UCLA STUDENT ORGANIZATIONS, LEADERSHIP & ENGAGEMENT

AUDIT REPORT #22-4005

Audit & Advisory Services

July 2022

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Background

In accordance with the Campus fiscal year 2021-22 audit plan, Audit & Advisory Services (A&AS) performed an audit of UCLA Student Organizations, Leadership and Engagement (SOLE).

SOLE advises over 1,400 Registered Campus Organizations (RCOs). SOLE’s services include registration of new and continuing organizations, programming assistance, organization and leadership development, RCO fundraising approval and guidelines, funding proposal consultation, and advisement on rules and regulations. SOLE also reviews the time, place, and manner for the Campus activities of registered organizations.

SOLE has 13 employees, including the Director, Associate Director, Management Services Officer (MSO), and nine staff advisors. SOLE also has a graduate intern and a variety of student employees.

The Program Activities Board (PAB) is one of the major funding boards at UCLA for student programming. The PAB is established to provide student representation and participation in the administration and apportionment of registration fees for student programming. The PAB allocates funds designated for student programming, evaluates and regulates this programming in cooperation with the University administration, and provides a forum for soliciting student views on board allocations and funding priorities. SOLE administers programming assistance funding from the PAB, including for the Community Activities Committee, Campus Programs Committee, Campus Life funding, Support for Student Programs, Semel Healthy Campus Initiative, Foundation/Spark, and Office of Fraternities and Sororities. For fiscal years 2019-2020 and 2020-2021, approximately $2.4M in programming assistance funding was administered by SOLE. Programming assistance funds for the following areas are not administered by SOLE: Associated Students UCLA (ASUCLA), Community Program Office, Office of Residential Life, Recreation Club Sports, Graduate Student Association, Student Risk Education Committee, and Undergraduate Student Association Council.

UCLA Regulations on Activities, Registered Campus Organizations, and Use of Properties Section III states the following: “Any organization whose membership is predominantly comprised of UCLA students and/or personnel can obtain recognition as an RCO. The University does not control or direct the purposes or activities of RCOs, which act independently of the institution. Activities of such organizations are merely facilitated by the University and no implication should be made that the University sponsors either the organization or its activities. The RCO’s Authorized Representatives must assume full responsibility for the actions and activities of the organization. RCOs may receive funding, office space and/or other resources from University units, including ASUCLA. Funds other than those originating through University units may not be solicited or requested, unless specifically authorized by SOLE. Expenditure of University funds must comply with applicable University policies, regulations and procedures. RCOs must conduct all of their activities according to a constitution that is filed with SOLE.”

There is a documented Student Group Conduct Code with which RCOs are expected to comply. A student-majority, Group Conduct Board appointed by the Vice Chancellor, Student Affairs (or designee) hears allegations of violations of group-specific and University policies and issues sanctions that could include revocation of RCO status and associated privileges. SOLE is responsible for advising RCOs on the Student Group Conduct Code and University policies; however, SOLE is not a member of the Group Conduct Board.

The MyUCLA Funding Portal system is used by SOLE and RCOs to submit and track funding proposals, review and allocate funding, and track purchase requisitions and expenses.

Purpose and Scope

The purpose of the review was to ensure that there were adequate internal controls over SOLE’s administrative and financial activities. Where applicable, compliance with University policies and procedures was also evaluated. The scope of the audit focused on the following areas:

* Programming Assistance
* Events
* Fundraising Activities

The audit 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, SOLE’s internal controls are generally conducive to accomplishing the department’s business objectives surrounding administrative and financial activities. However, internal controls in the following areas could be strengthened:

* Management should explore the feasibility of creating a systematic interface between the MyUCLA and BruinBuy systems/new Purchasing system when it is implemented. A&AS recognizes that a new procurement system is planned to be implemented within the next year. Creating an interface between MyUCLA and Purchasing would help to eliminate the need to manually enter purchasing transactions into both systems.
* SOLE should consider clarifying who is responsible for determining if participant waivers are required for events, and that waivers are properly signed and retained.
* SOLE should consider updating its Corporate Sponsorship Policy to clarify:
  + Current roles and responsibilities for SOLE, Campus Life and RCOs.
  + Type of corporate sponsorships for which SOLE is responsible as opposed to other campus units.
  + Criteria for corporate sponsorships that require a formal documented agreement and review by SOLE.

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

Audit Results and Recommendations

Programming Assistance

1. MyUCLA and BruinBuy System Interface

The MyUCLA Funding Portal system is used by SOLE and RCOs to submit and track funding proposals, review and allocate funding, and track purchase requisitions and expenses. BruinBuy is the Campus purchasing and accounts payable system, which is used to facilitate payments.

There is no systematic interface between the MyUCLA and BruinBuy systems. Purchasing and payment transactions are manually entered into both systems separately. Based on discussion with SOLE management, SOLE is open to considering the feasibility of creating an interface between the MyUCLA and BruinBuy systems. There are approximately 1,500 purchasing transactions per year, and it takes approximately 15 minutes to enter each transaction into the MyUCLA and BruinBuy system.

Recommendation: Management should explore the feasibility of creating a systematic interface between the MyUCLA and BruinBuy systems/new Purchasing system when it is implemented. A&AS recognizes that a new procurement system is planned to be implemented within the next year. Creating an interface between MyUCLA and Purchasing would help to eliminate the need to manually enter purchasing transactions into both systems.

Response: We will continue to explore the possibility of this. This occurring, although a good idea, is really out of our hands in terms of its development. We can ask for it to be created, but when seeking technological enhancements to our current systems we find that SAIT and the University are backlogged for long periods of time.

1. Expenses

All expenses for RCO events must be reviewed by a SOLE advisor. RCOs must submit purchase requisitions utilizing the MyUCLA system. SOLE advisors review the purchase requisitions in the MyUCLA system.

A&AS selected a judgmental sample of 20 invoices totaling $90,980 from five RCO events from fiscal years 2019-20 and 2020-21, and verified that the expenses were reviewed by SOLE advisors and were reasonable.

There were no significant control weaknesses noted in this area.

1. Reimbursements

All expenses for RCO events must be reviewed by a SOLE advisor before the expenses are incurred. A&AS analyzed programming assistance funds expenses for fiscal years 2019-20 and 2020-21 to identify the amount of reimbursements, noting there were 519 reimbursements totaling $187,875, which was 10% of the total purchases for the past two fiscal years. A judgmental sample of ten reimbursements totaling $54,504 from five events was selected to verify if the reimbursements were reviewed by a SOLE advisor and were reasonable. A&AS and the SOLE MSO discussed the reasons for the reimbursements. Also, A&AS reviewed information on-line about the events and the related purchase orders.

For the ten reimbursements sampled, the SOLE MSO indicated the reimbursements were reviewed by SOLE advisors and were reasonable. The most frequent reason for the reimbursements was transitioning to virtual events due to COVID and participants needing to purchase supplies required for an event and shipping it to their homes. One example was the Idea Hacks 2021 event, which was held virtually and participants had to purchase computer and electrical supplies that were shipped to participants’ homes. Another reason was a delay in funding to a youth camp program wherein the camp provider, Unicamp, paid for the expenses upfront and then requested reimbursement from SOLE. The reasons provided for the reimbursements appear reasonable.

There were no significant control weaknesses noted in this area.

1. Fund Balance Accuracy

The funding, expenses, and available balances for programming assistance funds are recorded and tracked for each RCO in the MyUCLA system. RCOs and SOLE staff have access to the MyUCLA system and rely on the accuracy of the available fund balances in making decisions for events.

For the five student organization events sampled, A&AS sampled 20 invoices totaling $90,980 and traced them to the MyUCLA system to verify the expenses were accurately recorded. In addition, A&AS verified the account balances were calculated correctly.

There were no significant control weaknesses noted in this area.

Events

Regulations and policies for RCO events are defined in “UCLA Regulations on Activities, Registered Organizations, and Use of Properties.” The use of University property may be denied if the proposed activity:

* may create or cause risk of injury or illness to persons; or may create or cause risk of damage or destruction to property;
* may impede the performance of public business to be conducted in the area;
* is clearly contrary to express University policies or Campus regulations concerning the general use of properties or use of specific properties.

RCO events held on University property must be reviewed by SOLE.

According to UCLA Regulations on Activities, Registered Organizations, and Use of Properties, “Registered Campus Organizations do not operate as official University units, nor are their activities directed or controlled by the University. Activities of such organizations are merely facilitated by the University (including ASUCLA) and no implication should be made that the University sponsors either the organization or its activities.”

A&AS selected a judgmental sample of five on-campus RCO events/projects from fiscal years 2019-20 and 2020-21 to verify the following:

* The event was reviewed by SOLE
* All required permits (fire, Environmental, Health & Safety (EH&S), etc.) were obtained.
* Insurance certificates were obtained when required.
* Waivers were obtained when required.

The following was noted based on the sample review:

* All the events/projects were reviewed by SOLE.
* Permits were not required for four of the projects.
  + Three of the projects were events held virtually due to COVID restrictions.
  + One project was not an event but the creation of a booklet to help children connect with the environment and support their mental health.
* The fifth project was a series of summer camps hosted by another UCLA entity, which entity would have been responsible for obtaining required permits.

For events that require permits, RCOs are responsible for obtaining required permits. SOLE's responsibility is to advise and check that the permits have been obtained.

* RCOs are primarily responsible for obtaining insurance for events. SOLE’s responsibility is to advise RCOs on the need for insurance for events on-campus. The University has created an insurance program, underwritten by Mercer insurance, to cover RCOs for most on-Campus events. RCOs must apply on-line and the insurance coverage and certificate will be issued by Mercer. For events held at an on-Campus facility, the facility will usually follow-up if RCOs do not provide the facility a certificate of insurance. The SOLE Advisor will get involved if any problems arise. The University does not provide liability insurance coverage for RCO’s off-Campus activities. Although the University cannot require that student organizations obtain insurance for off-Campus events, having insurance is recommended, especially for events involving physical activity.
  1. Waivers

The responsibility for determining if participant liability waivers are required for events and ensuring the waivers are signed and retained is not clear. The SOLE Director indicated the RCOs, or the management of the venue where the event is held, are responsible for ensuring waivers are signed and retained. However, the Chief Risk and Compliance Officer of Campus Life indicated that for on-Campus events held in a single venue, the venue is responsible for the waivers. For on-Campus events not held in a single venue (e.g. races around the Campus), the Events Office is responsible for the waivers. Waivers may not be consistently obtained and retained if the responsibility is not clearly defined and assigned.

Recommendation: SOLE should consider clarifying the responsible party for determining if participant waivers are required for events, and that waivers are properly signed and retained.

Response: SOLE is working with the Student and Campus Life Risk Mitigation Officer to clarify this procedure. That process will be finalized in the summer of 2022.

Fundraising Activities

1. Corporate Sponsorships

SOLE had a documented Corporate Sponsorship Policy; however, responsibilities and processes have changed throughout the years and the policy has not been updated to reflect these changes. The existing policy states that “Prior to any solicitation or acceptance of commercial support, the registered affiliated student organization must receive, in writing, prior approval from SOLE. Agreements made between the student organization and the off Campus commercial supporter must be drafted in consultation with the SOLE Office and are not authorized to be made without the prior signed approval of the SOLE Office.”

However, management indicated that SOLE is not responsible for approving and establishing formal agreements with corporate sponsors. An outside company, Learfield, was recently hired by the University to help identify corporate sponsorship needs and opportunities Campus-wide. Campus Life is responsible for seeking out, negotiating terms, and approving corporate sponsorships, specific to RCOs. SOLE indicated that its current role and responsibilities are providing input to Campus Life if proposed corporate sponsorships may be of interest to RCOs. Also, SOLE communicates corporate sponsorships that are available to RCOs. SOLE advisors meet quarterly with Campus Life staff to discuss corporate sponsorships.

There are different levels of corporate sponsorships; from large Campus-wide agreements such as the Wescom Credit Union sponsorship, to small sponsorships from local Westwood restaurants providing food for a small student meeting. The Wescom corporate sponsorship provides support for a wide range of student and alumni programs beyond just RCO events, including costs to maintain Pauley Pavilion, the Rose Bowl Stadium, and establishment of a Wescom branch in Ackerman Student Union.

SOLE is not responsible for the approval and establishment of Campus-wide corporate sponsorships SOLE does have oversight for smaller corporate sponsorships for RCOs. The existing policy states "Agreements made between the student organization and the off Campus commercial supporter must be drafted in consultation with the SOLE Office and are not authorized to be made without the prior signed approval of the SOLE Office." However, based on discussion with management, not all corporate sponsorships require a formal agreement and written approval. For example, if a restaurant provides a few pizzas for a student organization meeting, a formal sponsorship agreement and written approval by SOLE is not required. Therefore, the criteria for when a formal corporate sponsorship agreement and written approval is required is not clear.

Recommendation: SOLE should consider updating its corporate sponsorship policy to clarify:

* + Current roles and responsibilities for SOLE, Campus Life and RCOs.
  + The types of corporate sponsorships for which SOLE has responsibility as opposed to other campus units, including Student Life.
  + Criteria for corporate sponsorships that would require a formal documented agreement and review by SOLE.

Response: SOLE will update these policies the summer of 2022.

1. Fundraising Activities

Fundraising activities of RCOs, other than the collection of initiation fees and membership dues, must be reviewed by SOLE. Also, on-Campus fundraisers by RCOs must be reviewed by SOLE. Further, SOLE coordinates with External Affairs to ensure consistency with University policies. RCO fundraising activities may include food and bake sales, etc.

Although during the preliminary survey and risk assessment process of the audit, management ranked fundraising activities as a top risk area, upon further inquiry and consideration during audit fieldwork, it was clarified that fundraising activities do not represent a significant percentage (fewer than 5%) of the events overseen by SOLE. In addition, a majority of the fundraisers are small bake sales. Furthermore, there have been even fewer than normal fundraising activities in the last couple of years due to COVID restrictions. Based on the additional clarification and information, fundraising activities do not appear to be a high risk area and was not further reviewed.

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