UCLA AUDIT & ADVISORY SERVICES

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June 30, 2015

SENIOR VICE PRESIDENT/CHIEF COMPLIANCE AND AUDIT OFFICER SHERYL VACCA
EXECUTIVE VICE CHANCELLOR & PROVOST SCOTT WAUGH:

Re: Student Affairs – Community Programs Office Audit Report #15-604001

Enclosed is the audit report covering our review of the Student Affairs – Community Programs Office (CPO).

The primary purpose of the review was to ensure that the organizational structure and controls surrounding CPO's operations are conducive to accomplishing its business objectives. Where applicable, compliance with University policies and procedures were reviewed.

The scope of the audit focused on the following areas:

- Transportation Fleet
- Volunteer Tracking
- Financial Reconciliation and Monitoring
- Printing Fees (Test Bank)

Based on the results of the work performed within the scope of the audit, CPO provides excellent opportunities for UCLA students and helps to better prepare them for the real world, and to develop professionally and in leadership areas. However, internal controls could be strengthened to help ensure good business practices and compliance with University policies and procedures in the following areas:

Transportation Fleet
- High risk and potential liability to the University exists with the lack of effective controls for the current CPO transportation fleet. The vehicle check-out and return process, and the usage and tracking of fuel cards, are not adequately controlled. With incomplete recordkeeping and tracking of individuals who have checked out vehicles, it is not possible to ascertain that all individuals who drive CPO vehicles are properly authorized to do so. Also, it is difficult to ensure that vehicles and associated fuel cards are only used for proper purposes.
- Controls surrounding the physical security and use of CPO vehicle keys, and Voyager fuel cards, warrant improvement.

Volunteer Tracking
- Controls surrounding volunteer recordkeeping practices should be strengthened.
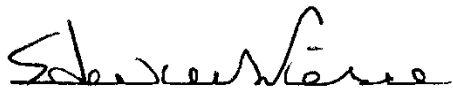
Financial Reconciliation and Monitoring
- Accounting practices and recordkeeping with regards to financial information should be clearly documented and readily available for all areas within CPO. An independent verification that funds are being used properly (on a sample basis), and appropriately tracked and accounted for, should be performed by a designated individual on a periodic basis.

- Management should ensure that all Post Authorization Notices (PANs) are read in a timely manner. This would help to ensure that all related financial activities are appropriate and adhere to University policies and procedures.

Printing Fees
- Printing fees and related monies are not adequately controlled. To the extent possible, cash collections should be minimized. The Bruin Card could be used as the primary method of payment for accepting Test Bank printing fees. Receipts and cash collections should be properly controlled, safeguarded, and deposited, in accordance with University policy. Accountability for funds should be maintained at all times.

- While A&AS recognizes that implementing a reconciliation process between cash collected, receipts, and the number of pages printed could be difficult, management should consider the feasibility of having a designated individual perform this reconciliation. This review should be performed on a regular basis, by an independent individual.

- CPO should work with UCLA Corporate Financial Services in order to properly establish a petty cash fund for use.

The corrective actions implemented by management satisfactorily address the audit concerns and recommendations contained in the report. In accordance with our follow-up policy, a review to assess the implementation of our recommendations will be conducted approximately four months from the date of this letter.

Please feel free to contact us if we can be of further assistance.

Edwin D. Pierce, CPA, CFE
Director

Enclosure

cc: M. Deluca
     J. Montero

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STUDENT AFFAIRS

COMMUNITY PROGRAMS OFFICE

AUDIT REPORT #15-604001

Audit & Advisory Services

June 2015

STUDENT AFFAIRS
COMMUNITY PROGRAMS OFFICE
AUDIT REPORT #15-604001

Background

In accordance with the Campus fiscal year 2014-15 audit plan, Audit & Advisory Services (A&AS) has completed a review of the Student Affairs – Community Programs Office (CPO).

The CPO was established in the early 1970s by UCLA students. The mission of the CPO is to build and nurture an inclusive and diverse community of scholars and leaders who are committed to giving back to historically marginalized communities by engaging, educating, and empowering students to develop and execute student-initiated, student-run outreach, service, and retention programs.

CPO staff members advise students, coordinate leadership development efforts, and help to manage the department's financial and administrative needs. There are 26 total full-time staff, and a varying number of interns. For fiscal year 2014-15, there are 25 first year and 19 leadership interns. The Director, who oversees the operations, reports to the Assistant Vice Chancellor of Campus Life.

Funding for CPO and student groups are provided through various sources, including campus-based referenda fees assessed on undergraduate students for each quarter during the academic year. The Practicing Leadership and Empowerment to Develop Growth through Education (PLEDGE) fees support the efforts of Undergraduate Student Association student-initiated outreach, community, retention, and media programs that increase student access to university resources and services at UCLA and the surrounding community. The fee provides supplemental funding to the CPO, Student-Initiated Outreach Committee, and the Campus Retention Committee, to support their projects and activities. The fee also provides supplemental funding to various other

areas, including the UCLA Marching Band, the Communications Board and its student-run media, and the Undergraduate Students Association Council (USAC) External Vice President's office for advocacy on behalf of undergraduate students. The PLEDGE Fee is assessed only to undergraduates. There are also additional student referenda approved by undergraduate students, including the Special Education Membership Fee (1969), Community Service Referendum (1990), Academic Success Referendum (1993), Community and Retention Empowerment Referendum (1999), Promoting Understanding and Learning through Service and Education Referendum (2005), that support the functions of the CPO.

There are five major areas within CPO:

Campus Retention Committee (CRC)

- The CRC oversees the Student Retention Center (SRC), which is a collective effort of students from historically underserved communities. The activities within the SRC are designed to assist undergraduate students with academic difficulties and cultural and social transitions, from communities with historically low retention and graduation rates.

- The CRC has an approximately $860,000 annual budget, and is funded mainly by student referenda monies. Funding is also provided by the Student Fee Advisory Committee (SFAC).

- SRC projects offer Peer Counseling and Mentorship services, and some offer additional services, such as Gender and Sexuality Counseling and Wellness Programs. There are also additional SRC support programs, including, the Writing Success Program (to help undergraduate students improve their writing skills), and Internship Programs. Also, the SRC oversees additional retention services such as the Test Bank, the CPO Computer Lab, a nightly Study Hall, the Commuter Van Ride Service, the CPO Food Closet, and liaison office hours with representatives

and counselors across various campus areas, including the Financial Aid Office, the Honors Program, Labor Center, Career Center, Office of the Dean of Students, and the Academic Advancement program.

Student Initiated Outreach Committee

- The Student Initiated Outreach Committee administers funding, evaluates projects, and oversees operations for its Student Initiated Outreach Center (SIOC). In the wake of the dramatic drop of underrepresented students in the UC system, due to the passage of Proposition 209 and UC Regent Standing Policy 1 (SP1), the SIOC was created in 1998 as a means of funding student-initiated, student-run outreach and access programs.

- The SIOC has an approximately $960,000 budget, and is funded mainly by student referenda monies. Funding is also provided by the SFAC, Chancellor's Support, and State funding.

- SIOC projects provide culturally sensitive services to students living in underserved areas that have historically lacked adequate college services and educational support for K-14 students. SIOC projects administer these services to over a thousand recipients in the Los Angeles metropolitan region.

Community Programs Office Student Association (CPOSA)

- CPOSA is a student-led administrative body that provides guidance and support to the various student-initiated, student-run community service projects. CPOSA projects and volunteers provide essential resources and services to economically and socially disadvantaged community members and areas in Southern California, by providing educational, social, cultural, medical, and academic services to these areas. CPOSA administers funding for the administrative needs of CPO projects.

- CPOSA has an approximately $75,000 annual budget, and is funded by student referendum monies. Also, the Campus Activities Committee (CAC)/UCLA Student Organizations, Leadership & Engagement (SOLE) provides reimbursement to the CPO for CPOSA-related costs (use of phones, vehicles, printing, etc.).

Student Risk Education Committee (SREC)

- SREC is a student-initiated, student-run committee that focuses on student risk and liability issues, and aims to foster a culture of safety as students contribute to the community. SREC is in charge of recommending and implementing best practices in student risk education for on and off-campus community service activities.

- SREC has an approximately $185,000 annual budget, and is funded by student referendum monies.

- SREC provides various services and training, including the PLEDGE Risk Management Fund, which provides students with funding for live scans, insurance, crowd control, tuberculosis (TB) tests, etc., and First Aid/ cardiopulmonary resuscitation (CPR) trainings. Also, SREC provides Youth Safety Training, which provides guidance on how to engage safely with youth service participants. Additionally, SREC provides students with Driver's Safety Training and Vehicle Orientation (training students on how to drive defensively and on how to operate a university vehicle), and Hypertension Training (providing training on how to safely provide hypertension screenings to service participants). Further, SREC provides students with the ability to obtain UCLA University Sponsorships for student events.

Departmental Leadership Development Programs

▪ The Leadership Development Programs offered by the CPO provide students from historically underserved backgrounds with an opportunity to learn about the University, public policy issues, and encourages students to become involved in student governance. The programs include the First Year Internship, Leadership Externship, Gender and Sexuality Collectives, Signature Events, Technology and Creativity Team, and the Fitness Improvement Training Through Education and Diet program.

▪ The total budget for these programs is $300,000 as is funded by the CPO departmental budget, the Student Fee Advisory Committee, in collaboration with the Campus Retention Committee, Student Initiated Outreach Committee, CPO Student Association, and other campus departments.

▪ The first year internship offers students an opportunity to build leadership skills through a curriculum that focuses on learning about and appreciating difference and the histories of different communities. The Leadership Externship Program offers student leaders the opportunity to work in an off site internship that focuses on their professional aims and provides a social justice curriculum, the gender and sexuality collectives work toward providing support groups, filed trips, and retreats for students. The departmental signature events focus on creating a welcoming environment for all students and focuses on keynote speakers that offer support and encouragement focused on social justice principles. These events include the welcome, holiday potluck, film screenings, luncheons, and end of year events.

Purpose and Scope

The primary purpose of the review was to ensure that the organizational structure and controls surrounding CPO's operations are conducive to accomplishing its business

objectives. Where applicable, compliance with University policies and procedures were reviewed.

The scope of the audit focused on the following areas:

- Transportation Fleet
- Volunteer Tracking
- Financial Reconciliation and Monitoring
- Printing Fees (Test Bank)

The review was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included such tests of records, interviews, and other procedures considered necessary to achieve the audit purpose.

<u>Summary Opinion</u>

Based on the results of the work performed within the scope of the audit, CPO provides excellent opportunities for UCLA students and helps to better prepare them for the real world, and to develop professionally and in leadership areas. However, internal controls could be strengthened to help ensure good business practices and compliance with University policies and procedures in the following areas:

Transportation Fleet

- High risk and potential liability to the University exists with the lack of effective controls for the current CPO transportation fleet. The vehicle check-out and return process, and the usage and tracking of fuel cards, are not adequately controlled. With incomplete recordkeeping and tracking of individuals who have checked out vehicles, it is not possible to ascertain that all individuals who drive CPO vehicles are properly authorized to do so. Also, it is difficult to ensure that vehicles and associated fuel cards are only used for proper purposes.

- Controls surrounding the physical security and use of CPO vehicle keys, and Voyager fuel cards, warrant improvement.

Volunteer Tracking

- Controls surrounding volunteer recordkeeping practices should be strengthened.

Financial Reconciliation and Monitoring

- Accounting practices and recordkeeping with regards to financial information should be clearly documented and readily available for all areas within CPO. An independent verification that funds are being used properly (on a sample basis), and appropriately tracked and accounted for, should be performed by a designated individual on a periodic basis.

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- While A&AS recognizes that implementing a reconciliation process between cash collected, receipts, and the number of pages printed could be difficult, management should consider the feasibility of having a designated individual

perform this reconciliation. This review should be performed on a regular basis, by an independent individual.

- CPO should work with UCLA Corporate Financial Services in order to properly establish a petty cash fund for use.

The audit results and recommendations are detailed in the following section of the report.

<u>Audit Results and Recommendations</u>

<u>Transportation Fleet</u>

The CPO fleet of vehicles came into existence in 1992, and there are currently 19 CPO vehicles in-use. SFAC provides funding for these vehicles. CPO vehicles are used by student groups for various outreach projects, community service projects, and for the commuter and study hall van program (which operates Monday through Thursday evenings, and provides individuals with rides to their apartments, residence halls, etc. after studying on campus). During the audit, CPO vehicles were located in the UCLA Parking Structure 4, Level 2.

Audit review included verification of the existence of the 19 CPO vehicles, which were properly located. However, high risk and potential liability to the University exists with the lack of effective controls over the current CPO transportation fleet. The vehicle check-out and return process, and the usage and tracking of fuel cards, are not adequately controlled, as detailed below.

A.   <u>Monitoring of CPO Vehicles</u>

Based on interviews with management, the current processes should be followed with regards to the vehicle check-out process, vehicle return process, and voyager fuel card usage:

CPO Vehicle Check-Out Process

▪   Drivers reserve vehicles using an online Outlook calendar system.

▪   Vehicle keys are stored in a locked box against a wall in the Internship Director's office. Keys are locked at night in this lockbox. The Internship

Advisor sets out the reserved vehicle keys in the morning, in a box on her desk.

- Vehicles are typically checked out between 11:00 am and 4:00 pm, Monday through Friday. The box with the keys is taken from the Internship Director's office to the front desk area during check-out hours, and is returned back to the office at 4:00 pm.

- In order to check out a vehicle, the driver presents their driver's license at the front desk. CPO front desk staff check to make sure that the driver is on the Master Driving List. The Master Driving List documents each authorized driver's name, along with three criteria that must be met in order for a vehicle to be checked out. These three criteria include: the driver's DMV record is on file or DMV pull has been performed, the driver has completed and signed the liability form, and the driver has completed the driver's training.

- The driver signs out the car on a check-out sheet. The driver and front desk staff inspect the vehicle together in the parking lot. The driver is issued the key to the car, and is able to use the assigned vehicle.

- For weekend check-outs, the driver will pick up the key at the front desk before 4:00 pm on the Friday before the weekend that the car will be used.

CPO Vehicle Return Process

- The driver returns their keys to the drop box outside the Internship Advisor's door. When drivers return keys, they also time stamp a sheet and drop this in the drop box, along with the car keys.

- The next morning, the Internship Advisor reviews the returned keys from the drop box with a front desk worker, and places the keys back into the lockbox.

- A student worker and Internship Advisor verify the mileage used on the vehicle that was returned. This is documented on the check-out sheet. The check-out sheet is filed away and is used for billing purposes. Inspection sheets are also used to document the vehicle's mileage and gas tank before and after usage.

Voyager Fuel Cards

If the student group that checked out a vehicle anticipates needing gas during the use of the CPO vehicle, the driver can check out a Voyager fuel card. Gas is paid for by whichever student group uses the vehicle and is based on each vehicle's mileage.

- Each vehicle has one Voyager card assigned to it. Voyager cards are similar to credit cards, and are specific to each car. Voyager cards can be used at any gas station.

- The driver completes a fuel card check-out sheet in order to use the Voyager card. Only the Internship Advisor or the Fiscal Officer may issue Voyager fuel cards. Voyager fuel cards must be returned to either the Internship Advisor or the Fiscal Officer, who then sign the fuel card check-out sheet, indicating that the Voyager fuel card has been returned.

Based on the audit testing performed, control weaknesses in the following areas were identified:

CPO Check-Out Sheets and Inspection Sheets

Available check-out sheets and corresponding inspection sheets (35 days) from February 1 through March 25, 2014 were reviewed during audit testing. (Multiple cars were checked out each day.) The following concerns were identified:

- In 25 instances, a car appeared to have been checked out on the check-out sheet, and while the project was documented on the check-out sheet, there was no driver name documented, nor any other identifying factor related to the driver. As a result, it is unclear which individuals checked out these vehicles.

- Nine days had no inspection sheet on file. Also, one day had no check-out sheet on file.

- In ten instances (where a comparison could be made because the inspection sheet was available), the check-out sheet indicated blank lines or cancelled vehicles, (eight blank lines, two cancelled lines), while the associated inspection sheet indicated that the car was used.

- For all check-out sheets reviewed, one or more criteria was missing and not documented for cars checked out for the day. Criteria such as the following: driver name, driver license number, the driver signature, or the mileage out and/or mileage in.

- For all the days reviewed, the number of vehicles and mileage documented on the check-out sheets and inspection sheets did not match.

- Staff who complete the inspection sheets do not document their review with a signature/initial. As a result, it is unclear who inspected vehicles for each day.

With the lack of effective recordkeeping and tracking of individuals who have checked out vehicles, it is not possible to ascertain that all individuals who drive CPO vehicles are properly authorized to do so. Also, with incomplete recordkeeping, it is difficult to ensure that vehicles are only used for appropriate University business purposes.

Master Driver Listing

Audit review included comparing drivers on the check-out sheets to the master listing, for February and March 2014. This review was performed to verify that the drivers were properly documented on the master list, and that all three requirements (driver training, DMV record/pull, and liability form completed) were met in order to check out the vehicle.

Testing indicated that 18 out of 20 drivers were not properly authorized to check out vehicles. This included:

- Nine drivers that could not be located on the Master Driver's Listing.

- Nine drivers that did not have all three criteria completed in order to check out a CPO vehicle.

High risk and potential liability exists when individuals use CPO vehicles, but are not authorized to do so (and may not have valid driver's licenses, have not signed the proper liability forms, etc.).

Voyager Fuel Cards

Audit review included comparing vehicle check-out sheets and fuel card logs to Voyager card statements for February and March 2014. Voyager card statements

show the location of where the fuel cards associated with each of the 19 CPO vehicles were used.

Based on audit testing, it is difficult to ascertain that all fuel cards are properly tracked and used. The following concerns were identified:

- In March 2014, one fuel card was used three times in Northern California, but there is no record on file of the car being checked out on the associated check-out sheets. Also, the corresponding Voyager Fuel log maintained by CPO does not show that particular fuel card as having been checked out.

- In February 2014, for three cars, each car was checked out to Tecate, CA (south San Diego) and to Los Angeles, CA during the same timeframe. Fuel cards for two cars were used in San Diego, and one was used in Laguna Beach, CA.

Recommendations: Management should consider the following potential solutions/control enhancements to mitigate the risks associated with the current CPO vehicle check-out, return processes, and fuel card usage.

- The use of the CPO fleet could be discontinued. Correspondingly, CPO vehicles should be disposed of, proceeds of which should be properly accounted for, in accordance with University policy.

- The number of CPO vehicles in use could be decreased to less than ten. Having fewer vehicles on-hand to manage should help to improve control over the remaining CPO transportation fleet.

- In order to mitigate the current risks associated with the CPO fleet process, management should consider having another outside unit (for example, UCLA

Transportation Services), to oversee the usage of CPO vehicles, including the vehicle check-out and return processes.

- If the current CPO transportation fleet is retained, stronger controls should be implemented. For example, business practices could mirror the UCLA Transportation Services vehicle check-out and return processes (https://main.transportation.ucla.edu/campus-vehicle-services/bruincar/how-to-reserve-and-pick-up-your-bruincar). Complete records of checked-out and returned vehicles, along with associated drivers, should be properly maintained and reviewed.

  Additional training as needed should be provided to front desk staff. Front desk staff should only allow authorized drivers to check out CPO vehicles. Also, management should consider posting a sign at the front desk area, indicating that only authorized drivers (who have completed appropriate training, liability forms, and DMV record/pull) may check out vehicles.

  Fuel card usage relating to each vehicle should be properly tracked and accounted for. Records should be appropriately and accurately maintained.

  All associated documentation pertaining to the check out and return of vehicles, driver listings, fuel card usage, etc. should be periodically reviewed by an independent individual to ensure that only authorized individuals are driving vehicles, and that adequate records are maintained.

Response: The department has discussed all aspects of the recommendations provided. We concluded that decreasing or removing our fleet is not in the best interest of the department and its students. Instead, the department will move forward with the implementation of improvements that will decrease risk and liability to the university. These improvements are as follows:

- A new vehicle check in system was installed that replaced the ineffective system that was not secure. The new vehicle check in system is actually a new, very secure metallic key drop-off slot that cannot be manipulated by anyone.

- The locks on the office management doors were changed and taken off the master key. Building management now restricts access to these offices after hours.

- The CPO will work with Campus Life and the Student Risk Education Committee (SREC) on the approval of a funding request to hire a full time transportation manager during the summer of 2015 that will have full control of CPO fleet operations. As the current coordinator only manages the transportation fleet at less than 50% of the time, the implementation of this new position will provide a much needed resource and full time support of this critical service.

- A CPO identification card system will be established by the start of fall quarter 2015 to assist management in easily identify students and employees who have completed all trainings and requirements. The system will also assist in after-hours access that in turn will better secure transportation resources.

- The check-out key box will be assigned to one front office staff member during every shift starting in summer 2015. They will ensure that the keys are distributed as planned.

- There will be quarterly internal reviews by the CPO Business Officer in conjunction with Campus Life CFO to ensure accountability to all changes.

- Voyager gas cards have begun, and will continue to be, kept in a safe to deter any potential abuse. New rules restricting use of gas cards will be evaluated in summer 2015 and will be modified to ensure conservative use of gas cards.

- The CPO will work with Audit & Advisory Services (as consultants) to do a random blind spot check to evaluate the year-long improvements in summer 2016.

B. <u>Voyager Fuel Card and Vehicle Keys Physical Security</u>

Controls surrounding the physical security of CPO vehicle keys and Voyager fuel cards warrant improvement.

- CPO vehicle keys designated for pick-up are stored in an unlocked box at the front desk, which all front desk staff can access. If a vehicle key were to go missing, it would be difficult to hold any one person accountable.

- Voyager fuel cards are stored in a lockbox in the Internship Advisor's office, which both the Fiscal Officer and she can access. The lockbox takes both a combination and key to open. However, since both individuals have the combination and key to open the lock box on their own, if a Voyager fuel card were to go missing, it would not be possible to hold either individual accountable.

<u>Recommendation</u>: Vehicle keys, and Voyager fuel cards, should be stored under dual custody, so that two people are needed to access the keys and cards at any given time. For example, a group of individuals (group A) could have the key to the lockbox, while another group of individuals (group B) could have the combination to the lockbox. The lockbox would only be accessible if someone from both group A and group B were present. Another alternative is to have the lockbox under the control of one individual at a time, with a log to document the transfer of individual responsibility of the keys and cards. An independent verification of the log should be performed on at least a monthly basis. This would help to ensure that accountability for keys and for fuel cards is consistently maintained.

<u>Response</u>: The department has discussed all aspects of the recommendations provided. We concluded that decreasing or removing our fleet is not in the best interest of the department and its students. Instead, the department will move forward with the implementation of improvements that will decrease risk and liability to the university. These improvements are as follows:

- The check-out key box will be assigned to one front office staff member during every shift starting in summer 2015. They will ensure that the keys are distributed as planned.

- There will be quarterly internal reviews by the CPO Business Officer in conjunction with Campus Life CFO to ensure accountability to all changes.

- Voyager gas cards have begun, and will continue to be, kept in a safe to deter any potential abuse. New rules restricting use of gas cards will be evaluated in summer 2015 and will be modified to ensure conservative use of gas cards.

- The CPO will work with Audit & Advisory Services (as consultants) to do a random blind spot check to evaluate the year-long improvements in summer 2016.

<u>Volunteer Tracking</u>

Interviews with various CPO management and staff, and review of records on-hand were conducted. Student volunteers are used throughout the CRC, SIOC, and CPOSA. Thousands of hours are required by volunteers in order to support the many projects related to the CPO. Approximately 25% of volunteers are connected through CRC and SIOC, while the other 75% are connected through the various community projects under CPOSA. Audit review included verifying the existence of driver training logs that documented volunteers who received driver training from April to June 2014.

During the audit, the following concerns were identified:

- There is no formal method to track volunteers. While a binder is used to keep track of volunteer forms, not all individuals who volunteer are captured in this binder.

- Youth Safety Training provides students with training on how to engage safely with youth participants. A&AS attempted to review Youth Safety Training logs from April to June 2014, in order to verify that volunteers who work with youth were properly trained. However, A&AS was unable to obtain this information, and there does not appear to be a record of this on file. Having this information is critical in order to ensure that volunteers who work with youth have proper guidance (and that applicable Child Abuse and Neglect Reporting Act (CANRA) training is provided when necessary), and have completed any necessary background checks, live scans, etc.

Recommendation: In order to ensure that the various programs can continue to thrive using student volunteers, management should strengthen volunteer recordkeeping practices. Such as the following:

- Volunteers associated with each project and group should be properly documented. Also, all volunteers should be provided with the proper associated training, especially with regards to Youth Safety Training. Associated training documentation should be retained to ensure that volunteers are properly trained, and that background checks, live scans, etc. are adequately performed for these individuals.

- Management should consider designating an individual to obtain and track volunteer-related information, and also ensure that the various student groups are in compliance with required trainings.

- Alternatively, management should consider potentially pooling resources with those already available at various campus units (i.e. Student Affairs), to streamline recordkeeping processes, and to provide more accessible information with regards to volunteers.

Response: Based on the review and recommendations outlined in the audit, the CPO will work with Campus Life and the SREC to develop a system that ensures proper documentation and training of all volunteers.

- At the beginning of the year, every project will be required to submit a list of their volunteers. An electronic volunteer form will be created, filled out and kept on record.

- The department will consult with our risk/liability colleagues on campus to ascertain the implications of detailed volunteer record keeping. If it is determined that volunteer tracking meets campus risk/liability standards, a new electronic database will be created for tracking.

- The department will work with the SREC to ensure and enforce the proper training for volunteers.

Financial Reconciliation and Monitoring

Interviews with management indicated that student committees and fiscal advisors are responsible for ensuring that monies are used properly. Also, the Director and Assistant Director review related financial transactions via PANs. Audit review included interviews and review of sampled financial transactions. A&AS traced three checks received from ASUCLA for Spring Quarter 2014 to deposited amounts in the general ledgers, and to the allocation of monies to each of the four main student-run areas. A judgmental sample of 22 transactions was selected within the CRC, SIOC, CPOSA, and

SREC areas to ensure that the funds were used in accordance with the PLEDGE language. All 22 transactions tested appeared to be appropriate.

A.   Financial Monitoring

Based on audit interviews and review, the following concerns with regards to financial monitoring were identified:

- It is unclear how the Veteran's fund monies are used or accounted for because A&AS staff could not identify any activity for the account associated with the Veteran's fund.   PLEDGE Section D indicates the following: "$1.30/quarter to the Campus Retention Committee (CRC)… With the rising population of student veterans entering UCLA, $0.15 of these funds allocated will directly provide services and internship opportunities for student veterans as an effort to better address their growing needs as an emerging community at UCLA."

- While budget information was available for CRC and SIOC, similar information is not readily available for SREC, because they do not create a budget proposal in the beginning of the year. However, CPO advises SREC not to allocate more than the projected revenue from the referendum each year. Also, this information is not readily available for CPOSA, as CPOSA only formally allocates budgeted amounts for payroll.

Recommendation: Accounting practices and recordkeeping with regards to financial information for all funds (including the Veteran's fund, and budget/expenditure information for SREC and CPOSA) should be clearly documented and readily available for all areas within CPO.   An independent verification that funds are being used properly (on a sample basis), and properly tracked and accounted for, should be performed by a designated individual on a periodic basis.

Response: The CPO has acknowledged the concerns and suggestions with regards to financial monitoring and reconciliation. Conversations with the department's business office have concluded with the development of improvements that will be used to ensure better monitoring and transparency.

- Quarterly budget reports will be offered for CRC and SIOC projects, SREC and CPOSA.

- Annual reports will be created and made public for each funding source to ensure transparency. This will include all budget proposals, allocation letters, and evaluations for CRC and SIOC and the spending of SREC and CPOSA. The annual document will be produced at the end of the fiscal year.

- A Procurement Card has been secured for the department and will be utilized, when possible, to purchase items usually funded via petty cash.

- Veteran's funds allocated to the Campus Retention Committee as a result of the PLEDGE 2009 Referendum ($0.15/quarter) will be encumbered and allocated by the CRC beginning with the 2015 annual funding cycle. In the past, veteran's funding went towards providing employment and programmatic support to veterans. This practice will continue in a more formalized way. Advertisements will be made specifically to veteran student groups in the summer 2015 letting them know that they can apply for funds from the CRC Veteran's Fund.

B.   Post-Authorization Notices (PANs)

PAN notices are not always reviewed in a timely manner. Based on audit testing performed, 9 out of 22 sampled selections had instances where at least one mandatory reviewer did not review the related PAN in a timely manner, with delays

ranging from 6 to 16 days. According to the UCLA Financial Policy, Section III.F.1, "A Reviewer must review all transactions within two working days of receipt."

Recommendation: Management should ensure that all PANs are read in a timely manner. This would help to ensure that all related financial activities are appropriate and adhere to University policies and procedures.

Response: The CPO Business Officer will send periodic reminders to PAN reviewers to ensure transactions are read in a timely manner.

Printing Fees (Test Bank)

The CPO provides a service whereby students may print out tests from a Test Bank. The Test Bank serves as a repository for tests, which are stored in an electronic format. The Test Bank has been in existence for 25 years, and was digitalized in 2009.

Students make appointments to use the Test Bank via a sign-in sheet. The sign-in sheet contains five minute incremental slots throughout the day, and is typically completely filled up. Students can print a maximum of five tests per appointment.

Once a student prints a test, the front desk staff will count the number of pages printed, and charge the student accordingly. Test Bank printing fees are $0.05 per page (the $0.05 per page fee was set-up when the Test Bank was established 25 years ago). Front desk staff collect the monies, which are stored in an unlocked lock box at the front desk area. Typically, two people work in the front desk at a time, with their shifts ranging from four to five hours.

Management indicated that in January 2014, a new process was implemented whereby twice each day, one of the front desk staff will take the money in the lock box downstairs to the fiscal officer's office. The student intern will count the money, along with the receiving fiscal officer. Monies are then stored overnight in this office.

Based on audit review, the following concerns were noted:

- The funds collected are not deposited to the bank or recorded in the general ledgers, and is kept off the books.

- It is unclear how much money is collected. There is no reconciliation between pages printed and funds collected. As a result, it difficult to ensure that all monies that should be collected from the Test Bank are properly received.

- Test Bank printing fees are currently being used as a petty cash fund by the CPO, but these monies are not properly registered or administered as a petty cash fund. Also, the use of Test Bank printing fee monies is not documented. Various staff indicated that Test Bank printing fee monies are used for a variety of purposes, ranging from birthday cakes and ice cream for students and staff, flowers to pay respects for student, alumni, and staff relatives' funerals, to parking tickets incurred by CPO vehicles, and for emergency items needed during events, etc.

  According to UCLA Business and Finance Services, Instructions for Petty Cash Account, "Departments may establish a petty cash account when they can demonstrate that a continuing cash advance should be kept on had to permit the purchase of low-value supplies and services that cannot be purchased under the Low-Value purchasing procedures."

- Collections are not adequately secured, and accountability is not maintained for these monies. The funds are stored during the day in an unlocked box in the front desk area, which multiple front desk staff can access. Also, funds are stored overnight in an unlocked box in an office that five individuals can access. Under the current setup, if funds were to go missing, it would not be possible to hold any one individual accountable.
  Per UC Business and Finance Bulletin (BUS) 49, "Policy for Cash and Cash Equivalents," Policy IX.5, "Each campus shall use lockable receptacles or

burglarproof/fire resistant safes to store cash based on the following limits: (1) Up to $1,000 in a lockable receptacle, and (2) From $1,001 to $2,500 in a safe…"

Recommendation: To the extent possible, cash collections should be minimized. The Bruin Card could be used as the primary method of payment for accepting Test Bank printing fees to help minimize the amount of cash collected.

When cash is collected, a University-issued receipt should be issued. These receipts should be numerically sequenced, and the control of the receipts should be under one individual, or under dual custody. This helps to ensure accountability for funds collected. Ideally, cash collections should be counted under dual control, after each shift, and on a daily basis. Related receipts and cash should be reconciled by an independent person.

Cash should be stored in a safe and secure area, with access limited to one individual, or under dual control, so that accountability is maintained at all times. Cash may be stored in a locked box, in a safe overnight, etc., depending on the amount of collections and deposit frequency.

The CPO should consider having cash collections picked up by Dunbar and deposited directly to the bank, or to the Main Cashier's Office (MCO) at the John Wooden Center (JWC). Deposits should be made at least weekly or when collections exceed $500.

While A&AS recognizes that implementing a reconciliation process between cash collected, receipts, and the number of pages printed could be difficult (given that multiple printers are used for varying purposes), management should consider the feasibility of having a designated individual perform this reconciliation. This review should be performed on a regular basis, by an independent individual.

Also, management should consider discontinuing the use of the petty cash fund. Alternatively, use of the Procurement Card (PCARD) should be considered when

specific items are required. If elimination of the petty cash fund is not feasible given the nature of CPO's operations, CPO should work with UCLA's Corporate Financial Services to properly establish a petty cash fund. Accordingly, ongoing training should be provided to staff with regards to PCARD and petty cash fund expenditures, in order to ensure appropriate usage of funds.

Response: The CPO has acknowledged the concerns and suggestions with regards to financial monitoring and reconciliation. Conversations with the department's business office have concluded with the development of improvements that will be used to ensure better monitoring and transparency.

- The department with work with Campus Life to explore cash collecting mechanisms consistent with university standards and will make a final decision of which approach to take by October 2015.

- In the interim, our business office will ensure proper accounting of all printing fee revenue.

- The CPO is working with the Office Technology Center (OTC) to transition the test bank kiosks to iPads to make the service more student friendly. The potential of electronically reconciling the number of pages printed with funds collected will be explored as part of the shift. Moreover, implementation of fee collection via Bruin Card will be explored as part of the shift to iPads.

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