business & Finance Director verify the non-academic personnel allocations prior to each fiscal year. Under current procedures, at the end of each fiscal year they evaluate actual time spent on ESS tasks to assure that funding is properly used. If any changes are needed, then they notify both the College of Letters & Science and the Vice Chancellor for Student Affairs.

2. Lecturer Appointment Practices

Our 2010-11 audit recommended improving the practices relating to lecturer appointments, such as distribution of the lecturer appointment letters to ESS, notification of lecturer appointment changes sent to the employees by the Dean's Office, retention of copies of all lecturer appointment letters, and proper approval of all lecturer appointment letters prior to entering them into Payroll Personnel System (PPS).

The ESS Business & Finance Director does receive distribution of the lecturer appointment letters; notification of lecturer appointment changes are being sent to the employees by the Dean's Office; and both the Dean's Office and ESS retain copies of all lecturer appointment letters. However, proper approval of all lecturer appointment letters is not being received on a timely basis prior to entering them into PPS. We also found that proper approval of other employee contracts is not being received on a timely basis prior to entering them into PPS.

We recommend that approved appointment letters be received by ESS prior to the personnel data being entered into PPS, according to UC policy. We also recommend a target date for finalizing full year lecturer appointment letters of June 1 each year, for the coming fiscal year appointment letters.

Other employee contracts (mostly sub 1, Salaries - Staff) should also be approved by Human Resources and the College of Letters & Science prior to their personnel information being input into PPS. Target date for approvals for these contracts should also be June 1 of each year for the

coming fiscal year employment. Also, approval should be evidenced on the contract by the reviewer's initials or signature, so that their approval is clearly noted.

3. Justification for Large Purchases

Our 2010-11 audit recommended documentation for large purchases to support the justification for the purchase and how it will benefit academic courses and programs in ESS.

The ESS Chair & Director and the ESS Business & Finance Director established a \$5,000 minimum threshold for a large purchase, and will document on the purchasing agreement the estimated percentage of use between the departments of ESS and the College of Letters & Science. However, there have been no large purchases over this limit since the time of our 2010-11 audit, nor are there plans to make any large purchases at this time.

4. Equipment Cost Allocation

Our 2010-11 audit recommended for all future purchases of inventorial equipment that ESS management and the Dean's Office come to an agreement on a methodology for reasonably allocating equipment costs (both acquisition and maintenance costs) between the departments of ESS and Recreation, based on each department's anticipated usage over the life of the equipment item.

The ESS Chair & Director and the ESS Business & Finance Director evaluate the ESS equipment needs at the beginning of each fiscal year, and will formally request an equipment allowance from the Dean's Office if they determine that a purchase should be made. ESS and the Dean's Office will discuss and come to an agreement on a methodology for reasonable allocation of equipment costs for approved purchases of inventorial equipment supporting academic courses. ESS will track equipment costs related to physical activity and lecture courses using cost centers (or similar accounting mechanisms).

We would like to thank the College of Letters & Science – Division of Social Sciences, the ESS department, and Human Resources for their assistance in completing this follow-up review.

cc: Chancellor Henry Yang
Associate Vice Chancellor Ron Cortez
Senior Vice President and Chief Compliance and Audit Officer Sheryl Vacca
Assistant Dean of Division of Social Sciences Tilly Govender
ESS Chair and Director Jon Spaventa
Andrea Carr, ESS Business and Finance Director
Roberta Cook, College Administrative Officer, College of Letters & Science
Melinda Crawford, Human Resources Manager
Robin Logue, Executive Assistant to the Dean
Olga Mery, Senior Auditor, Audit and Advisory Services