

**ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
(SOC 1) REPORT**

**REPORT TO THE
SENATE AND MANAGEMENT
AS OF JUNE 30, 2017**



104 West Anapamu Street, Suite B | Santa Barbara, CA 93101
Main: (805) 966-1521 | Fax: (805) 963-1780 | www.nhhco.com

William J. Nasif
Steven J. Hicks, Retired
Jeffery P. Harris
Jody Dolan Holehouse
Thomas W. Burk
Robert Swayne Lyons

Lawrence W. Brown
Sarah E. Turner
Thomas A. Olson
Joseph G. Bishop
Rachelle O. Barnier
Elena Mund

March 1, 2019

The Senate and Management
Associated Students of the
University of California, Santa Barbara

In connection with our examination to report on management's description of its procurement system entitled "Associated Students of the University of California, Santa Barbara's Description of Its Procurement System," for purchasing goods and services from outside vendors as of June 30, 2017, and the suitability of the design of the control included in the description to achieve the related control objectives stated in the description, based on the criteria identified in management's assertion, we considered internal controls over the user entities' transactions for the limited purpose described in our service auditor's report dated March 1, 2019. Accordingly, our consideration would not necessarily identify all deficiencies in internal controls. In addition, this letter applies only to Associated Students of the University of California, Santa Barbara's controls over the processing and reporting of user entities' transactions; it does not address Associated Students of the University of California, Santa Barbara's controls over its own financial reporting. However, during our engagement, we noted certain matters involving internal controls and other operational matters that we wish to bring to your attention. The comments and recommendations included in the attached memorandum are intended to improve the internal controls over user entities' transactions and may result in other operating efficiencies. Because such matters are not considered deficiencies in the design or operation of controls that would prevent you from providing reasonable assurance of achieving the control objectives included within the scope of the engagement, this letter does not affect our service auditor's report dated March 1, 2019.

We will review the status of these comments during our next service organization engagement. We have already discussed many of these comments and suggestions with various members of your staff and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management of Associated Students of the University of California, Santa Barbara and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Nasif, Hicks, Harris & Co., LLP

By,

A handwritten signature in blue ink, appearing to read "S.E. Turner", with a stylized flourish at the end.

Sarah E Turner

**INDEPENDENT SERVICE AUDITORS' MEMORANDUM OF COMMENT AND
RECOMMENDATIONS REGARDING
ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA'S
DESCRIPTION OF ITS PROCUREMENT SYSTEM**

The following comments and recommendation were developed during the course of our examination of Associated Students of the University of California, Santa Barbara's description of its procurement system for purchasing goods and services from outside vendors. These comments and recommendations are presented for the purpose of improving the efficiency and effectiveness of operational controls related to Associated Students of the University of California, Santa Barbara's procurement system.

We have already discussed many of these comments and suggestions with various members of your management and management responses, when available, follow each comment or recommendation.

1. Comment or Recommendation

Observation:

Section VII, Clause 5 of the Organization's Financial Policies and Procedures provide guidelines regarding competitive bidding procedures that we determined are obsolete.

Recommendation:

We recommend removing this language from the Organization's Financial Policies and Procedures and all similar language found in the Organization's Legal Code. We recommend the Organization continue to work with the University to be sure the Organization continues to follow the University's policies and procedures surrounding competitive bidding procedures and vendor selection, where practical to do so.

Management Response:

Because every purchase over \$1,500 does not follow the competitive bidding procedures this language should be removed or adjusted. The sheer volume of purchases makes this process difficult to comply with. Many of our purchases now go through the University Gateway system where the vendors have already been approved by the University.