UCLA POLICE DEPARTMENT

TRAVEL AND ACCOUNTS PAYABLE

AUDIT REPORT #21-2216

Audit & Advisory Services

August 2021

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Background

In accordance with the UCLA Administration fiscal year 2020-21 audit plan, Audit & Advisory Services (A&AS) performed an audit of UCLA Police Department’s (UCPD) travel and accounts payable activities. UCPD serves a multicultural, educational environment of over 82,500 faculty, staff and students in Los Angeles. UCPD is dedicated to providing a safe and secure environment for teaching, research, and public service through patrol, rapid response to calls for service, investigations, education, and implementation of preventative strategies. UCPD police officers are duly sworn peace officers under section 830.2(b) of the California Penal Code, and patrol the campus 24 hours a day, 365 days a year. The department employs about 65 sworn officers, 41 civilians and 130 students.

The Chief of Police, who reports to the Administrative Vice Chancellor, oversees the department. The department is divided into two bureaus: Operations and Administrative.

* The Operations Bureau utilizes uniformed patrol officers and includes the Patrol and Investigations Divisions, among other specialized areas.
* The Administrative Bureau includes Information Technology, the Business and Finance Unit, and the Administrative Division, which consists of Personnel and Training, Communications Center, and the Records Unit. It also includes the Police Community Services Division, which consists of Crime Prevention, Emergency Medical Services (EMS), and the Community Service Officer (CSO) Programs.

For fiscal year 2019-20, UCPD’s total operating expenses (including expenses related to materials and supplies, equipment, information technology, communications, travel, general services, space, and maintenance and repairs), totaled $12,387,858. Of this total, $103,653 related to travel expenses.

The Business and Finance Manager is responsible for overseeing the financial and accounting operations of UCPD. Designated staff handle travel reimbursements for police officers and process invoices for their respective areas, including the EMS and CSO Programs, building and maintenance supplies, etc. The BruinBuy system is utilized by UCPD for invoice processing and payment, and the UCLA Express system is used for travel-related reimbursements.

Purpose and Scope

The purpose of the review was to ensure that UCPD’s organizational structure and controls are conducive to accomplishing its business objectives with regards to accounts payable and travel expenditures. The secondary purpose was to evaluate the adequacy and efficiency of the internal controls. Where applicable, compliance with University policies and procedures was also evaluated.

The scope of the review focused on the following areas:

* Authorization and Approval
* Accounts Payable, Travel, and Travel & Entertainment Card Transactions
* Purchasing and Travel Processes
* Monitoring & Reconciliations

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 in achieving the audit purpose.

Summary Opinion

Based on the results of the work performed within the scope of the audit, UCPD’s structure and controls are generally conducive to accomplishing its business objectives as they pertain to travel and accounts payable activities. However, control processes could be further strengthened by implementing the following:

*Accounts Payable, Travel, and Travel & Entertainment Card Transactions*

* Management should utilize strategic sourcing agreements instead of low-value orders, when available, and should consult Campus Purchasing if any complications arise to determine the best alternative method to complete the transaction.

*Monitoring & Reconciliations*

* Management should ensure that all UCPD mandatory reviewers read Post Authorization Notifications (PANs) in a timely manner, in accordance with the UCLA Financial Policy.

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

Audit Results and Recommendations

Authorization and Approval

Audit work included discussion with management and a review of 10 accounts payable transactions, and 10 travel-related transactions selected from the general ledger for fiscal year 2019-20. Where applicable, Travel Reimbursement Request forms, Training Request forms, Express Reports, invoices, and Purchase Authorization forms were reviewed. Based on testing performed, the accounts payable items and travel expenses were approved and reviewed by appropriate personnel.

Accounts Payable, Travel, and Travel & Entertainment Card Transactions

Audit work included discussions with UCPD management, Campus Purchasing, and Travel Accounting, and a review of the same 10 accounts payable transactions and 10 travel-related transactions noted in the Authorization and Approval section above. Where applicable, Express Reports, invoices, PANs, receipts, and related supporting documentation were reviewed.

In addition, a sample of 10 purchases made during fiscal year 2019-20 using T&E cards was selected from five cardholders for review. Receipts, Express Reports, and related supporting documentation were reviewed. The following was noted:

1. Strategic Sourcing Agreements

One accounts payable transaction in the amount of $1,650 for a background check was processed on a low-value order (LVO); however, it should have been processed using one of the various strategic sourcing agreements. Discussions with Campus Purchasing indicated that there are several strategic sourcing agreements for background check services that are available and should have been used.

Recommendation: Management should utilize strategic sourcing agreements instead of low-value orders, when available, and should consult Campus Purchasing if any complications arise to determine the best alternative method to complete the transaction. Use of strategic sourcing agreements helps ensure better pricing and quality.

Response: Concur, but it was a unique and emergency situation. UCPD intends to comply with UCLA policy and will contact Campus Purchasing to develop processes that will allow new vendors to be part of strategic sourcing agreement for background check services.

Purchasing and Travel Processes

Audit work included discussions with UCPD management and Campus Purchasing and review of data from Accounts Payable Query Data Base (PAC QDB) and TeamMate Data Analytics. A sample of 12 LVOs from the top five vendors with LVO expenditures was reviewed. Two separate population samples of 15 and 10 purchases made during fiscal years 2017-18, 2018-19, and 2019-20 were reviewed regarding duplicate payments and personal purchases, respectively. Where applicable, BruinBuy data, invoices, PANs, and related supporting documentation were reviewed.

In addition, a sample of three vendors whose total purchases exceeded $100,000 during fiscal year 2019-20 was reviewed to ensure that they had been competitively bid. Where applicable, Request for Proposals (RFPs), Supplier Bid Responses, Evaluation Matrices, Purchase Orders (POs), and related supporting documentation were reviewed. The following were noted.

1. Low-Value Orders (LVOs)

A&AS utilized TeamMate Data Analytics to identify LVOs from PAC QDB data. Vendors were sorted from highest to lowest total aggregate expenditures. A sample of 12 LVOs was selected from the top five vendors for additional review. BruinBuy data and related invoices were reviewed for each of the expenditures selected.

Based on the review, the following was noted.

* All 12 instances were below the delegated $5,000 per vendor per account per day limit.
* All 12 instances were appropriate and purchased through proper channels.

There were no significant control weaknesses noted in this area.

1. Duplicate Payments

A&AS utilized TeamMate Data Analytics to identify possible duplicate payments and duplicate travel reimbursements during fiscal years 2017-18, 2018-19, and 2019-20.

For payments and travel reimbursements, potential duplicate payments based on vendor, invoice number, invoice date, and invoice gross amount were highlighted and then extracted from purchasing data. A sample of 15 potential duplicate entries was selected for additional review. BruinBuy data and related invoices were reviewed for each of the expenditures selected. No travel reimbursements were flagged as potential duplicate payments per the TeamMate Data Analytics. The sample of 15 included:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Vendor Name** | **Payment** | **Instances** | **FY**  | **Total** |
| Professional Security Consultants  | $10,885 | 3 | 2019-20 | $32,655 |
| Universal Protection Service LP | $1,235 | 2 | 2018-19 | $2,470 |
| CA Assn. For Property & Evidence | $50 | 2 | 2019-20 | $100 |
| US Bank National Assn. ND | $10 | 8 | 2018-19 | $80 |

The additional review confirmed that the 15 instances were not duplicate payments.

There were no significant control weaknesses noted in this area.

1. Personal Purchases

As described below, A&AS utilized TeamMate Data Analytics to identify possible personal purchases during fiscal years 2017-18, 2018-19, and 2019-20.

A&AS created a keyword list of 240 higher risk vendor names and items. TeamMate Data Analytics was used to cross match over 1,300 lines of purchase activity information with the keyword list. Based on this cross matching, 190 line items were identified and extracted as having at least one word or phrase from the keyword list. The total amount of the 190 expense line items was $37,146, and the average amount was $195. The purchase transaction line descriptions for each of the results were manually reviewed for reasonableness. From the 190 line items that matched words or phrases from the keyword list, A&AS selected a sample of 10 line items for further review. BruinBuy data and related invoices were reviewed for each of the expenditures selected.

The sample of 10 potential personal purchases included:

* Five expenditures related to the procurement of electronics.
* Two expenditures related to automobiles.
* Three expenditures related to miscellaneous items.

All 10 potential personal purchases identified through the keyword match TeamMate Data Analytic appeared reasonable and were associated with a legitimate business purpose and were not personal purchases.

There were no significant control weaknesses noted in this area.

1. Competitive Bidding

A&AS utilized TeamMate Data Analytics to identify vendors with total orders that exceeded the competitive bid threshold ($100,000) in fiscal years 2017-18, 2018-19, or 2019-20.

PAC QDB data was downloaded and summarized by vendor name and order class code. UCPD purchases were analyzed for the last three fiscal years to verify whether any purchases exceeding the $100,000 threshold were competitively bid, as required in UC Business and Finance Bulletin BUS-43, “Purchases of Goods and Services; Supply Chain Management.” There were 10 vendors whose total purchases exceeded the competitive bid threshold. From the 10 vendors identified, A&AS selected a sample of three vendors during fiscal year 2019-20.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Vendor Name** | **FY 2017-2018** | **FY 2018-2019** | **FY 2019-2020** | **Total** |
| Professional Security Consultants  | $2,698,655 | $1,218,985 | $2,684,169 | $6,601,809 |
| Axon Enterprise Inc.  | $0 | $0 | $509,130 | $509,130 |
| Motorola Solutions Inc.  | $0 | $17,227 | $413,845 | $413,845 |

Where applicable, RFPs, Supplier Bid Responses, Evaluation Matrices, Purchase Orders (POs), and related supporting documentation were reviewed to ensure vendors were selected based on a competitive bid process. The following were noted.

* One vendor, Professional Security Consultants, has been providing services to UCPD since 2012. Professional Security Consultants was awarded the armed guard services contract based on the University’s Competitive Bidding Best Value Methodology in 2014. A&AS also confirmed with the UCLA Campus Purchasing Strategic Sourcing Commodity Manager that the vendor was selected based on a competitive bid process.
* The second vendor, Axon Enterprise Inc., did not participate in a competitive bid process; rather, the agreement was executed as a Sole Source Agreement. The goods and/or services provided by Axon Enterprise Inc. are unique in nature and available from only one source. A&AS reviewed Sole Source forms and purchase orders and concluded the use of a Sole Source Agreement was warranted.
* The third vendor, Motorola Solutions Inc., did not participate in a competitive bid process; rather, the agreement was executed as a Sole Source Agreement. The goods provided by Motorola Solutions Inc. are unique in nature and available from only one source. A&AS reviewed Sole Source forms, purchase orders, a requisition order, UCLA Two-way Radio Services procedures and concluded the use of a Sole Source Agreement was warranted.

There were no significant control weaknesses noted in this area.

Monitoring & Reconciliations

Audit work included a review of accounts payable and travel reconciliations for January, February, and March 2020, and a review of the PANs associated with the 10 accounts payable and 10 travel-related transactions sampled in the Authorization and Approvals, and Accounts Payable, Travel, and Travel & Entertainment Card Transactions sections above. The reconciliations for the three months sampled appeared to be adequate; however, concerns regarding the PAN review process are noted below.

1. Post Authorization Notification (PAN) Review

Audit testing indicated that PANs were not always read in a timely manner. The following were noted:

* In nine instances, travel PANs were not read timely by a mandatory reviewer, ranging from 9 to 48 calendar days.
* All 10 accounts payable PANs were not read timely by a mandatory reviewer, ranging from 6 to 58 calendar days.

According to UCLA Financial Policy, Principle of Financial Accountability, Part III, Section 2.1, “A reviewer must review all transactions within two working days of receipt.” Timely review of PANs helps to ensure that all related financial activities are appropriate and adhere to University policies and procedures.

Recommendation: Management should ensure that all UCPD mandatory reviewers read PANs in a timely manner, in accordance with the UCLA Financial Policy.

Response: Concur. Mandatory reviewers have been reminded to review their PAN notifications in a timely manner.

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