CAPITAL PROGRAMS

EMPLOYEE TRAINING PRACTICES AND DOCUMENTATION

AUDIT REPORT #19-2102

Audit & Advisory Services

March 2019

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Background

In accordance with the Campus fiscal year 2018-19 audit plan, Audit & Advisory Services (A&AS) conducted an audit of internal controls and business practices established to monitor, facilitate, and document training for employees within the UCLA Capital Programs department.

*Capital Programs Overview*

The Capital Programs department is responsible for conceptualizing, planning, designing, and constructing major capital construction and renovation projects at UCLA. Projects having total costs of $750,000 and above are considered major capital construction. Capital Programs develops financial strategies, obtains project approvals, reviews plans and specifications, completes environmental reviews, prepares and negotiates construction contracts, coordinates staging plans, and serves as a repository for project records and as-built plans.

The department’s mission is to create projects that “support the instruction and research mission of the University by providing a physical campus environment that fosters excellence, creativity, and a sense of community.” Capital projects are developed to take into account UCLA land use priorities, established physical designs, University policies and procedures, environmental and regulatory requirements, and community interests.

The Capital Programs department consists of the following two areas:

*Capital Planning and Finance* – responsible for planning, environmental assessment, project budgeting, and project financial services including contracts administration. This area is led by an Associate Vice Chancellor who reports to the Vice Chancellor and Chief Financial Officer.

*Design and Construction* – responsible for project design, engineering, permitting and inspection services, project management, and construction management activities. This area is led by an Associate Vice Chancellor who reports to the Vice Chancellor and Chief Financial Officer.

The nature of some of the responsibilities performed by Capital Programs personnel requires that certain staff positions maintain a professional license or certification. Professional inspectors and engineers comprise the majority of licenses and certifications in the department. As of October 2018, the Design and Construction unit consisted of 43 staff and was overseen by an Associate Vice Chancellor.

Purpose and Scope

The primary purpose of the audit was to ensure that Capital Program’s organizational structure and controls surrounding its employee training processes and documentation are conducive to accomplishing its business objectives. Where applicable, compliance with campus and University requirements were also evaluated. The scope of the audit included:

The scope of the audit focused on the following areas:

* Training Documentation
* Professional Licenses and Certifications
* Policies and Procedures

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

Summary Opinion

Based on the results of the work performed within the scope of the audit, Capital Programs’ organizational structure and controls are generally conducive to accomplishing the department’s business objectives related to employee training practices and documentation. However, controls and business practices could be further strengthened by implementing the following:

*Training Documentation*

* Develop a process to monitor expiration dates for all required professional credentials and maintain current copies of licenses and certifications in a central location. License and certificate expiration dates should be periodically verified, at least annually, using applicable websites or other official sources to ensure that current and accurate records are maintained. Additionally, pertinent employees could be notified in advance of their approaching license or certification expiration date to reduce the risk that licenses or certifications will lapse.

*Professional Licenses and Certifications*

* Establish business practices for monitoring and communicating approaching expiration dates of employees’ professional licenses and certifications, especially for those whose credentials are required as a condition of employment or as a legal requirement to perform specific types of project work.

Policies and Procedures

* Develop procedures that require license and certification records, and their current status, be reviewed as part of an employee’s annual performance evaluation. This review is especially critical for those employees whose professional license or certification is required for their job duties.

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

Audit Results and Recommendations

Interviews were conducted with Capital Programs management to obtain an overview of required training, licenses and certifications, and related documentation. Audit & Advisory Services identified a group of nine employees who hold a professional license or certification that is deemed necessary by department management to perform their job duties. Audit test work included reviewing mandatory training compliance reports, employee personnel files, copies of current licenses and certifications, license and certification verification websites, job descriptions, department license and certification tracking lists, employee performance evaluations, and other relevant information.

Training Documentation

1. Training Files

Audit & Advisory Services met with Capital Programs management to determine whether employee personnel or training files contained copies of current licenses, certifications, or any other training documentation. Copies of current licenses and certifications, and related documentation were reviewed to evaluate their completeness and accuracy. Audit test work included reconciling the details of the license and certification listing to available copies of current licenses and certifications, and noting any discrepancies.

For 17 of 18 licenses or certifications tested, A&AS was able to review and confirm copies of the current licenses or certifications maintained in each employee’s personnel file.

A listing of license and certification details is maintained for engineering and inspection employees; however, A&AS review determined that this listing included six incorrect expiration dates, and eight additional spaces that were left blank and had no dates recorded. Without a process to monitor the current status of all required professional licenses and certifications, an oversight could occur where an employee’s credential lapses, but is not detected timely. As a result, an employee could unknowingly continue working without being legally licensed to perform their job. Consequently, the University could be at risk of financial or legal exposure.

Recommendation: Using the existing license and certification listing, management should develop a process to monitor expiration dates for all required professional credentials and maintain current copies of licenses and certifications in a central location. License and certificate expiration dates should be periodically verified, at least annually, using applicable websites or other official sources to ensure that current and accurate records are maintained. Additionally, employees could be notified in advance of their approaching license or certification expiration date to reduce the risk that licenses or certifications will lapse.

Response: We agree with the recommendation. Our personnel manager has now developed a process in which she notifies the employee and supervisor, via a document workflow, six months in advance of an upcoming license/certificate expiration date. The workflow also has a component in which the employee is instructed to give the personnel manager a copy of the new document, at which time the personnel manager will finalize the work flow and verify the new document(s) using the applicable website(s). Simultaneously, she will update the existing spreadsheet of licenses and certificates and will share it with the Associate Vice Chancellor of Design and Construction and the Director of Engineering Services/Building Official. A copy of the new license/certificate will be kept in the employee’s personnel file and another copy will be kept in a binder to serve as the central location.

1. Mandatory Training

Audit & Advisory Services obtained and reviewed the Ethical Values and Conduct, Cybersecurity Awareness, and Sexual Violence and Sexual Harassment Prevention training compliance reports from the UCLA Compliance Coordinator. The data in the report was derived from the University of California (UC) Learning Management System for fiscal year 2017-18 (as of June 30, 2018) and for fiscal year 2018-19 (as of October 15, 2018) for all employees in the Capital Programs department. Compliance listings were reviewed to verify that all employees had completed their required training courses, as mandated by the University of California, Office of the President (UCOP). It was noted that online course assignment notifications of mandated training and reminders for completing the training on a timely basis are sent to employees from the Learning Management System.

The following were noted:

### *Ethical Values and Conduct Training*

The Ethics training program raises awareness about the UC Statement of Ethical Values and Standards of Ethical Conduct, and to convey University employment obligations with respect to ethical and compliant behavior. The training provides examples of ethical challenges that may arise in the workplace and helps clarify how to apply the standards and encourage practical application in real-life situations.

As of October 15, 2018, Capital Programs personnel had a 100% completion rate for the Ethical Values and Conduct training.

### *Cybersecurity Awareness Training*

The Cybersecurity Awareness training program is part of a UCOP initiative to enhance cybersecurity awareness systemwide. Due to the rapid pace of technological developments and the highly connected nature of education and research activities, cybersecurity is a continuous effort that must be addressed by educating University employees and students about best practices. The mandated training covers basic information regarding security, email, passwords, and social engineering, in addition to introducing contemporary threats and providing guidance on behaviors that protect information.

As of October 15, 2018, Capital Programs personnel had a 97% completion rate for the Cybersecurity Awareness training.

### *Sexual Violence and Sexual Harassment Prevention Training*

The University mandates annual sexual violence and sexual harassment prevention training and education for all employees. The training program helps employees learn and understand their role in ensuring that the University community remains free of all forms of discrimination and harassment, including sexual harassment and violence, which is prohibited by state and federal law, and University Policy.

As of October 15, 2018, Capital Programs personnel had a 97% completion rate for the Sexual Violence and Sexual Harassment Prevention training.

There were no significant control weaknesses found in the area of UCOP mandatory training.

Professional Licenses and Certifications

1. Current Licenses and Certifications

For each of the nine employees that held professional licenses or certifications, A&AS accessed and reviewed the license or certification information from the applicable organization websites to substantiate credentials and to evaluate the accuracy of departmental records. Each employee’s license or certification was verified against one or more of the websites from the following organizations:

* California Board for Professional Engineers, Land Surveyors, and Geologists
* International Code Council
* California Office of Statewide Health Planning and Development
* California Division of the State Architect
* National Inspection Testing Certification
* International Association of Plumbing and Mechanical Officials

The number of staff licensed or certified for each departmental unit was identified and the associated percentage of compliance was also calculated.

Based on audit test work performed, 17 of 18 licenses or certifications reviewed were listed as having a “current” status on the applicable organization website at the time of review. Within the Inspection Services and Design Services units, there was 100% compliance with all employees holding current licenses or certifications. Within the Engineering Services unit, there was one employee holding both one license and one certification, the latter of which was not listed as “current” on the applicable website at the time of review.

Recommendation: Management should establish business practices for monitoring and communicating approaching expiration dates of employees’ professional licenses and certifications, especially for those whose credentials are required as a condition of employment or as a legal requirement to perform specific types of project work. By establishing business practices and formal procedures, the department can reduce the risk of potential financial or legal liability of staff performing work that they may not be legally certified or licensed to perform.

Response: We agree with the recommendation. As afore-mentioned, our personnel manager has now developed a process in which she notifies the employee and supervisor, via a document workflow, six months in advance of an upcoming license/certificate expiration date. (Part of this workflow also notifies the supervisor when the employee has completed renewal of the license/certificate.) The personnel manager has also entered calendar reminders to start the workflow with the employee and supervisor 6 months in advance of all end dates.

1. Required License and Certification Verification

Job descriptions for the nine credentialed Capital Programs employees were reviewed to identify which licenses or certifications were required for each position. Audit & Advisory Services also requested documentation to confirm whether each required credential had been verified prior to the employee’s date of hire.

Audit & Advisory Services noted that of the 18 total licenses or certifications tested, 12 (67%) were required based on the job description and six (33%) were not required. Although six licenses or certifications were not required as a condition of employment, the certificates were still preferred for the staff because it demonstrates a level of industry knowledge to perform the job duties in a more effective and efficient manner. For 11 of 12 required licenses or certifications, A&AS was able to obtain the copy of the relevant documentation that was valid at the time of hire. These credentials were verified as part of the onboarding process prior to the employee’s start date. Per discussion with management, a copy of the license or certification valid at the time of hire for one employee was not available because several years had passed since the hire date, and there was a lack of documentation of the verification procedures that might have been performed at the time.

Audit & Advisory Services noted that with the employment of the new personnel manager in 2015, an onboarding checklist has been created. One of the items on this checklist is to obtain a copy of the licenses or certifications valid at the time of hire.

There were no significant control weaknesses found in this area.

Policies and Procedures

1. Training Policies and Procedures

Discussions were held with Capital Programs management to identify and evaluate the current process to request, approve, fund, and reimburse employee training.

Based on these discussions, A&AS noted that there is currently no formal process to request, approve, and reimburse training courses for department employees. Employees request training from their immediate supervisor via e-mail or during in-person meetings. Expenses (funding and/or reimbursement) for approved training are paid for by the department. According to Capital Programs management, there have been no issues with the existing informal process and there are no plans to make changes.

There were no significant control weaknesses found in this area.

1. Performance Evaluations

Audit & Advisory Services reviewed copies of employee performance evaluations to determine whether training related to licenses and certifications was included and assessed as part of the annual performance evaluation process.

Based on our review of the nine employee personnel files, A&AS noted that the most recent annual performance evaluations, covering the review period of April 2017 to April 2018, had been completed and signed by the employee, reviewing supervisor, and management reviewer. It was also noted that the evaluations considered training requirements; specifically whether an employee had completed all UC mandatory training courses in a timely manner.

Eight of the nine employees completed their training courses as of the evaluation date; one employee had only "partially met expectations" because the Cybersecurity Awareness and Sexual Violence and Sexual Harassment courses had not been completed as of the date of review. Both training courses were subsequently completed after it was noted in the evaluation and the employee is now 100% compliant on all required training.

Discussions with management disclosed that comments regarding maintenance of licenses and certifications held by individual employees are generally not included and assessed in performance evaluations unless the license or certification has lapsed and become inactive. Any management feedback related to training and maintenance of licenses or certifications would have to be included in the comments section of the performance evaluation template form.

Audit & Advisory Services noted that one employee’s certification had lapsed for the Certified Building Official, but no comments were made or referenced about the lapse on the latest evaluation. During a follow-up discussion with an Associate Vice Chancellor in Capital Programs, the lapse of the certification was not noted in the evaluation because management, nor the employee, were aware of it at the time of the review.

Recommendation: Management should develop procedures that require license and certification records, and their current status, be reviewed as part of an employee’s annual performance evaluation. This review is especially critical for those employees whose license or certification is required for their job duties.

Response: We agree with this recommendation. We will revise the memo to the supervisors calling for annual performance evaluations. We will remind them to address in the comments section of the form their employees’ requirement for specific licenses/certificates and their current status. As part of our normal procedures, the immediate supervisor shares their draft evaluations with their supervisor before giving the evaluation to the employee. We will remind the managing supervisors to look for these comments. The personnel manager also reviews evaluations, and she will return to the supervisors any pertinent evaluations that lack this information.

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