UCLA SCHOOL OF LAW

AUDIT REPORT #23-4003

Audit & Advisory Services

August 2023

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Background

In accordance with the Campus fiscal year 2022-23 audit plan, Audit & Advisory Services (A&AS) conducted an audit of the UCLA School of Law.

On July 18, 1947, the California Governor authorized $1 million to build the UCLA Law School, which was completed in 1951. UCLA Law currently offers programs to pursue a Juris Doctor (J.D.), a Master of Laws (LL.M.), a Doctorate of Juridical Science (S.J.D.), and a Master of Legal Studies (M.L.S.).

UCLA Law currently has more than 60 full-time faculty members. There are approximately 255 academic staff, 184 administrative staff, and 197 student employees. Additionally, the Law School Library has 27 staff, inclusive of academic, administrative and student personnel.

For academic year 2021-22, there were a combined 1,370 law school students enrolled in the J.D., LL.M. and M.L.S. programs.

The school’s estimated 18,000 alumni include state and federal judges, members of Congress, attorneys in government and private practice, advocates that support improving people’s lives in under-represented communities, and scholars who teach in law schools around the United States.

Total revenues from all sources for fiscal year 2021-22 were $106,476,933, and total expenditures were $75,792,813. During fiscal year 2021-22, the Law School was primarily funded by professional degree tuition ($37,969,168), General Funds ($31,960,928), self-supporting degree programs ($18,958,382), and gifts/endowments ($12,856,120). The largest expenditure was compensation ($46,543,665).

Purpose and Scope

The purpose of the audit was to determine whether there are adequate internal controls over key departmental administrative and financial processes. Where applicable, compliance with University policies and procedures was also evaluated. The scope of the audit focused on controls surrounding the following activities:

* Emergency Response Preparedness
* Information Technology
* Purchasing
* Accounts Payable
* Required Training
* Conflict of Interest/Commitment
* Facilities
* Book Inventory (Law Library)
* Financial Management
* Physical Security

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, UCLA Law School has established effective systems of internal controls and business practices to ensure that the financial and administrative objectives of the department are met. However, the review did find areas where internal controls could be further strengthened.

*Emergency Response Preparedness – Emergency Action Plan (EAP)*

* Management should update its EAP to help promote safety and preparedness of the workplace. A perpetually updated EAP will provide employees with (1) clear instructions on their responsibilities during an emergency and (2) procedures for safe evacuation during emergency conditions.
* Management should update its EAP to include a designated Alternate Warden that has received required training. Because many staff work remotely or on a varying hybrid schedule, management should work with Environment, Health & Safety (EH&S) and Office of Emergency Management (OEM) to establish guidance regarding the required staff roster and listing of individuals requiring special assistance. EAP instructions state that individuals requiring special assistance are encouraged to self-identify in advance by completing the voluntary Self-Certification form. Management should work with OEM to ascertain how remote and hybrid work schedules affect staff assigned with warden responsibilities. Further, management should assess the status and condition of its emergency kits to ensure they will function as intended in case of an emergency.
* Management should appoint a Facility Fire Warden, in coordination with OEM. The designated warden, related area and floor wardens, and other Law School emergency response team members should complete required emergency response training.

*Emergency Response Preparedness – Active Shooter Response Training*

* Management stated that selected staff completed Active Shooter Training via UCLA Police Department (UCPD) on February 23, 2023. Management should continue its efforts to provide annual e-mail notifications to its faculty and staff that, although not currently required, active shooter tutorials are available and recommended. This training raises awareness and can provide valuable skills to respond to critical incidents before law enforcement and other first responders arrive.

*Emergency Response Preparedness – Business Continuity Plan (BCP)*

* Management should ensure that it prepares, updates and submits its BCP as soon as reasonably possible. This plan should account for Law School’s current operations, determine priorities, and identify work-around strategies to support continuing operations and minimize disruptions in case of a disturbance. Additionally, management should review and update its BCP on an annual basis.
* Management should update its Information Technology Disaster Recovery (ITDR) plan utilizing the UC Ready system. Compiling, reviewing and vetting such information with appropriate stakeholders will provide for a more thorough ITDR plan.

*Information Technology*

* Management should ensure that access to its systems’ applications is removed when an employee separates from the University or transfers to another department. Management should remind departments to follow-up with Human Resources and IT to verify that access has been removed.

*Purchasing*

* Management should review Post Authorization Notification (PAN) audit logs on a periodic basis to help identify those reviewers who are not timely reading their PANs. These individuals should be reminded to timely read their PANs. Delays in reading PANs dilutes the control activity of monitoring transactions to ensure that expenditures are appropriate.
* Management should ensure that the receipt of purchased goods and services is appropriately conducted and documented on a timely basis. Documenting the receipt of goods and services should include the dated signature of the staff performing such duties on the invoice or other relevant equivalent documentation.
* Management should provide regular communication to faculty and staff to remind them to create orders in BruinBuy at the time of commitment, and prior to the event taking place or the service being provided, using an estimate or quote from the vendor. This process will help ensure that the proper contractual terms and conditions are in place, timely payments are made to vendors, and budgeting data is accurate. Management should also perform periodic reviews of purchase transactions to verify that orders have been properly created in BruinBuy.
* Management should track, monitor and resolve on a timely basis invoices that are posted on the Law School’s Accounts Payable/BruinBuy Hold & Incomplete (H&I) report. Management should work with Purchasing and Accounts Payable to troubleshoot and resolve any complex items.
* Management should periodically remind staff on the proper uses of Low-Value Orders (LVOs). Such reminders should provide an overall review of topics, but could emphasize allowable purchases versus restricted and prohibited items. In addition, management should spot check LVOs periodically to determine whether they are in compliance with University policies and procedures, and whether additional training is warranted.
* Management should strengthen its procedures around consistent and accurate object code use. Doing so will promote categorizing purchases in the general ledger accurately and consistently. Management also should conduct periodic spot checks of object codes used for purchasing activity.

*Accounts Payable*

* A&AS recognizes that delays by Accounts Payable (A/P) in paying vendors on a timely basis are a concern across the Campus. In urgent and critical situations, on an exception basis and only if authorized and allowable, management should work collaboratively with Campus A/P and Business & Finance Solutions (BFS) to explore use of the Campus’ wire transfer process. This approach could help minimize the risk of essential vendor services being suspended, and ultimately maintain key resources used in the department. However, it is noted that while an exception process may be put in place for wire transfers in urgent and critical situations, utilizing this process may create additional risk. To the extent a payment process is initiated through the wire transfer process, the verification of vendor record, authorizations and recording of payments ownership may not be clear and could sometimes occur after the fact, which would require mitigating controls and reporting on such payments.

*Required Training*

* Management should ensure that faculty and staff are informed of mandatory training requirements. Management should e-mail periodic reminders to faculty and staff to complete mandatory training courses, to reinforce the importance of maintaining compliance with such requirements.

*Conflict of Interest/Commitment*

* Management should regularly review Law School Outside Activity Tracking System (OATS) reports to evaluate its compliance rates with University of California Academic Personnel Manual Policy 025 (APM-025), Conflict of Commitment and Outside Activities of Faculty Members. Also, management should regularly communicate to faculty members their responsibility of maintaining compliance with the required Conflict of Commitment and Outside Activities annual submissions on a timely basis.

*Facilities*

* Management should consider creating a project plan to achieve its renovation goals. This plan should include but not be limited to the following: (i) Identifying funding sources and any conditions related to those funds; (ii) determining project goals to meet stakeholder needs and wishes; (iii) and sharing such information with project support services (e.g. Facilities Management, Capital Programs, External Affairs, etc.) to obtain beneficial advice.

*Book Inventory (Law Library)*

* Management should consider conducting cycle counts of its Law School book collection. Cycle counting is the process of counting small pre-selected sections or sub-sections of inventory on a regular basis throughout the year. These inventory counts should be based on a written departmental procedures, appropriately documented, and be conducted under dual control.

Audit Results and Recommendations

| **#** | **FINDING and**  **CRITERIA, where applicable** | | **RECOMMENDATION** | **MANAGEMENT’S RESPONSE** |
| --- | --- | --- | --- | --- |
| **EMERGENCY RESPONSE PREPAREDNESS – EMERGENCY ACTION PLAN (EAP)** | | | | |
| Audit work included the following:   * Interviews with management teams from Law School, Environment, Health & Safety (EH&S) and Office of Emergency Management (OEM). * Examination of the existing Law School Emergency Action Plan (EAP) and related information, including organizational charts and employee counts. * Observation of EAP information published on the EH&S/OEM website, including the fire warden organizational chart, fire warden primary facilities list, and staff/floor/area ratio requirements. * Review of UCLA Policy 811, Environment, Health & Safety. * It is noted that EH&S/OEM have not been offering any training (including Active Shooter/Fire Warden & Alternate Warden training) since the beginning of the pandemic and due to high employee turnover at all levels within the unit.   Issues noted are summarized below. | | | | |
| 1. | Outdated Emergency Action Plan (EAP)  Law School’s EAP is outdated and does not reflect current operational needs. Evaluation of Law School’s EAP found the following:   * Outdated with a cover date of 2019. * Incomplete and/or undocumented EAP checklist. * Unmet ratio requirements for area Warden-to- staff, based on floor/area * Missing information such as: * Designated Floor Wardens and Alternate Floor Wardens * Confirmation of individuals requiring assistance in an evacuation * Status of emergency supplies * Dated signatures for required EAP acknowledgement   By not maintaining an updated department EAP, department members may not be familiar with safety information and emergency preparedness may be impacted.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Criteria**:   * UCLA Policy 811, Environment, Health & Safety, provides that departmental designees will be responsible for maintaining EAPs and supporting equipment for personnel. * Completing the workplace EAP is required by California Code of Regulations, Title 8, Section 3220, as well as Cal OSHA Emergency Action Plan (29 CFR 1910.38(a)). | | Management should update its EAP to help promote safety and preparedness of the workplace. Maintaining an EAP on a current basis will provide clear instructions that describe employee responsibilities and procedures for safe evacuation during an emergency. Law School should work with OEM in updating its EAP as needed. | The EAP has been updated, and our warden list will be updated as well for the Fall semester prior to the beginning of classes. There are always schedule changes semester to semester impacting both Staff and Faculty. We will make sure remote and hybrid schedules are taken in to account, so that we have coverage in the building as needed. |
| 2. | EAP - Various Elements  The following was also observed regarding Law School’s EAP:   * The Law School’s staff roster for EAP purposes is generated from UCPath. However, many staff work remotely or have hybrid work schedules, etc. Each unit within Law School delegates to that particular area its own scheduling preferences. On any given day, the staff on-site at the Law School may vary. Consequently, it is difficult to distribute an accurate daily staff roster to staff with EAP responsibilities for evacuation purposes. * The Alternate Warden listed on the EAP is no longer working at Law School and has been replaced by the new Director of Law School Human Resources (HR). The new HR Director has not yet been assigned any warden/alternate warden duties and/or training. EH&S mentioned that there should always be a Warden or Alternate Warden on-site during normal work hours. However, with remote work/hybrid schedules, it is not always possible to have a warden or alternate warden on-site. * There are Law School staff and students that have some Americans with Disabilities Act (ADA) defined challenges. These individuals have not been inventoried/identified for evacuation assistance purposes. * Law School emergency kits are stale-dated, including untested flashlight batteries and expired water/food items.   By not maintaining the department’s EAP on a current basis, familiarity with safety information, as well as emergency preparedness, may be deficient and create risk for staff, faculty, and students.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Criteria**:   * UCLA Policy 811, Environment, Health & Safety, provides that departmental designees will be responsible for maintaining EAPs and supporting equipment for personnel. * Completing the workplace EAP is required by California Code of Regulations, Title 8, Section 3220, as well as Cal OSHA Emergency Action Plan (29 CFR 1910.38(a)). | | Management should update its EAP to include a designated alternate Warden that has received required training. Due to many staff working remotely or on a varying hybrid schedule, management should work with EH&S and OEM to establish guidance regarding the required staff roster and listing of individuals requiring special assistance in evacuations. EAP instructions state that individuals requiring special assistance are encouraged to self-identify in advance by completing the voluntary Self- Certification form to better plan for their safety.  Management should work with OEM to ascertain how remote and hybrid work schedules affect warden responsibilities. Management also should assess the status and condition of its emergency kits to ensure they function as intended in case of an emergency. | The Emergency Response plan has been updated, and our warden list will be updated as well for the fall semester prior to the beginning of classes. There are always slight schedule changes semester to semester with the staff and faculty, and we will make sure remote and hybrid schedules are taken into account so we have coverage in the building as needed.  Now that the University is offering Emergency training again, we will schedule the various trainings for our wardens and anyone else from the law community that would like to participate. This has been the main hurdle for our group, and we are happy to hear that the University is offering the trainings at this time.  We will make note of the individuals in the building that will require special assistance in case of emergency. Again, this changes every semester, so we will reach out and update.  Emergency kits will undergo inventory and redistribution to the wardens. |
| 3. | Law School Building – Fire Warden, OEM Primary Facility Roster  Law School does not have a Facility Fire Warden listed on OEM’s published roster of Primary Facilities Wardens. This roster is dated April 2019, and lists Law School’s Fire Warden as vacant.  Wardens are responsible for developing and updating their area’s Emergency Action Plan (EAP) and safe evacuation of personnel in their assigned area. They also lead evacuations, account for personnel, and relay critical information to first responders.  Additionally, the related Law School Emergency Response Team (ERT) have not meet in several years, during which time team members have separated and need to be replaced. The ERT assists in emergency planning, including building evacuation drills in the event of a fire or other emergency. | | Management should appoint a Law School Facility Fire Warden, in coordination with OEM. The designated warden, related area and floor wardens, and other Law School emergency response team members should complete required emergency response training. | The Building Operations Director is the Facility Fire Warden and will appoint back-ups and secure training, once we have a better idea of who will be present in the building each semester. |
| **EMERGENCY RESPONSE PREPAREDNESS – ACTIVE SHOOTER RESPONSE TRAINING** | | | | |
| Audit work included the following:   * Discussions with Law School management to ascertain the security environment. * Interviews with Office of Emergency Management (OEM). OEM is a division of Environmental Health & Safety/EH&S. * Examination of OEM published website information and Active Shooter online tutorial. * Assessment of management’s responses to internal control questionnaire. * Review of UCLA’s Learning Management System (LMS) for available Active Shooter training and tutorial. * Cursory review of UC Police Department’s Active Shooter brochure. (This is a U.S. Dept. of Homeland Security document). * It is noted that during a March 2023 meeting with A&AS, Law School stated that selected staff completed Active Shooter Training in February 2023.   Issues noted are summarized below. | | | | |
| 4. | Emergency Preparedness - Active Shooter  Both OEM and UCPD each offer their own online active shooter tutorial. Management does not periodically disseminate OEM’s and UCPD’s active shooter online tutorial web links to faculty and staff. In addition, management has not scheduled voluntary active shooter training with UCPD. UCPD’s active shooter training is currently offered via a live UCPD presentation. | | During a March 2023 meeting with A&AS, management stated that selected staff completed Active Shooter Training via UCPD on February 23, 2023. Management should continue its efforts to regularly remind faculty and staff that, while not currently required, active shooter tutorials are available and recommended.  UCPD and LMS trainings are a resource to assist in preparing and responding to an intruder or active shooter incident.  Such training raises awareness and can provide valuable skills needed to respond to critical incidents before law enforcement and other first responders arrive. | Active Shooter Training was completed Feb 23 as noted. It was recorded and can be shared with Faculty and Staff who missed it on demand. We are in contact with UCPD regarding security measures for the Law school and will regularly be re-addressed as needed.  Link to presentation:  Active Shooter Training - 2/23/2023  https://uclalaw.hosted.panopto.com/Panopto/Pages/Viewer.aspx?id=66b85826-1672-4892-9810-afab016aa5f7 |
| **EMERGENCY RESPONSE PREPAREDNESS – BUSINESS CONTINUITY PLAN (BCP)** | | | | |
| Audit work included the following:   * Interviews with the Insurance and Risk Management’s (IRM) Business Continuity Planner to determine the status of Law School’s Business Continuity Plan (BCP). and Information Technology Disaster Recovery Plan (ITDR). * Discussions with management to determine if there is a current Law School ITDR in the required format. * Assessment of IRM’s most recent Law School annual review gap matrix. * Review of BCP information available on IRM’s website and uploaded to its Box account. * Evaluation of Law School’s BCP.   Issues noted are summarized below. | | | | |
| 5. | Business Continuity Plan (BCP)  Per Insurance and Risk Management (IRM), a department’s BCP outlines how the department will maintain or restore its essential functions in response to a disruption to the normal operations of the unit or the Campus. Such disruptions include, but are not limited to unexpected events on the Campus such as floods, fires, damaged server rooms, etc., which result in departments relocating operations, halting services, or suffering permanent data loss. Law School’s BCP has a past due status as of June 30, 2022. Interviews with management indicate that the existing BCP is several years old and outdated.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Criteria**:   * University Office of the President’s Policy on Safeguards, Security and Emergency Management provides that each campus will maintain a comprehensive and effective program encompassing risk assessment, risk mitigation, emergency preparedness and response, and business recovery to strengthen crisis and consequence management capabilities across the University system. * University Office of the President’s “Event Ready: Principles and Practices” provides that Continuity plans are developed by all campus units that conduct teaching, research, and patient care, and by all units that perform mission-critical support functions, using the “UC Ready” online software tool. | | Management should ensure that it prepares, updates and submits its BCP as soon as reasonably possible. This plan should account for Law School’s current operations, determine priorities, and identify work-around strategies to support continuing operations and minimize disruptions in case of a disturbance.  Management should review IRM business continuity plan resources, including the UC Ready system, and work with the IRM Business Continuity Manager as needed. Additionally, management should review and update its BCP on an annual basis. | We will continue to keep the BCP updated and current. Our department is regularly attending the BCP meetings. LAW IT has updated the ITDR and has updated UC Ready. |
| 6. | Information Technology (IT) Disaster Recovery Plan  Management’s existing IT Disaster Recovery plan (ITDR) is from 2016 and is outdated. The ITDR is a separate document and a stand-alone component of the department’s BCP. The ITDR plan is used to restore IT services (applications and infrastructure) as part of an overall Campus Business Continuity Plan.  The UC Ready system, the web-based software tool to create business continuity plans, now requires an updated format including additional detail for ITDR plans. Law School is responsible for their own ITDR plan. | | Management should update its ITDR plan utilizing the UC Ready system. Compiling, reviewing and vetting such information with Law School stakeholders, including IT Development, will provide for a more thorough ITDR plan.  Law School should identify ITDR priorities, recovery strategies, and prepare its ITDR plan accordingly. Such preparation should include identifying relevant processes and procedures and staff responsibilities required to re-establish and/or maintain operations. Doing so will assist Law School in continuing or recovering its IT function and support services, should an earthquake, flood, fire or other disruptive event occur. | UCLA Law IT has updated the ITDR plan and has updated UC Ready as of July 24th, 2023. |
| **INFORMATION TECHNOLOGY** | | | | |
| Audit work included the following:   * Interviews with the departmental Information Technology (IT) management regarding critical systems/applications identification, access controls, and logging and monitoring of super-user activity. * Assessment of critical systems/applications users, job titles and systems information. * Review of 36 identified critical systems/applications users to verify access granted is appropriate based on employment status (via UCPath as of January 9, 2023) and job responsibilities. * Evaluation of processes and procedures over systems/applications access management, including staffing changes, and logon/password security. * Determination of whether devices that connect to the Campus network utilize software to ensure critical security patches are made available and installed on a timely basis. * Appraisal of current IT archival/back-up practices by qualified IT staff and other support personnel as well as documentation.   Issues noted are summarized below. | | | | |
| 7. | IT Systems Access - Separated Employees  Two former Law School employees have active access to the Law School’s system application for its faculty support group. UCPath information indicates that the two staff separated from the Law School on December 21 and December 30, 2022. By not ensuring that access to the system applications is maintained on a current basis, unauthorized access to Law School system applications and data may occur. | | Management should ensure that access to its systems’ applications is removed when an employee separates from the University or transfers to another department. In addition, management should remind departments to follow-up with Human Resources and IT to verify that access has been removed for separated employees. | Currently, Managers notify IT and our DSA once an employee is separated. Typically, this has been effective with the two cases found in December being outliers. Moving forward we are working on a more formal off-boarding process using the Fresh Service ticketing system which will provide notice to IT and our DSA simultaneously once initiated. We will communicate this process with all hiring managers and supervisors once established. |
| **PURCHASING** | | | | |
| Audit work included the following:   * Evaluation of Campus Data Warehouse reports to identify mandatory reviewers. * Review of Post Authorization Notification (PAN) mandatory reviewer logs from January 2, 2022, to October 14, 2022, for unread PANs with a range from six to 365 calendar days. * Assessment of Document Direct PAN aging reports for mandatory reviewers (active, separated and unread) as of October 14, 2022. * Judgmental selection of 30 purchase transactions from July to October 2022, from the general ledger. Items selected include various expenses including but not limited to supplies, equipment, special items, Pcard, Low Value Orders (LVOs), and purchase orders (POs). * Examination of relevant supporting documentation to determine each purchase is appropriate, properly reviewed and approved, and payment is appropriately authorized. * Data evaluation of Hold and Incomplete (H&I) purchase invoices in BruinBuy as of December 22, 2022. Hold & Incomplete (H&I) invoice reports are generated from the BruinBuy system. These reports show invoices that require action for vendor payment processing and/or other corrective action. * Review of controls over accurately recording purchases to the correct general ledger object code. * As applicable, verified compliance with: UC Policy BFB BUS-43, Purchasing Goods and Services, Supply Chain Management; UCLA Policy 740, Purchasing Goods & Services; UCLA Policy 741, Low-Value Purchases; BUS-79, Expenditures for Business Meetings, Entertainment and Other Occasions; Policy G-28, Travel Regulations; UCLA Expense Reimbursement Guidelines from UCLA Business Finance Solutions, Purchasing & Accounts Payable. * Inspected Purchasing & Accounts Payable’s procurement card responsibility level information and Pcard User Guide. * Validation of Pcard return or cancellation due to change in employment status or at department’s request. * Reconciling transactions dates between purchase order and invoice to ensure that University terms and conditions govern the goods and services provided.   Issues noted are summarized below. | | | | |
| 8. | PANS - Not Read Timely  Mandatory reviewers are not always reading their PANs in accordance with the UCLA Financial Policy.  For the period reviewed from January 2, 2022, to October 14, 2022, six mandatory reviewers did not read their PANs in a timely manner (over 1,200 PANs were still in unread status, 7 to 251 calendar days after receipt).  Additionally, an October 14, 2022, PAN Aging Report by Days for active mandatory reviewers shows that the same six mandatory reviewers have over 9,000 unread PANs in their inbox that ranged from 14 to greater-than 180 calendar days. Document Direct reporting functionality only calculates up to greater-than 180 calendar days unread.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Financial Policy, Principles of Financial Accountability, Section III.2, "A reviewer must review all transactions within two working days of receipt." | | Management should review PAN audit logs on a periodic basis to help identify those reviewers who are not timely reading their PANs. These individuals should be reminded to timely read their PANs, as a delay in reading PANs dilutes the control activity of monitoring transactions to ensure that the expenses are proper and appropriate. | Business & Finance department will create a PAN audit log which will detail unread PAN’s by mandatory reviewer and month. Management will review this report monthly to ensure compliance to policy. |
| 9. | Purchases – Receiving  Seven of 30 items tested do not have evidence indication of being received upon delivery.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Criteria:**  Policy BUS-43, Purchasing Goods, Services & Supply Chain Management, provides that end-user departments are responsible for immediate inspection and acceptance of purchased goods and services upon receipt or performance. Receiving and inspection by the end-user department helps verify that goods and services are received as ordered, in good condition, and accurate. | | Management should ensure that receipt of purchased goods and services is appropriately conducted and documented on a timely basis. The receipt of goods and services should be documented with the dated signature of the staff performing such duties on the invoice or an equivalent. Doing so will maintain accountability, promote adherence to prescribed management policies and procedures, and support an adequate audit trail. | Business & Finance will request confirmation of purchased goods and service by the receiving department before any invoice is submitted for payment. Given that a majority of invoices are submitted electronically, it is expected that the confirmation will be provided electronically as well (email, ticketing system, other) and retained with the digital invoice. Law interim CFO has relayed this requirement to Business & Finance staff on July 17, 2023 and will send e-mail reminders on an annual basis. |
| 10. | Bruin Buy Order Input Delay  For five of 30 sampled transactions, the purchase order was not created in BruinBuy until after the transaction had occurred, or goods and services were provided. The processing delays ranged from three to 27 calendar days.  Orders should be established prior to the receipt of goods or delivery of services, to confirm the scope of work or exchange of value, and to record the obligation as an encumbrance on the University’s financial books.  Additionally, University terms and conditions should be presented to the vendor when the order is placed. Otherwise, the vendor’s terms and conditions may govern the transaction. Vendor terms and conditions may violate UC policies, may not provide the required protection, or may impose onerous obligations.  Further, inputting orders into BruinBuy after the invoice date could cause payment delays to the vendor.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Policy 741, Low-Value Purchases, Section IV.B.1, “When to issue an LVO: The appropriate time to issue an LVO is at the time of commitment to the vendor. LVOs may not be issued to pay invoices after-the-fact for goods or services already received. University terms and conditions should be presented to the vendor when the order is placed, or else the vendor’s terms and conditions may govern the transaction. Vendor terms and conditions may violate UC policies, may not provide the required protection, or may have onerous business terms. The BruinBuy system “fax to vendor” function should be used to present the order to the vendor as it includes the University terms and conditions. | | Management should regularly remind faculty and staff to create orders in BruinBuy at the time of commitment, and prior to the event taking place, the service being provided, or the goods delivered using an estimate or quote from the vendor. This adherence to policy will help to protect the University by ensuring that the proper terms and conditions are in place, timely payments are made to vendors, and budgeting data is accurate. In addition, management should perform periodic reviews of purchase transactions to verify that orders have been properly created in BruinBuy. | Whenever possible, the Business & Finance department endeavors to create purchase orders before the goods or services are provided for the reasons provided. Unfortunately, not all departments within Law submit Purchase Order requests before the goods or services are received. Law interim CFO is responsible for signing all “After the Fact” forms and will follow up with the relevant department managers as needed. The Interim CFO has also reiterated this requirement to Business & Finance staff on July 17, 2023. Also, Law will send annual reminders to finance staff to ensure that orders are recorded at the time of commitment. |
| 11. | Invoices Status - Data Analytics  Data Analytics performed on Law School’s purchasing/accounts payable invoice Hold and incomplete (H&I) data as of December 22, 2022, for the time period June 2021 to December 2022 identified the following:  There were 96 unpaid invoices (either because they are on hold or have incomplete status), for a total of $205,284 outstanding. The reasons (as defined by H&I code definitions) for the hold/incomplete status of the invoices include the following:   * Pending Foreign Payment Review * Pending IT Data Security Review * Invoice Units Price is > Unit Price on Purchase Order * Invoice Amount > Purchase Order Amount * Vendor Location * Multiple Issues | | Management should track, monitor and resolve on a timely basis invoices that are posted on the Law School’s Accounts Payable/BruinBuy H&I report. Tracking and monitoring should be done on a periodic basis, with reference to H&I resources published on the UCLA Purchasing/Accounts Payable website. Management should work collaboratively with Purchasing and Accounts Payable to troubleshoot and resolve any complex items. Doing so will minimize issues with invoices, including delays on vendor payments and employee reimbursements. | The Business & Finance team reviews the H&I report on a monthly basis during regularly scheduled meetings. Despite our efforts, the number of items on our H&I report remains high and it is our assertion that a majority, but certainly not all, of the delays are due to delays at UCLA Accounts Payable. Many of the items have been worked on and communicated with Accounts Payable but it has been difficult to receive responses and corrective action. It is worth noting that the campus has announced an H&I reconciliation initiative in advance of the launch of BruinBuy Plus and the Law Business & Finance team is ready to partner with Accounts Payable to clear all outstanding items.  Law Business & Finance staff will review purchase orders for their specific cost centers on a weekly basis. A monthly review by management will take place during team meetings to brainstorm next steps and corrective actions needed to keep the number of items current and manageable. Additional focus will be placed on items aged over 30 days to determine why the item has not been cleared and if corrective actions have been taken and notice provided to UCLA Accounts Payable. |
| 12. | LVOs Used for Restricted Purchases  Testing of 30 invoices found that three LVO transactions were for restricted services under Policy 741, Low Value Purchase, Appendix A, Purchase Restrictions. The restricted purchases include professional, research and information technology services. Specifically: COVID Behind Bars Data Project; Professional Services – Institute for Technology; Law & Policy; and Website Creative & Professional Services for a Humans Rights Project.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  Per UCLA Policy 741, Attachment A, Purchase Restrictions, specifies items that may not be purchased with LVOs include professional services. | | Management should periodically remind staff on the proper uses of LVOs. Such reminders should provide an overall review of topics, but could emphasize allowable purchases versus restricted and prohibited items.  In addition, management should spot check LVOs periodically to determine whether they are in compliance with University policies and procedures, and whether additional training is warranted. | Management will spot check LVO’s on a quarterly basis via review of PAN’s to ensure compliance to policy. The Interim CFO has also reiterated this requirement to Business & Finance staff on July 17, 2023. Also, Law will send annual reminders to finance staff to ensure that LVOs orders are in compliance with UCLA policy. |
| 13. | Purchases - Wrong Object Code  Two of 30 purchase items tested were incorrectly coded to the general ledger as office supplies (object code 4700). The items purchased were a computer tablet and a membership fee. Those items should have been coded, respectively, with object codes 9104, Non-inventorial theft-sensitive equipment $299 - $4,999, and 3425, memberships business and professional. | | Management should strengthen its procedures surrounding object code accuracy by conducting periodic spot checks of object codes used for purchasing activity. By doing so, management will improve upon its existing control system, maintain reliability of financial information, and promote efficiency and effectiveness of its operation. | Management reviews object code usage while reviewing PAN’s. Business & Finance currently has a minimum of 3 staff review each transaction for correct object code usage (Fund Manager, Director of FP&A and Interim Controller). The Interim CFO has discussed this finding with Business & Finance staff on July 17, 2023. |
| **ACCOUNTS PAYABLE** | | | | |
| Audit work included the following:   * Review of Campus Accounts Payable’s published Service Standards. * Interviews with Law School management regarding vendor late payments. * Identification of Accounts Payable’s other available payment methods. * Discussions with Law School management regarding concerns with the Transcepta auto-pay function and vendor opt-in requirement. * Examination of Law School’s Google Ads suspension of service notification and related supporting documentation.   Issues noted are summarized below. | | | | |
| 14. | Vendor Invoices Payable  Delays in vendor payment processing by Campus Accounts Payable (A/P) can cause critical departmental services to be suspended. Google was not paid timely and threatened suspension of services if payment was not remitted immediately for November and December 2021 invoices. This resulted in a slow-down of applicants booking appointments during a key recruitment period. Law school worked with A/P to have a check prepared in January 2022 to remit payment to Google.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Criteria**:  UCLA Campus Accounts Payable’s published Service Standards asserts that their commitment for processing vendor invoices and most employee reimbursements is 10 business days from the date of receipt of items in the A/P office. | | A&AS recognizes that delays by A/P in paying vendors on a timely basis are a concern across the Campus.  In urgent and critical situations, on an exception basis and only if authorized and allowable, management should work collaboratively with Campus A/P and Business & Finance Solutions to explore use of the Campus’ wire transfer request process. This approach could help minimize the risk of essential vendor services being suspended, and ultimately maintain key resources used in the department.  However, it is noted that while an exception process may be put in place for wire transfers in urgent and critical situations, utilizing this process may create additional risk. To the extent a payment process is initiated through the wire transfer process, the verification of vendor record, authorizations and recording of payments ownership may not be clear and could sometimes occur after the fact, which would require mitigating controls and reporting on such payments. | The Business & Finance team has a collegial and collaborative relationship with the Campus A/P team. Because of these relationships we were able to work with Campus A/P to have the Google payment issued and services reinstated. The Business & Finance team will continue to foster our collaborative relationship and will explore the use of the wire transfer process as appropriate. |
| **REQUIRED TRAINING – COMPLIANCE** | | | | |
| Audit work included the following:   * Evaluated mandatory training compliance completion data and statistics as of April 10, 2023, for Law School and Law Library. Mandatory trainings include cybersecurity, UC Ethical Values and Conduct, Sexual Violence and Sexual Harassment Prevention (SVSH). * From the mandatory training compliance data above, generated charts showing Law School’s mandatory training completion rate. * Reviewed Required Training Compliance Plan 2022 information, and other relevant documentation received from UCLA Office of Ethics and Compliance.   Issues noted are summarized below. | | | | |
| 15. | Mandatory Training - Compliance  Mandatory training is assigned to faculty and staff based on their position. These training courses include sexual violence/sexual harassment, ethics, and cybersecurity. Periodic reminders are e-mailed to staff after the training course date until the due date. Within the first month of a course being overdue, five overdue reminders are sent to the assigned staff, with monthly reminders, thereafter.  Law School’s completion rate on average for mandatory training course is as of April 10, 2023 is as follows:  58% :  Sexual violence/sexual harassment (Staff)  63% :  Sexual violence/sexual harassment (Supervisors and Faculty)  74% :  Ethics (Staff and Faculty)  62%  :  Cybersecurity (Staff and Faculty)      Consequently, Law School staff and faculty trainings are in deficit. | | Management should remind faculty and staff of the mandatory training requirements. Management should e-mail periodic reminders to faculty and staff to complete mandatory training courses and to reinforce the importance of maintaining compliance with training requirements. This is an opportunity to improve compliance rates, increase cooperation, and share essential training information. | Our HR team (with support from our Academic Personnel team) have been sending out periodic reminders to those who are missing or are late on training. We had a spring promotion to raffle off five gift cards requiring 100% training compliance to be eligible.  Most effectively: We have not allowed managers to rate “Meets Expectations” rating for the Training component on annual performance evaluations, unless all trainings have been completed prior to the end of the evaluation period. These have resulted in over 500 trainings completed between March and July 28th.  Additionally, Dean Korobkin has sent out communication to Faculty advising that training compliance is now a priority of the University, encouraging an increase in training completion with the understanding (from VC Levine’s notice to Faculty on July 19th) that Senate Faculty may not receive salary scale increases on some income if they fail to complete the UC Preventing Harassment Discrimination by September 1st.  We expect the combined effort of reminders, notifications, and incentives for compliance to make a substantial difference this fiscal year. |
| **CONFLICT OF INTEREST/COMMITMENT** | | | | |
| Audit work included the following:   * Obtained and analyzed the Campus’ Outside Activity Tracking System (OATS) report for Conflict of Interest/Commitment Forms and Information for Law School, Dept. 0250 for fiscal year 2021-22 as of January 12, 2023. * Evaluated Law School Conflict of Interest reviewer information received from Law School management.   Issues noted are summarized below. | | | | |
| 16. | Conflict of Interest – Outside Activities:  As of January 12, 2023, for fiscal year 2021-22, of the 44 Law School Conflict of Commitment and Outside Activities submissions, 34 submissions (77%) are pending review and acceptance, and two Faculty members (5%) have not submitted the required information. The annual disclosures and certification of outside professional activities for Fiscal Year 2021-22 (July 1, 2021-June 30, 2022) were due by October 31, 2022.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Criteria:**  University of California Academic Personnel Manual Policy 025 (APM-025) Conflict of Commitment and Outside Activities of Faculty Members provides guidance for the identification and management of outside professional activities. This guidance supports and reinforces avoidance of conflicts of commitment, while assuring that faculty may engage in a wide array of outside activities without unnecessary limitations. One requirement of APM-025 is for all faculty holding appointments of 50 percent time or greater in the following title series: Professor, including Acting titles, Professor in Residence, Adjunct Professor, Lecturer with Security of Employment, including Acting titles, to file an annual report of outside professional activities each fiscal year, even if the faculty member did not engage in outside professional activities during the year. Law School utilizes the Outside Activity Tracking System (OATS), which is a multi-campus, web-based application, to facilitate the reporting, approval and tracking of faculty outside professional activities.  Annual disclosures must be reviewed and approved by the Law School Director of Academic Personnel, Vice Chancellor of Academic Personnel, and the Dean. | | Management should regularly review Law School OATS reports to evaluate its compliance rates with University of California Academic Personnel Manual Policy 025 (APM-025), Conflict of Commitment and Outside Activities of Faculty Members. Likewise, management should regularly communicate in writing to its Faculty members their responsibility to prepare the required Conflict of Commitment and Outside Activities annual submissions on a timely basis. Failure to provide accurate and timely outside activities and income information impedes Law School leadership from providing necessary oversight and assessment of any potential conflicts of commitment. | We will establish two checkpoints and an internal deadline for submission of faculty annual Outside Professional Activity Reports (OPARs). At the first checkpoint will provide notice to faculty (separate from campus notices) of the need to complete their reports roughly two months prior to the posted deadline. At the second checkpoint we will follow up with faculty who have yet to submit a report one month in advance of the deadline. Our internal deadline for full compliance will be one week in advance of the deadline, hopefully providing time for support in the event of any technical difficulties with submission.  More broadly, we will coordinate with campus representatives to provide training for faculty to familiarize them with use of the reporting system, and help make more accessible processes for both annual reporting and prior approval of Category I and II activities. |
| **FACILITIES** | | | | |
| Audit work included the following:   * Interviews with Law School management including Law School Dean, Administrative Dean, Controller, Law Library Director, and Building Services Director. * Observation of Law School building, classrooms, administrative areas and Law Library. Digital images were captured for reference during the observation. * Auditor communication of general information regarding UC policies and campus requirements for construction and renovation projects, differences between a deferred maintenance project, departmental self-funded project, and a capital improvement project.   Issues noted are summarized below. | | | | |
| 17. | Renovation Projects - Departmental Planning Phase & Information:  Management has not documented any financial or pre-project planning information for its proposed, future building renovation projects. A high-level project plan includes a finance plan and budget that articulates funding sources and any restrictions on those funding sources. Such a financial plan:   * Identifies and describes proposed projects. * Allows for what initial design features can be considered. * Provides a means of defining scope and estimating costs.   Without gathering and documenting this type of planning information, the department may lack the readiness to effectively move their renovation projects forward to the concept and design phases. | | Management should consider creating a basic project plan to achieve its renovation goals. This fundamental plan should include but not be limited to:   * Identifying funding sources and any conditions related to those funds and any conditions. * Determining project goals to meet shareholder needs and wishes.   Sharing such information with project support services (Facilities Management, Capital Programs, External Affairs, etc.) to obtain beneficial advice. Having such information will enable management to better assess risk, opt to commit resources, and measure progress with objectives. | Law continues to consider this recommendation/plan. UCLA Law is aware of the capabilities of UCLA Facilities and affiliated teams (Financial Management, Capital Programs, DPMO etc. We will continue to work with the appropriate business partners on upcoming renovation projects.  We have established professional relationships with each of these offices, attend bimonthly meetings with the Facilities Management Associate Vice Chancellor to troubleshoot any issues, or for direction on who to work with in specific circumstances. |
| **BOOK INVENTORY (LAW LIBRARY)** | | | | |
| Audit work included the following:   * Obtained information from Director, Law School Library regarding the Alma Library Management System, and departmental processes and procedures over the following: * Tracking and monitoring of library books and reference materials. * Periodic physical inventories of library books and reference materials, and whether the counts are documented. * Methodologies utilized for identifying, resolving and documenting missing/overdue library books and reference materials. * Observation of Law School Library accompanied by Law School and Law Library management teams.   Issues noted are summarized below. | | | | |
| 18. | Law Library - Inventory Cycle Counts of Book Collection:  Periodic physical inventory counts to verify the existence of Law School book collection inventory, and to ensure the accuracy of inventory records, are not being performed. | Management should consider conducting cycle counts of its Law School book collection. Cycle counting is the process of counting small pre-selected sections or sub-sections of inventory on a regular basis throughout the year. This process should be completed by location, usage, or valuation. When the entire inventory has been counted one time, this is a cycle count. It then begins again in the next accounting period or fiscal year. This type of inventory count should provide for accurate inventory records without taking staff away for other essential tasks. These inventory counts should be based on a written departmental procedures, appropriately documented, and be conducted under dual control. | | The library’s current collection maintenance workflow involves selecting a subset of the library’s collection and performing maintenance tasks to ensure books are shelved in a tidy fashion and in the correct order and to identify books that require any physical or record maintenance.  Beginning on July 1, 2023, we will add a new process to this existing workflow to compare the selected subset against a generated inventory report from the library system (Alma).  For the portion of the collection under maintenance, while grooming and shelf-reading, staff will create a list of items on the shelf by scanning in the barcode of each book into an excel sheet. The Alma Shelf Report Tool runs the Shelf Report job against the barcodes in the spreadsheet and provides a report of:   * The number of items in place. * Number of known items that are not in place (items checked out). * Number of items on the shelf, but marked as not in place (items that were returned, but improperly checked in). * Number of missing items.   For the items that are on the shelf, but marked not in place, we will update the status in the system to show that they are now in place on the shelf.  For items that are missing, we will add these to our existing search procedures that will result in either locating the item and shelving it correctly or deciding if the item should be withdrawn or replaced and updating the library system inventory accordingly.  For items that are on the shelf but are not in the report, a decision should be made to either add the title to our library system or to physically withdraw the item.  We will repeat this process with a newly selected subset of the collection throughout the year as part of our regular physical item collection maintenance going forward. |
| **FINANCIAL MANAGEMENT** | | | | |
| Audit work included the following:   * Various sample Law School financial reports and reconciliations were assessed on a cursory basis to determine adequacy of management preparation and review.   These reports and reconciliations include the following:   * Spring 2022 annual Budget Conference Submission/Full Submission. * Financial Budget projections which are part of the Dean’s annual state of the school update each fall. * Most recent Campus Budget Information Gateway (C-BIG) reports as of February 21, 2023. * Sample of Law School’s internal budget template for one of its Centers/Institutes (Veteran’s Legal Clinic, December 2022). These reports are sent out periodically, with some being monthly or quarterly. * Professional Degree Supplemental tuition template (PDST) fund request proposal to UCOP (University of California Office of the President). * Self-supporting Degree program (SSDP) templates used for proposal to a tuition increase for the Master of Laws (LLM) and Master of Legal Studies (MLS) programs.   There were no significant control weaknesses noted in this area. | | | | |
| **PHYSICAL SECURITY - SAFE** | | | | |
| Audit work included the following:   * Interviews with Law School management, including Law School Dean, Administrative Dean, Controller, Law Library Director, and Building Services Director. * Observation of the walk-in safe as described by Law School management during the review’s entrance meeting. Digital images were captured for reference during the observation. * Verification of assets currently maintained in the described walk-in safe. These items include old law school exams, transcript paper, hand tools, and an unused lockable cash box. * Review of UCOP Policy BUS-49, Cash and Cash Equivalents Received.   There were no significant control weaknesses noted in this area. | | | | |

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