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October 20, 2023

To: Jennifer Holt, Department Chair
Savannah Parison, Business Officer
Department of Film & Media Studies

Re: **Humanities and Fine Arts - Department of Film & Media Studies – Limited Internal Control Review**
Audit Report No. 08-24-0001-1

We have completed a limited review of internal controls in two departments of the Division of Humanities and Fine Arts as part of the 2023-24 annual audit services plan. For administrative purposes we have presented our results in two audit reports. This report presents our conclusions of our limited internal control review in the Department of Film & Media Studies. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Enclosed is the report detailing the results of our work.

We sincerely appreciate the cooperation and assistance provided by the Department of Film & Media Studies personnel during the review. If you have any questions, please contact me.

Respectfully submitted,

Ashley Andersen
Director
Audit and Advisory Services

Enclosure

cc:
Chancellor Henry Yang
Chuck Haines, Vice Chancellor, Chief Financial Officer
Daina Ramey Berry, Dean, Division of Humanities and Fine Arts
UCSB Audit Committee
Alexander Bustamante, Senior Vice President and Chief Compliance and Audit Officer

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UC SANTA BARBARA
Audit & Advisory Services

Audit Report

Humanities and Fine Arts -
Department of Film & Media Studies -
Limited Internal Control Review

October 20, 2023

Performed by:
Antonio Mañas Meléndez, Associate Audit Director
Irene Camargo, Senior Auditor

Approved by:
Ashley Andersen, Audit Director

Report No. 08-24-0001-1

EXECUTIVE SUMMARY

OBJECTIVE

The primary purpose of the audit was to perform a limited review of selected internal controls and procedures established by the Division of Humanities and Fine Arts in the Department of Film & Media Studies to ensure best business practices are in place to support operational effectiveness and efficiency, including compliance with University policies.

The objective of our limited review was to determine whether:

- Adequate financial oversight is in place to prevent overdrafts.

- Financial General Ledger (GL) reconciliations, including payroll, are timely prepared, reviewed and approved by management.

- FlexCard transactions include adequate purchasing support documentation and are properly and timely approved.

- Overtime/Compensatory Time Election is agreed upon by non-represented and represented employees, pre-approved by management, and adequately tracked in the timekeeping system.

- Adequate inventory controls are in place, including adjustments to inventory approved by management and physical inventory matches the equipment inventory tracking system.

CONCLUSION

Based on the results of the work performed within the scope of the audit, our review highlighted opportunities for improvement in the following areas:

- Improving financial oversight to prevent overdrafts and regular reporting to the Division of Humanities and Fine Arts.

- Documenting reconciliation procedures, including payroll, of the General Ledger and reconciling the General Ledger in a timely manner on a monthly basis.

- Retention of appropriate support documentation for FlexCard purchases, verification of available funding before purchases are preapproved, and ensuring the approval of funding allocations are performed prior to 14-day posting period.

- Obtaining pre-approval of overtime/compensatory time prior to time worked.

- Establishing adequate inventory controls, approval of adjustments to inventory, and completing a physical inventory count of film equipment at least on an annual basis.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. FINANCIAL OVERSIGHT - OVERDRAFTS

OBSERVATION

Our work found opportunities to improve financial oversight to prevent overdrafts.

We identified and quantified the account strings in overdraft at the end of fiscal year 2022-23 and inquired about the causes of overdrafts and plans for addressing deficits. We found that the department had approximately $177,000 in overdraft within six account strings.[1] See Table 1 for more details.

Table 1	Account Strings in Overdraft FY 2022-23	
Account Strings	**Fund Title**	**Overdraft**
220032-20032	Film Studies – Course Material	($3,072)
403693-19900	State General Funds	($63)
403993-20171	Application Fee – Grad Programs	($517)
403993-89996	UCPath Edit Error Fund	($504)
403993-8998	UCPath Dept Default Fund	($172,725)
404042-20095	State General Funds	($400)
Total Amount		**($177,281)**

Source: UCSB Department of Film & Media Studies fiscal year 2022-23.

Based on the results of our review, we found that the department needs to better manage and project future costs in order to ensure that funds are transferred prior to an expected debt being incurred on account strings with low balances. Funding allocations at the account string level have not been properly overseen to prevent overdrafts.

We found that five overdrafts were due to lack of adequate oversight and monitoring of fund balances and one was due to funds not being timely transferred. Specifically, we found that:

- Transfer of Funds[2] (TOF) were not processed to cover two payroll related overdrafts.

- Two Transfer of Expenses[3] (TOE) were not prepared to cover non-payroll related shortages.

- Two Salary Cost Transfers[4] (SCT) were not initiated to clear an incorrect account string in UCPath.

During our audit, we verified that the Department of Film & Media Studies has cleared three

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[1] Account strings: The accounting string is a combination of account number, fund source, sub-account, and object code.
[2] Transfer of Funds: Transfer of payroll funds to another accounting string.
[3] Transfer of Expenses: Transfer of funds to another accounting string for non-payroll items.
[4] Salary Cost Transfer: Reversal of payroll expenses charged to an account string.

of the six overdrafts for approximately $3,652, while three in the amount of $173,629 remain in deficit. We were informed that the Financial Analyst is currently on the temporary leave. These transactions will be processed upon return of the Financial Analyst.

Adequately managing account fund balances and monitoring expenditures is imperative to limit accounts in overdraft. Overdrafts should be resolved as quickly as possible by transferring funds to cover expenses.

RECOMMENDATION

We recommend that the Department of Film & Media Studies:

- Formalize a plan with a timeline to guarantee outstanding overdrafts will be cleared. The plan should be approved by the adequate control points of the Division of Humanities and Fine Arts.

- Establish an adequate reporting process to periodically track low balances to help prevent overspending and avoid overdrafts as is recommended by sound accounting practices.

MANAGEMENT RESPONSE

The Department of Film & Media Studies will:

- Formalize a plan with a timeline to guarantee outstanding overdrafts will be cleared. The plan should be approved by the adequate control points of the Division of Humanities and Fine Arts.

- Establish an adequate reporting process to periodically track low balances to help prevent overspending and avoid overdrafts as is recommended by sound accounting practices.

Audit and Advisory Services will follow up on the status of these issues by January 31, 2024.

2. FINANCIAL REPORTING

OBSERVATION

Reconciliations

GL reconciliations, including reconciliations of payroll transactions, have not been performed and approved by management in over a year. In addition, we found the need to formally document the process in a procedure and maintain evidence to support that monthly reconciliations are timely performed and approved by management.

We inquired about the reconciliation process and found that the Financial Analyst reconciled general and payroll expenses tracked in the shadow system (GUS)[5] with expenses reported in the GL monthly. For payroll transactions, the Distribution of Payroll Expense[6] (DOPE) report

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[5] GUS has a functionality to identify discrepancies with the GL.
[6] Detailed payroll expense report of monthly transactions reported in the GL.

was used to reconcile against GUS. Discrepancies in GUS were individually investigated and resolved. The Business Officer reviewed the reconciliation generated in GUS and approved monthly balances in the GL and DOPE reports with date and initials. However, the department stopped performing these reconciliations more than one year ago.

We also found an opportunity to document monthly reconciliation procedures, including payroll transactions, to support the steps and the workflow process. Furthermore, we requested reconciliations from fiscal year 2021-22 and obtained only three of the twelve months. Evidence of reconciliations performed and approved should be retained by month for each fiscal year.

During our audit, the Business Officer provided documented GL and payroll reconciliation procedures. These procedures included the workflow process that personnel charged with performing reconciliations has to follow, a detailed general ledger and payroll reconciliation steps, GUS assisted reconciliation steps, and evidence to support the preparation, review, and approval of reconciled general ledger balances in a timely manner that will be retained in a shared drive by month.

FlexCard[7] Transactions

Our review of FlexCard transactions highlighted that separation of duties principles were not followed in all cases. Pre-approvals were not always obtained before the cardholder completed the purchase. We also found opportunities to ensure adequate support documentation is obtained and approval of allocation of funds are performed in a timely manner.

We selected 16 of the total 164 FlexCard transactions processed during fiscal year 2022-23. We reviewed the support documentation of the expenses and found that in all cases receipts were included and the purpose of the purchases were aligned with business needs. However,

- 11 transactions lacked evidence of being pre-approved by management and receipt confirmations. We found that tangible items do not always include a packing slip upon receipt[8].

- One delivery confirmation was maintained; however, a signature was missing to attest to receipt.

Additionally, we reviewed whether the funding allocation of all FlexCard purchases processed during fiscal year 2022-23 were properly and timely approved. We found that FlexCard purchases were made by cardholders and the allocation of these expenses were approved by someone other than the cardholder. However, we found that 85 of 164 funding allocations of FlexCard transactions were not timely reviewed and were approved after the 14-day posting period. Transactions were allocated between four and 138 days after the posting period.

During our review, we were informed that one Faculty member was issued a FlexCard and made purchases that exceeded funding allocations available in their startup research funds.

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[7] Procurement credit card for low value purchases. See background section for full description.

[8] In cases that a packing slip is not available or confirmation of subscription renewals are not sent by the merchant, Business and Financial Services recommends using an email confirmation of receipt from someone other than the cardholder to provide adequate proof of receipt.

The amount of overdraft was approximately $5,055. This type of situation could have been avoided if the department had implemented adequate internal controls to track the balances of the account strings and had established a pre-approval step before a cardholder can initiate a purchase. During the audit, the Department of Film & Media Studies has implemented a series of actions to address this issue:

- A repayment agreement was executed between management and the cardholder.

- Monthly payments are being tracked.

- The number of FlexCard holders have been reduced. We verified that three of the four Faculty member cardholders have been deactivated. One Faculty member remains active.

The department should develop a checklist to verify that the FlexCard purchasing process includes the appropriate support documentation. Specifically addressing the need to provide evidence that purchases have been preapproved and received, including cases when the vendor does not provide a packing slip or delivery receipt. These changes should be communicated to all FlexCard administrators in the department.

RECOMMENDATION

We recommend that the Department of Film & Media Studies:

- Perform, document, review, and approve monthly reconciliations of financial statements in the department.

- Periodically provide financial reports to the Division of Humanities and Fine Arts to ensure management is aware of the department's financial status.

MANAGEMENT RESPONSE

The Department of Film & Media Studies will:

- Perform, document, review, and approve monthly reconciliations of financial statements in the department.

- Periodically provide financial reports to the Division of Humanities and Fine Arts to ensure management is aware of the department's financial status.

Audit and Advisory Services will follow up on the status of these issues by February 15, 2024.

RECOMMENDATION

We recommend that the Department of Film & Media Studies:

- Develop a checklist to verify the FlexCard purchasing process includes the appropriate support documentation. Specifically addressing the need to provide evidence that purchases have been pre-approved and received, including cases when the vendor does not provide a packing slip or delivery receipt. These changes should be

communicated to all FlexCard administrators in the department.

- Assess if the number of current FlexCard holders is appropriate.

- Implement and document a control to guarantee FlexCard administrators verify that there is adequate funding before FlexCard purchases are pre-approved.

MANAGEMENT RESPONSE

The Department of Film & Media Studies will:

- Develop a checklist to verify the FlexCard purchasing process includes the appropriate support documentation. Specifically addressing the need to provide evidence that purchases have been pre-approved and received, including cases when the vendor does not provide a packing slip or delivery receipt. These changes should be communicated to all FlexCard administrators in the department.

- Assess if the number of current FlexCard holders is appropriate.

- Implement and document a control to guarantee FlexCard administrators verify that there is adequate funding before FlexCard purchases are pre-approved.

Audit and Advisory Services will follow up on the status of these issues by January 31, 2024.

3. OVERTIME/COMPENSATORY TIME

The Department of Film & Media Studies tracks overtime/compensatory time in the timekeeping system Kronos[9]. However, the department does not document management pre-approvals of overtime/compensatory time as is required by University of California (UC) Policy PPSM-30*: Compensation (UC Compensation Policy)*.

We found that management tracks balances of overtime/compensatory time in the timekeeping system Kronos. However, the department informed us that overtime/compensatory time pre-approvals are not documented prior to time worked and employees do not sign the required Non-Represented and/or Represented Compensatory Time Election forms[10]. The UC Compensation Policy requires departments ensure employees working overtime complete Non-Represented and/or Represented Compensatory Time Election forms and management pre-approves overtime/compensatory time prior to time worked.

During the audit, employees with positive compensatory time balances in Kronos completed and signed the Non-Represented and/or Represented Compensatory Time Election forms, with the exception of one employee that is out on family medical leave.

In addition, we were informed that the department will include staff planning, including compensatory time, in their program planning spreadsheet for fiscal year 2023-24. Compensatory time election forms shall be maintained in personnel files. Preferences

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[9] Kronos: Electronic timekeeping system used to track and record hours worked.
[10] Employees have to select in the Non-Represented and/or Represented Compensatory Time Election forms the method of compensation for overtime.

indicated on the form will remain in effect until it is superseded by a revised form or the department decides to discontinue offering compensatory time as a method of compensation of overtime. Without this form, the option defaults to compensation of pay.

RECOMMENDATION

We recommend that the Department of Film & Media Studies document a procedure to ensure that employees working overtime complete the Non-Represented and/or Represented Compensatory Time Election forms and receive management pre-approval prior to time worked.

MANAGEMENT RESPONSE

The Department of Film & Media Studies will document a procedure to ensure that employees working overtime complete the Non-Represented and/or Represented Compensatory Time Election forms and receive management pre-approval prior to time worked.

Audit and Advisory Services will follow up on the status of these issues by January 31, 2024.

4. DEPARTMENT INVENTORY OF NON-INVENTORIAL EQUIPMENT[11]

We identified opportunities for improvement in department practices for safeguarding and accounting for items below the applicable dollar threshold that would require tracking the items as University property. Most of these items are considered theft-sensitive.

We learned during our fieldwork that the Department of Film & Media Studies had not been maintaining a comprehensive property or inventory listing, but had been maintaining two different film equipment datasets. Some of the items are listed in an Excel spreadsheet, while other items are maintained in an equipment software system (Cheqroom[12]) limited to 300 items. At the time of our work, the department's inventory listings did not include all items and certain film equipment was not being sufficiently tracked. These items of equipment fall below the $5,000 inventorial threshold; however, we found that they should be better tracked and inventoried because of their sensitivity to theft and a life expectancy of more than one year.

Our assessment of the process found the following issues:

- There are no documented procedures describing how inventory is updated.

- Roles and responsibilities of individuals charged with maintaining and overseeing the equipment inventory is not documented.

- Adjustments to inventory are not approved by management.

- Cheqroom does not have the ability to generate and export inventory data reports.

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[11] University policies establish inventory and other requirements for property defined as University Inventorial Equipment, Government Inventorial Equipment, other Government Property, and Other Inventorial Items. See background section for more detail.
[12] Cheqroom inventory software. Please see background section for description.

- The Cheqroom manual and videos do not fully capture the process from ordering and receiving an item, creating an asset management barcode, scanning the item into the inventory system, checking items out and into the system, and removing the items from use and from the equipment management system.

- The department does not complete an annual physical count.

We selected a sample of six categories of film equipment (69 items) in the equipment inventory system: cameras, batteries, tripods, lighting, recording, and camera equipment. We found that in two of the six categories, the Cheqroom system count did not match the physical inventory count. Specifically, we found there was one additional battery in the storeroom, while there was one less tripod. See Table 2 for inventory results.

Table 2	Film Equipment Inventory		
Categories	Cheqroom Count	Storeroom Count	Cheqroom Matches Storeroom
Cameras	12	12	✓
Batteries	14	15	✗
Tripods	19	18	✗
Lightning	8	8	✓
Recording Devices	13	13	✓
Camera Equipment	3	3	✓

Source: Cheqroom system and auditor observations.

We also observed that some equipment is listed as a kit in the inventory system, however, the items in the kit are not itemized. Items in the kit could be itemized in the notes section of the item to ensure all parts are itemized and accounted for. We observed that the spreadsheet included items that had been included in the equipment management system and should be maintained for only items that are not in the inventory equipment management system. The Head of Production is looking into upgrading the system with the ability to include more inventory items and reporting capabilities.

RECOMMENDATION

We recommend that the Department of Film & Media Studies:

- Develop written departmental policies and procedures covering the tracking and physical inventory of its equipment and other property. These procedures should consider the specialized and theft-sensitive nature of these items, and should cover the maintenance of the property/inventory listing, the physical inventory process, and the frequency of physical counts. Document the process, in a workflow if it is possible, from ordering to receiving an item, creating an asset management barcode, scanning the item into the inventory system, checking items out and into the system, and removing the items from use and from the equipment management system. Additionally, document roles and responsibilities of individuals charged with maintaining and overseeing the equipment inventory.

- Update the current department property/inventory listings to include, at a minimum, all theft-sensitive items under $5,000, in addition to items over $5,000 required to be inventoried under UC policies.

- Perform a complete physical count inventory of film equipment at least on an annual basis.

- Determine if upgrading the system will improve efficiency, tracking, and reporting of all film equipment inventory.

MANAGEMENT RESPONSE

The Department of Film & Media Studies will:

- Develop written departmental policies and procedures covering the tracking and physical inventory of its equipment and other property. These procedures should consider the specialized and theft-sensitive nature of these items, and should cover the maintenance of the property/inventory listing, the physical inventory process, and the frequency of physical counts. Document the process, in a workflow if it is possible, from ordering to receiving an item, creating an asset management barcode, scanning the item into the inventory system, checking items out and into the system, and removing the items from use and from the equipment management system. Additionally, document roles and responsibilities of individuals charged with maintaining and overseeing the equipment inventory.

- Update the current department property/inventory listings to include, at a minimum, all theft-sensitive items under $5,000, in addition to items over $5,000 required to be inventoried under UC policies.

- Perform a complete physical count inventory of film equipment at least on an annual basis.

- Determine if upgrading the system will improve efficiency, tracking, and reporting of all film equipment inventory.

Audit and Advisory Services will follow up on the status of these issues by February 15, 2024.

GENERAL INFORMATION

BACKGROUND

Department of Film & Media Studies[13]

The Department of Film & Media Studies is one of the leading international centers for education and research in the field. Founded as a small interdisciplinary program in 1973, and elevated to the status of an autonomous department in 1996, Film & Media Studies is now academic home to roughly 500 undergraduate majors and 30 graduate students. Within a broad framework of liberal arts education, the Department's undergraduate BA curriculum

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[13] UCSB Department of Film & Media Studies website.

offers courses on the history and theory of film and media practices around the world; fiction and nonfiction filmmaking; video games, interactive, and web-based digital media production; screenwriting; archival and curatorial practice, and more. While the graduate core focuses on history, theory, and critical analysis, the MA-PhD program nurtures innovative research projects with an eye to the future of the field. The research of faculty, which has helped define the discipline over time, is currently shaping new sub-fields around environmental media, media industry and policy, risk and media, data visualization, sound studies, and global and emergent media.

UC Procurement Card Program (FlexCard)[14]

A procurement card is a credit card authorized by the University of California to designated employees to enable the timely purchase of low-value goods or services. The card is routinely accepted by merchants who accept VISA or MasterCard for payment. The card is a corporate liability card, issued to an employee only for university purposes. Its use is subject to strict cardholder purchasing controls which cannot be exceeded without authorization. A settlement is executed electronically on the settlement date providing the opportunity for the University to eliminate costs for processing purchase orders, supplier invoices and for issuing checks, for each supplier.

There is only one type of procurement card at UCSB, which is referred to as a FlexCard. The FlexCard is issued to an individual, not to a department, and the card and account number cannot be used by anyone other than the cardholder. Separation of duties is critical in order to reduce the risk of errors, intentional or unintentional, that cannot be made by separating functional responsibilities. Payment liability rests with the University, not the cardholder.

FlexCard allocators are responsible for ensuring that FlexCard transactions are charged to the appropriate account fund within a 14-day posting period and usage tax is omitted for specific purchases that does not incur taxes. Adequately monitoring and verifying expenses provides assurance that financial transactions are complete and accurate.

UC Policy PPSM-30: Compensation[15]

Overtime and over-schedule for non-exempt employees must be approved in advance, but if overtime or over-schedule is worked it must be compensated whether approved or not. An employee is expected to seek advance approval for overtime work. An employee must be permitted to use compensatory time within a reasonable period after making a request if the use of the compensatory time will not unduly disrupt the operations of the department. If an employee does not elect to receive compensatory time off for overtime, they will receive pay.

Both the employee and the supervisor play a role in determining whether overtime and over-schedule is compensated as pay or compensatory time off. Local procedures determine when non-exempt employees make their initial election between receiving pay or compensatory time off for overtime. The preference indicated on the UCSB Compensatory Time Election Form will remain in effect until it is superseded by a revised form with a more recent date or until the department decides to discontinue offering compensatory time off as a method of compensation for overtime. Accumulation of compensatory time is limited to a maximum of

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[14] BFS BUS-43: *Purchases of Goods and Services.* Purchases made using a FlexCard.
[15] UC Policy PPSM-30: *Compensation.* Policy describes compensation and hours of work.

two hundred and forty (240) hours. An employee shall be paid for hours of overtime that exceed this limit.

UC BFB BUS-29 Management and Control of University Equipment (BFB BUS-29)[16]

BFB BUS-29 establishes inventory and other requirements for property defined as University Inventorial Equipment, Government Inventorial Equipment, Other Government Property, and Other Inventorial Items. Although there is a general cost threshold of $5,000 for equipment to be inventorial, the actual requirements depend on the property category and specific requirements to which the property is subject.

Non-inventorial equipment includes non-expendable, tangible, personal property acquired for less than $5,000, which is freestanding, complete in itself, does not lose its identity when affixed to or installed in other property, and which has a normal life expectancy of more than one year. Items purchased for less than $5,000 or that have an expected normal life of one year or less, which are not inventoried as equipment or Government property, but which are nevertheless subject to safeguards provided by the inventorial process. This category includes theft sensitive items and items specifically identified for inclusion as inventorial items. BFB BUS-29 also specifies that each University location may establish guidelines governing the control of theft- sensitive items valued at less than $5,000. These items should be expensed; not capitalized. Examples of theft-sensitive items include, but are not limited to: a) Computers and communication devices, including desktop, laptop, tablet and smart phones, b) Cameras and projectors, stereo and video components, c) Binoculars, telescopes, periscopes, microscopes and microscope assemblies, optical elements and assemblies, d) Recorders and playback units, audio or video, e) Wheeled stretchers, and f) Powered hand tools.

Cheqroom[17]

The Department of Film & Media Studies recently purchased an equipment management software system, Cheqroom. A spreadsheet was maintained until March of 2019, which includes some items that have been entered into the Cheqroom system. The equipment management software is limited to 300 items without the ability to generate and export inventory data reports, hence, all film equipment items are not in the inventory software system, instead Items in the system were selected by a high volume of usage by the students.

The current equipment management software provides basic functionalities including but not limited to tracking of equipment inventory, equipment reservations, date and time of checkout and return, equipment flagged under maintenance, and email communications and notifications. A summary dashboard lists items available in inventory, items checked out by students, items overdue, and items that are under maintenance. Pictures of the items are displayed in the system. Adjustments to inventory and correspondence with students are tracked by email notifications and comment to students in the system. The system does have the ability to create notes of items not in the system that are checked out to a student. However, the basic level equipment software does not include reporting functionalities and

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[16] UC BFB BUS-29. *Management and Control of University Equipment.* Policy describes inventory of items that are theft sensitive.

[17] Cheqroom: Equipment management software to track inventory online and facilitate bookings, check- outs and returns.

inventory items are limited to 300. In addition, items removed from the equipment management system are not approved by management.

SCOPE

The scope of our review was focused on the Department of Film & Media Studies business processes and internal controls during fiscal year 2022-23. To accomplish our objectives, our work included interviews, observations, review of support documentation, testing, and other steps. Specifically, we:

- Researched UC and UCSB policies, best practices, and other guidance relevant to the Department of Film & Media Studies.

- Conducted interviews with Department of Film & Media Studies personnel to gain an understanding of core business processes, policies, and procedures for administering and managing University assets.

- Performed a risk analysis that considered business related policy and procedures, financial reporting, procurement using FlexCard, compensatory overtime, and inventory of non-inventory items.

- Evaluated the Department of Film & Media Studies' business best practices and procedures to determine whether they incorporated adequate internal controls and reviewed opportunities to enhance and improve operational efficiency.

- Reviewed and analyzed financial monitoring of funding strings to avoid overdrafts in the department and plans to reduce deficits in fiscal year 2022-23.

- Assessed the financial reconciliations process of the GL for timeliness and completeness.

- Tested FlexCard procurement transactions to determine if purchases were approved by someone other than the cardholder, support documentation was maintained, and approvals were timely reviewed.

- Assessed departmental controls regarding overtime/compensatory time policy requirements.

- Assessed and tested inventory controls over film equipment to determine if adequate procedures are in place, inventory adjustments are approved by management, and the inventory in the system matches storeroom inventory.

CRITERIA

Our audit was based upon standards as set forth in UC and UCSB policies, best practices, and other guidance relevant to the scope of the audit. This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

- UC Business and Finance Bulletin BUS-43, *Purchases of Goods and Services* (UC Policy BUS-43)
- UC Policy PPSM-30 *Compensation*
- UCSB FlexCard Management Procedures
- UC BFB BUS-29 *Management and Control of University Equipment*

AUDIT TEAM

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Irene Camargo, Senior Auditor