

**ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA**

SERVICE ORGANIZATION CONTROL 1 REPORT (SOC 1)

**INDEPENDENT SERVICE AUDITORS' REPORT
ON A DESCRIPTION OF A SERVICE ORGANIZATION'S SYSTEM
AND THE SUITABILITY OF THE DESIGN
AND OPERATING EFFECTIVENESS OF CONTROLS**

**FOR THE PERIOD
JULY 1, 2017 THROUGH JUNE 30, 2018**

TABLE OF CONTENTS

I. Independent Service Auditors' Report	1-3
II. Management's Written Assertion	4-5
III. Description of Service Organization Controls.....	6-11
IV. Summary of Control Objectives, Control Activities, Testing Performed by Independent Service Auditors and Results of Testing	12-23
V. Information Provided by Independent Service Auditors	24-25



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

Independent Service Auditors' Report

Senate
Associated Students of the
University of California, Santa Barbara

Scope

We have examined Associated Students of the University of California, Santa Barbara (the "Organization") description of its *procurement system for acquiring goods and services from outside vendors* ("procurement system") for user entities throughout the period July 1, 2017 through June 30, 2018, and the suitability of design and operating effectiveness of the controls included in the description to achieve the related control objectives stated in the description, based on the criteria identified in the Organization's assertion. The controls and control objectives included in the description are those that management of the Organization believes are likely to be relevant to user entities' internal control over financial reporting, and the description does not include those aspects of the procurement system that are not likely to be relevant to user entities' internal control over financial reporting.

Service Organization's Responsibilities

In Section II of this report, the Organization has provided an assertion about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. The Organization is responsible for preparing the description and assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria stated in the assertion, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the description.

Service Auditor's Responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's assertion, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period July 1, 2017 through June 30, 2018. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves—

- performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on the criteria in management's assertion.
- assessing the risks that the description is not fairly presented and that the controls were not suitably designed to achieve the related control objectives stated in the description.
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved.
- evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion.

Inherent Limitations

The description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization may not prevent, or detect and correct, all misstatements in acquiring goods and services from outside vendors. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives, is subject to the risk that controls at a service organization may become ineffective.

Description of Tests of Controls

The specific controls tested and the nature, timing, and results of those tests are listed on in Section IV of this report.

Opinion

In our opinion, in all material respects, based on the criteria described in the Organization's assertion in Section II of this report—

- 1) The description fairly presents the procurement system that was designed and implemented throughout the period July 1, 2017 through June 30, 2018.
- 2) The controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period July 1, 2017 through June 30, 2018.
- 3) The controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period July 1, 2017 through June 30, 2018.

Restricted Use

This report, including the description of tests of controls and results thereof in Section IV of this report, is intended solely for the information and use of the management of the service organization, user entities of the Organization's procurement system during some or all of the period July 1, 2017 through June 30, 2018, and the auditors who audit and report on such user entities' financial statements or internal control over financial reporting. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Nasif, Hicks, Harris & Co., LLP". The signature is written in a cursive, flowing style.

Nasif, Hicks, Harris & Co., LLP



**Assertion of Management of
Associated Students of the University of California, Santa Barbara**

March 1, 2019

Nasif, Hicks, Harris & Co., LLP
104 West Anapamu Street, Suite B
Santa Barbara, CA 93101

We have prepared the description of Associated Students of the University of California, Santa Barbara's 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 throughout the period July 1, 2017 to June 30, 2018 (the "description") for user entities of the system during some or all of the period July 1, 2017 to June 30, 2018, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information when assessing the risk of material misstatement of user entities' financial statements.

We confirm, to the best of our knowledge and belief, that:

- 1) The description fairly presents the procurement system made available to user entities of the system during some or all of the period July 1, 2017 to June 30, 2018 for purchasing goods and services from outside vendors as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the description:
 - a) Presents how the system made available to user entities of the system was designed and implemented to purchase goods and services from outside vendors, including, if applicable:
 - i) The types of services provided, including, as appropriate, the classes of transactions processed.
 - ii) The procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the system.
 - iii) The information used in the performance of the procedures including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports prepared for user entities.

- iv) How the system captures and addresses significant events and conditions other than transactions.
 - v) The process used to prepare reports and other information for user entities.
 - vi) The specified control objectives and controls designed to achieve those objectives.
 - vii) Other aspects of our control environment, risk assessment process, information and communications (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.
- b) Includes relevant details of changes to the procurement system during the period covered by the description.
- c) Does not omit or distort information relevant to the system, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the system and their user auditors and may not, therefore, include every aspect of the procurement system that each individual user entity of the system and its auditor may consider important in its own particular environment.
- 2) The controls related to the control objectives stated in the description were suitably designed and operating effectively throughout the period July 1, 2017 to June 30, 2018 to achieve those control objectives throughout the period July 1, 2017 to June 30, 2018. The criteria we used in making this assertion were that:
- a) The risks that threaten the achievement of the control objectives stated in the description have been identified by management of the service organization.
 - b) The controls identified in the description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved.
 - c) The controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

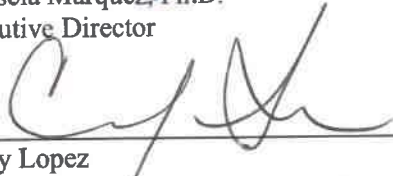
Sincerely,

Associated Students of the
University of California, Santa Barbara

by,



Marisela Márquez, Ph.D.
Executive Director



Cindy Lopez
Assistant Director for Finance and Budgets

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

III. DESCRIPTION OF SERVICE ORGANIZATION CONTROLS

a) Overview of Operations

Associated Students of the University of California, Santa Barbara (the "Organization" or "service organization") is the official undergraduate student government at the University of California, Santa Barbara (the "University"). The purpose of the Organization is to provide for the promotion, regulation, and maintenance of the general and educational welfare of the undergraduate student body. In addition to being an advocate for the students on a University, local, state, and national level, the Organization funds a wide variety of programs, events, and other services, through its many boards, committees, commissions, commercial enterprises, student groups, and other bodies (collectively "Organizational Entities" and individually "Organizational Entity"). The Organization is supported primarily through undergraduate student registration fees and commercial enterprise activities.

The Organization's policies and procedures provide a robust procurement system for acquiring goods and services from outside vendors. This system of controls is designed to eliminate the loss of resources, ensure compliance with applicable laws and regulations, and to adhere to the University's policies and procedures—except when to do so would interfere with the Organization's ability to function and there exists an understanding between the University and the Organization regarding the exception.

The Organization's policies and procedures provide budgetary guidelines, in which the authority to determine spending priorities are spread across the Organization, with no one individual or group authorized to determine such priorities alone. These guidelines, along with other formally documented policies and procedures, provide for a system of checks and balances in which power is shared throughout the Organization, and the function of purchasing goods and services for all of the various programs and events

b) Organization and Management

The Organization's Constitution divides the Organization's government into the following three separate branches, each with its own duties and powers: the legislative branch, the executive branch, and the judicial branch.

The Organization's control environment is the responsibility of the Organization's legislative and executive branches of government, and its management, as they oversee all of the various Organizational Entities that make up the Organization. They ensure that the Organization's control activities, policies, standards, and procedures reflect positively on the Organizational missions and the services provided to the Organization's members—the University's undergraduate student body.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

c) Management Philosophy and Operating Style

The mission of management of the Organization is to empower, mentor, guide, and support students to deepen and enhance civic engagement and social responsibility by:

- Facilitating learning through student initiated projects and programs.
- Ensuring student inclusion in shared governance of the University.
- Initiating and facilitating collaboration within the University community and beyond.
- Respecting students' agency to create their own path.
- Safeguarding the continuity, financial stability, and institutional memory of the Organization for current and future students.

In safeguarding the continuity and financial stability of the Organization, management is committed to, and places a high priority on, the establishment of organizational controls. An operational emphasis is placed on timely and accurate financial reporting such that management and other decision making bodies may be well informed. Meetings are held regularly where management encourages employees and other attendees to raise issues so that they may be addressed accordingly.

Management continuously emphasizes the value of teamwork, professionalism, flexibility, and accountability.

d) Assignment of Authority and Responsibility

The legislative branch of the Organization's government (the "Senate") is made up of 25 elected members. The Senate is the supreme policy making body of the Organization. The Senate is responsible for promoting the welfare and interest of the members of the Organization and to supervise and maintain the policies, properties, and conduct of the Organization. The Senate has authority over the responsibility for all the Organization's revenues and expenses.

The executive branch of the Organization's government is made up the following five elected officers: the President, the Internal Vice President, the External Vice President of Local Affairs, the External Vice President of Statewide Affairs, the Student Advocate General. Together with boards, commissions, committees, and other agencies authorized by the Senate, the elected officers are responsible for executing the policies and programs of the Organization. The President is responsible for formulating an annual budget to be submitted to the Senate for approval.

The judicial branch of the Organization's government is made up of five members, individually appointed by the executive branch and ratified by a two-thirds majority vote in the Senate. It is the responsibility of the judicial branch to adjudicate completely and diligently questions pertaining to the Organization's policies and procedures and other organizing documents.

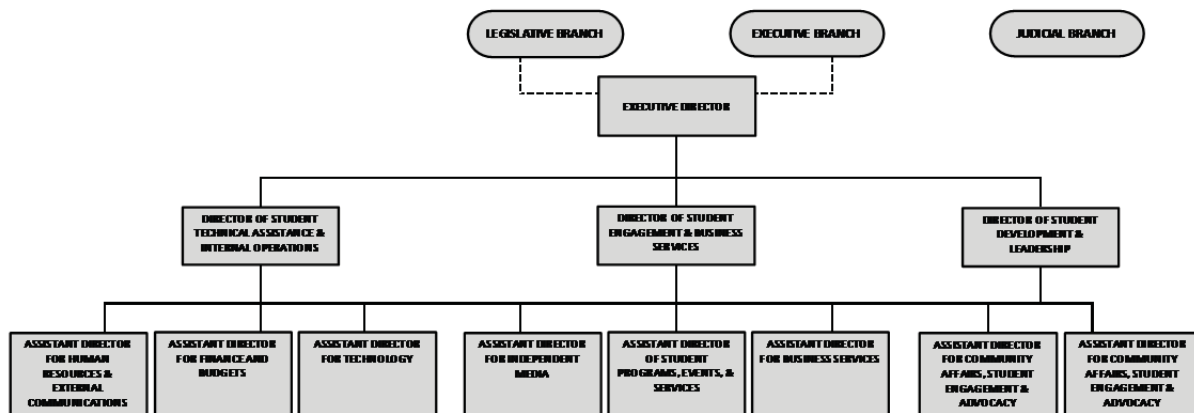
ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

The Organization is managed by an Executive Director and multiple Directors and Assistant Directors. These professional staff members are selected to manage the Organization by the Senate and their functioning is the responsibility of the President; however, they are all technically employed by the University.

Ultimate responsibility for all activities within the Organization is shared primarily amongst the legislative and executive branches of government and management, including the internal control system. This includes the assignment of authority and responsibility for operating activities, and establishment of reporting relationships and authorization protocols.

e) Organizational Structure

An entity's organizational structure provides a framework within which its activities for achieving entity-wide objectives are planned, executed, controlled, and monitored. Significant aspects of establishing an effective organizational structure include defining key areas of authority and responsibility and establishing appropriate lines of reporting. The following is a description of the Organization's organizational structure.



Each department is managed by individuals who have exceptional experience and education in their field. Each manager has responsibilities outlined by published job descriptions that provide general functions and specific duties. These provide the basis for performance evaluations.

f) Training

Training is an important part of the Organization's commitment to excellence. Members of the Organization in positions of leadership, and staff alike, participate regularly in training sessions in-house to ensure that they appropriately perform their duties and keep up with the latest developments that may affect their roles within the Organization. In-house training is delivered through workshops, one-on-one, and online. Additionally, management encourages all members of the Organization to attend outside seminars and other related educational events to foster an atmosphere of technical and professional growth throughout the Organization.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

g) Hiring Practices and Human Resources Policies

The University and Organization share the responsibility of hiring staff members and performing all other human resource activities. The reason for this shared responsibility is that the Organization's staff members, including the Executive Director, are technically employees of the University. The Organization adheres to all University personnel policies and procedures in performing its human resource activities.

The selection and termination of the Executive Director is the responsibility of the Senate. In turn, the Executive Director is responsible for the appointment and termination of all the Organization's other staff members. Before deciding to hire a vacant staff position or create a new position, the Executive Director must receive the Senate's approval. In hiring for a vacant or newly created staff position, the President appoints members of the Organization to a "search" committee established by the Senate. It is the responsibility of this committee to participate in the new hire selection process. The Executive Director's appointment will not be accepted if the search committee did not participate in the selection process.

The University's Human Resources Employment Unit assists the Organization in:

- Developing effective job postings using the University's Online Application and Classification Information System.
- Developing a diverse candidate pool through the use of strategic advertising.
- Providing guidance on screening applications, interviewing, reference checking, and setting salaries.

To ensure that individuals are selected who possess the qualifications to perform the duties of positions most effectively, background checks are performed on final job candidates.

Generally, a career employee is in a probationary status for the first six months of employment. These employees receive a written performance evaluation at the mid-point and conclusion of the probationary period. All employees receive written performance evaluations annually by department managers to provide employees with an evaluation of their performance and to provide performance feedback.

h) Integrity and Ethics

The Organization's governing bodies and management establishes a control environment within which both all members of the Organization and the Organization's staff members must function. It is a framework for all aspects of internal control. The control environment includes a commitment to the highest ethical standards that will never compromise the truth of the Organization's values. Members of the Organization and the Organization's staff members demonstrate professionalism through responsibility, accountability, reliability in all interactions with each other. These values have been established as performance review criteria and are used for employee evaluations.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

i) Code of Ethics

The Organization's conduct is governed by a standard of ethics to provide guidance to its members and employees about the way the Organization intends to conduct operations. The Organization's policies and procedures provide a code of conduct for all members and employees to follow. Responsibilities covered include behave in a manner that reflects creditably on the Organization, adhere to the Organization's policies and procedures and to the rules of duly constituted Organizational Entities, pursue goals that reflect the values of their respective Organizational Entities and the Organization as a whole, treat each other and those in the community with behavior that fosters a safe, inclusive environment for everyone, and encourage and be ready to participate in respectful, open communication that is conducive to constructive collaboration and dialogue within and between each respective Unit. These responsibilities are regularly communicated to the Organization's members and employees.

j) Commitment to Excellence

Excellence should reflect the knowledge and skills required to accomplish tasks that define an individual's job. Through consideration of an entity's objectives and the strategies and plans for achievement of those objectives, management specifies the competence levels required for particular jobs and translates those levels into requisite knowledge and skills. The Organization has analyzed and defined the tasks and knowledge requirements that comprise the positions within the Organization. They consider such factors to the extent to which individuals must exercise judgment and the extent of related supervision when making hiring decisions. The Organization communicates this to personnel through the interview and performance evaluation process.

k) Information and Communication

The Organization utilizes various methods of communication to ensure its members and staff understand their individual roles and Organizational controls. On a daily basis, the Administrative Office closely communicates to ensure accuracy and timeliness of processing purchases. Meetings are held frequently where in depth discussions and analyses of various elements of the procurement system occur.

l) Monitoring

Annual risk assessments and audits are used to identify specific internal and external control improvement opportunities. Management designates personnel to monitor selected projects during design and implementation to consider their impact on the control environment prior to implementation. Risk assessment and monitoring is primarily the responsibility of the Student Technical Assistance and Internal Operations Unit and the Executive Director. However, all directors and assistant directors are regularly required to report exceptions and aid in the development of the Organization's system of internal control. The course of monitoring responsibility is as shown on the organization chart.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

m) Risk Assessment/Management

The Organization maintains insurance coverage against various risks under the University's broad range of insurance programs and policies. The University insures its operations with a combination of self-insurance programs and commercial insurance policies. The self-insurance programs provide the backbone of the University's overall insurance portfolio, in which the Organization is covered for matters such as wrongful acts arising out of the employment process (i.e. wrongful termination, sexual harassment, and discrimination), general liability claims, and employee work related injuries or illnesses. Commercial insurance policies that augment the self-insurance programs are designed to cover more specific exposures (e.g. accidental/medical coverage for staff engaged in work-related travel).

The University requires contractors, vendors, and suppliers who provide goods and services to the University to have insurance and to provide the University with Certificates of Insurance as evidence of coverage. The Organization works closely with the University's Risk Management Office to ensure it follows these same guidelines. The types and limits of insurance the University requires are based on the contractor's or vendor's scope of work and the risks associated with the goods or services they are providing to the University.

Understanding the importance of safeguarding the continuity, financial stability, and institutional memory of the Organization for current and future students, the Organization has established capital reserves from funds that have accumulated over the years. Reserve policies and guidelines require funds to be kept on deposit in federally insured banks, savings and loans, credit unions, University Short Term Interest Programs or brokerage firms, which provide casualty insurance to depositors at least equal to the of federally insured institutions. Funds kept on deposit in a brokerage firm must be managed by a Securities and Exchange Commission, Registered Investment Advisor who is registered with the International Board of Standards and Practices for Certified Financial Planners. Funds not kept in a federal insured bank, savings and loan, or credit union must be reviewed quarterly by the Investment Advisory Committee and the Executive Director. The Chair of the Investment Advisory Committee must report to the Senate at least quarterly regarding such deposits.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 1:

Controls provide reasonable assurance that the Organization obtains goods and services in accordance with the Organization's policies and procedures, University policies and procedures, and in compliance with laws and regulations.

Description of Controls	Testing Performed	Results
1.1 The Finance and Business Committee is the financial arm of the Senate, responsible for all budget allocations of the Organization's funds and for the education and enforcement of the Organization's financial policies and procedures, which include the requirement that the Organization follow all University policies and procedures and comply with all laws and regulations.	<ul style="list-style-type: none"> Inquired of management regarding the role of the Finance and Business Committee, as the financial arm of the Senate. Observed the Organizations policies and procedures regarding the responsibilities of the Finance and Business Committee. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.
1.2 Members of the Finance and Business Committee participate in training to ensure they understand the Organization's policies and procedures and the rules over procurement, including pre-authorization, bidding, contract approval, purchase orders, and receiving.	<ul style="list-style-type: none"> Inquired of management regarding training that the Finance and Business Committee receives. Inspected training records for the Finance and Business Committee to determine whether they received training prior to beginning their role on the Committee. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.
1.3 All members of the Organization involved in the procurement process, and the Organization's staff members, are educated by members of the Finance and Business Committee and staff advisors to ensure they are familiar with the rules over procurement, including pre-authorization, bidding, contract approval, purchase orders and receiving, depending on their level of involvement in the procurement process.	<ul style="list-style-type: none"> Inquired of management regarding ongoing training provided by the Finance and Business Committee. Inspected Authorized Signer training records for a selection of Organizational Entities to determine whether each respective Authorized Signer selected received training from the Finance and Business Committee or department advisors. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.
1.4 Finance and Business Committee members meet with Organizational Entities on an ongoing basis to help with requisition procedures for requesting purchase orders, encumbrances, checks, and transfers (of funds from other Organizational Entities).	<ul style="list-style-type: none"> Inquired of management regarding the ongoing relationship between the Finance and Business Committee members and each of the Organizational Entities. 	<ul style="list-style-type: none"> No exceptions noted.
1.5 Final approval of purchase requisitions must be approved by the Executive Director or by two managers (Directors or Assistant Directors). Once the Executive Director or two managers verify that a purchase requisition has been processed appropriately, and that the related purchase does not violate the Organization or University's policies and procedures, and/or any laws or regulations, the Executive Director or two managers sign the purchase requisition.	<ul style="list-style-type: none"> Inquired of management regarding the steps taken before making the final decision to approve a purchase. Observed that the Executive Director or two managers perform the final approval of a purchase by signing the related purchase requisition. Inspected purchase requisitions for a selection of vendor payments to determine whether each of the forms include the signature of the Executive Director or the signatures of two managers. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted. No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 2:

Controls provide reasonable assurance that goods and services purchased by the Organization are authorized and are for the use of the Organization in accomplishing its purpose.

Description of Controls	Testing Performed	Results
<p>2.1 Each Organizational Entity, other than Student Groups registered with the University's Office of Student Life, must formulate and submit an annual budget request to the Finance and Business Committee. In accordance with the Organization's policies and procedures, members of the Organizational Entity must present their budget request to the Budget Allocation Committee, comprised of the Finance and Business Committee, the Senate, and all of the Organization's Officers. At this time the Organizational Entity will answer questions from the Budget Allocation Committee regarding their budget request. Organizational Entities formulate budget request with the assistance of a member of the Finance and Business Committee. The budgets for Student Groups are consolidated into two line items on the Organization's annual budget and are determined by the Budget Allocation Committee.</p>	<ul style="list-style-type: none"> Inquired of management regarding the process each Organizational Entity must follow in formulating its budget request in order to comply with the Organization's policies and procedures. Observed the Organization's annual budget for the testing period. Inspected the Organization's records to determine whether a selection of Organizational Entities each submitted an annual budget request to the Finance and Business Committee. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted. No exceptions noted.
<p>2.2 Budgets are prepared by the President and approved by the Senate in a robust and formal process which involves the input from sources throughout the Organization, including the budget requests submitted by each of the Organizational Entities.</p>	<ul style="list-style-type: none"> Inquired of management regarding the role of the President and the role of the Senate in formulating the annual budget. Inspected Senate meeting minutes to determine whether budget requests were approved for a selection of Organizational Entities. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.
<p>2.3 Organizational Entities, other than Student Groups, formally document their decision to purchase goods and services in their meeting minutes. The Senate reviews these minutes and approves each purchase if the Senate believes the purchase is an appropriate use of funds according to the Organizational Entity's budget. Approval must be obtained from the Finance and Business Committee for certain purchases, such as food and travel, rather than the greater legislative body.</p>	<ul style="list-style-type: none"> Inquired of management regarding the Senate's process for determining the appropriateness of purchase requests listed in Organizational Entities' meeting minutes. Observed the Senate approve meeting minutes of an Organizational Entity that documented the decision to make a purchase in the Senate approved meeting minutes. Inspected meeting minutes for Organizational Entities, other than Student Groups, to determine whether they include a decision to purchase goods or services for a selection of vendor payments. Verify support for each vendor payment also includes an approval by the Senate or the Finance and Business Committee. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted. No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 2 (CONTINUED):

Controls provide reasonable assurance that goods and services purchased by the Organization are authorized and are for the use of the Organization in accomplishing its purpose.

Description of Controls	Testing Performed	Results
<p>2.4 Student Groups do not submit annual budget request, nor are they required to keep meeting minutes where the decision purchase goods and services are documented for other Organizational Entities. Each Student Group is allocated \$250 of discretionary funds per year. Student Groups may request additional funds during the year. The allocation of additional funds must be approved by the Senate or the Finance and Business Committee, as do all Student Group Purchases.</p>	<ul style="list-style-type: none"> ▪ Inquired of management regarding the Senate's process for determining the appropriateness of purchase requests made by Student Groups. ▪ Observed the Senate approve a Student Group's purchase request and document its approval in Senate meeting minutes. ▪ Inspect support for the Senate or the Finance and Business Committee's approval of Student Group purchases, including purchases made with funds allocated to the Student Group above the initial \$250 each Student Group is allocated for a selection of vendor payments. 	<ul style="list-style-type: none"> ▪ No exceptions noted. ▪ No exceptions noted. ▪ No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 3:

Controls provide reasonable assurance that vendors are selected in accordance with the Organization's policies and procedures, University policies and procedures, and in compliance with laws and regulations.

Description of Controls	Testing Performed	Results
<p>3.1 In recent years the Organization has strived to bring the Organization's procurement system in closer alignment with the University's procurement system. For the selection of vendors the Organization works closely with the University's Procurement Services Department. Beginning during the year ended June 30, 2018 the Organization began using the University's campus wide purchasing system, Gateway. In years to come the Organization plans to increase the number of vendors utilized that are vetted through Gateway, as this will aid in the selection vendors that can deliver the best overall value in cost, quality, and service over time.</p>	<ul style="list-style-type: none"> Inquired of management regarding the process of working with the University's Procurement Services Department to better align the Organization's procurement system with that of the University's. 	<ul style="list-style-type: none"> No exceptions noted.
<p>3.2 Organizational Entities, with the help of members of the Finance and Business Committee, follow sustainable and socially responsible purchasing guidelines, outlined in the Organization's policies and procedures, when selecting vendors.</p>	<ul style="list-style-type: none"> Inquired of management regarding policies and procedures for selecting sustainable and socially responsible vendors. Observed that the Organization had developed policies and procedures outlining sustainable and socially responsible purchasing guidelines. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.
<p>3.3 The Organization's policies and procedures prohibit members from participating in matters where a conflict of interest exists, and identify parameters to avoid such a conflict of interest.</p>	<ul style="list-style-type: none"> Inquired of management regarding policies and procedures surrounding conflicts of interest. 	<ul style="list-style-type: none"> No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 4:

Controls provide reasonable assurance that all Purchase Requisitions and Purchase Orders are properly authorized and processed in a timely fashion.

Description of Controls	Testing Performed	Results
4.1 Organizational Entities are required to have Authorized Signers, approved by leadership of the Organizational Entity, on file with the Administrative Office. Signers may be undergraduate students, department advisors, or University staff members whom are responsible for financial matters. Authorized Signers are provided training regarding the rules over procurement, including preauthorization, vendor selection, bidding, contract approval, purchase orders, and receiving.	<ul style="list-style-type: none"> Inspected Authorized Signer forms for a selection of Organizational Entities to determine whether each Organization Entity had at least two Authorized Signers on file with the Administrative Office. 	<ul style="list-style-type: none"> No exceptions noted.
4.2 Every purchase requisition is reviewed, approved, and signed by two of the requesting Organizational Entity's Authorized Signers before being further processed by the Administration Office. The purchase requisition must not be made payable to either of the Authorized Signers. For this reason it is suggested that each Organizational Entity have three Authorized Signers on file with the Administration Office, in case a purchase requisite needs to be made payable to one of the Authorized Signers.	<ul style="list-style-type: none"> Observed Authorized Signers sign a purchase requisition submitted to the Administrative Office for approval. Inspected purchase requisitions for a selection of vendor payments to determine whether each included two signatures of the requesting Organizational Entity's Authorized Signers on file with the Administrative Office. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.
4.3 Purchase requisitions submitted to the Administrative Office are logged into the purchase requisition log book by the Administrative Assistant in order to properly identify and track the purchase requisition during handling.	<ul style="list-style-type: none"> Observed the Administrative Assistant log a purchase requisition in the purchase requisition log book. Inspected purchase requisitions and the purchase requisition log book for a selection of vendor payments to determine whether each purchase requisition was logged and that the purchase requisitions observed were logged in chronological order. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.
4.4 Purchase requisitions submitted to the Administrative Office are reviewed by the Administrative Assistant to assure they are complete and accurate. Incomplete and/or inaccurate purchase requisitions are promptly returned to the Organizational Entity to be corrected.	<ul style="list-style-type: none"> Inquired of management regarding factors involved in determining the completeness and accuracy of purchase requisitions submitted to the Administrative Office. Inspected purchase requisitions for a selection of vendor payments to determine whether evidence exists to suggest that the purchase requisition had been reviewed by the Administrative Assistant. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 4 (CONTINUED):

Controls provide reasonable assurance that all Purchase Requisitions and Purchase Orders are properly authorized and processed in a timely fashion.

Description of Controls	Testing Performed	Results
<p>4.5 The Administrative Assistant verifies the signatures of the two Authorized Signers listed on each purchase requisition by verifying (1) the Administrative Office has a completed Authorized Signer form on file for each signer, and (2) that the signatures of the Authorized Signers matches the signatures on file in the Administrative Office. Once the signatures are verified, the Administrative Assistant initials the purchase requisition and the purchase requisition sent to the Record Keeping Specialist for further processing.</p>	<ul style="list-style-type: none"> ▪ Inquired of management regarding factors involved in determining the appropriateness of Authorized Signers' signatures listed on purchase requisitions. ▪ Observed the Administrative Assistant determine whether Authorized Signers of a purchase requisition were appropriate under the circumstances. ▪ Inspected purchase requisitions for a selection of vendor payments to determine whether each had been initialed by the Administrative Assistant. 	<ul style="list-style-type: none"> ▪ No exceptions noted. ▪ No exceptions noted. ▪ No exceptions noted.
<p>4.6 The Record Keeping Specialist verifies that the Organizational Entity requesting funds, in the form of a purchase requisition, has funds available in its account for the purchase listed on the purchase requisition, and that appropriate support is attached to the purchase requisition (e.g. estimates, contracts or performance agreements, receipts). Once available funds are verified and it is determined that the purchase requisition includes appropriate support, the Record Keeping Specialist initials the purchase requisition and sends it to the Assistant Director for Finance and Budgets for further processing.</p>	<ul style="list-style-type: none"> ▪ Inquired of management regarding the process involved in determining whether an Organizational Entity has funds available in its account to purchase an item submitted on a purchase requisition. ▪ Observed the Record Keeping Specialist check the remaining balance of an Organizational Entity. ▪ Inspected purchase requisitions for a selection of vendor payments to determine whether each had been initialed by the Record Keeping Specialist. 	<ul style="list-style-type: none"> ▪ No exceptions noted. ▪ No exceptions noted. ▪ No exceptions noted.
<p>4.7 The Assistant Director for Finance and Budgets verifies that the purchase listed on a purchase requisition was approved by the Senate, or if applicable, the Finance and Business Committee. Once the Senate or Finance and Business Committee approval is verified, the Assistant Director for Finance and Budgets initials the purchase requisition and sends it to the Executive Director or two managers for final approval.</p>	<ul style="list-style-type: none"> ▪ Inspected purchase requisitions for a selection of vendor payments to determine whether each had been initialed by the Assistant Director for Finance and Budget. 	<ul style="list-style-type: none"> ▪ No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 5:

Controls provide reasonable assurance that contracts are executed in accordance with the Organization's policies and procedures, University policies and procedures, and in compliance with laws and regulations.

Description of Controls	Testing Performed	Results
5.1 Every contract that the Organization enters into must be approved and signed by the Executive Director. The Executive Director must sign all contracts before the Organization is legally bound to the speaker or performer.	<ul style="list-style-type: none"> Inquired of management regarding the process of hiring performance artists and guest speakers. Observed a performance contract be prepared by the Organization that will be sent to a performance artist or guest speaker. Inspected a selection of performance contracts for events held during the testing period to determine whether each contract was approved and signed by the Executive Director. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted. No exceptions noted.
5.2 Performance contracts must be completed two weeks before the event for a speaker or performer to be paid before the event. If a contract is not executed and submitted to the Administration Office at least two weeks before the event, the speaker or performer will be paid after the event. Most speakers and performers are paid after the event.	<ul style="list-style-type: none"> Inquired of management regarding the timing of payments made to performance artists and guest speakers. Inspected a selection of payments made to performance artists and guest speakers during the testing period to determine whether each payment was made after the respective event if the related performance contract was not executed and submitted to the Administrative Office at least two weeks before the event. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.
5.3 For insurance matters related to performance contracts, the Organization works closely with the University's Risk Management and Insurance Office.	<ul style="list-style-type: none"> Inquired of management regarding the process of working with the University's Risk Management and Insurance Office for insurance matters related to performance contracts. Inspect insurance certificates for a selection of performance contracts to determine whether each insurance certificate lists the coverage stipulated under the terms of the performance contract. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.
5.4 The Executive Director reports to the President, the Finance and Business Committee, and the Senate on all contracts on an ongoing basis throughout the year.	<ul style="list-style-type: none"> Inquired of management regarding the process followed by the Executive Director for reporting on all contracts throughout the year. 	<ul style="list-style-type: none"> No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 6:

Controls provide reasonable assurance that goods received are in the same quantity and quality as goods authorized.

Description of Controls	Testing Performed	Results
<p>6.1 Goods are received by the Organizational Entities that requested the purchases. The Organizational Entities are trained by the Finance and Business Committee to notify the Administrative Office if there are any exceptions in the receipt of their goods, or if any of the goods are subsequently returned.</p>	<ul style="list-style-type: none"> ▪ Inquired of management regarding the process for receiving goods and services. ▪ Observed Organizational Entity receive goods purchased by the Organization. 	<ul style="list-style-type: none"> ▪ No exceptions noted. ▪ No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 7:

Controls provide reasonable assurance that payments made to vendors are valid, accurate, and timely.

Description of Controls	Testing Performed	Results
<p>7.1 Before each vendor payment is processed, the Record Keeping Specialist verifies the purchase authorization, shipping document, and accuracy of the vendor invoice. Satisfied the payment should be processed, the Record Keeping Specialist verifies that all information to be entered into the accounting system is included on the purchase requisition, including the applicable general ledger account numbers. Once the payment is processed in the accounting system (by someone other than the Record Keeping Specialist) the Record Keeping Specialist attaches the purchase requisition to all other support, and notes on the purchase requisition the date that the payment was processed and the amount still owed to the vendor related to the purchase, which is zero in most instances.</p>	<ul style="list-style-type: none"> Inquired of management and the Record Keeping Specialist regarding processing vendor payments. Observed vendor payment processing procedures performed by the Record Keeping Specialist. Inspected support for a selection of vendor payments to determine whether support for each included a purchase requisition listing all information entered into the accounting system and the payment date. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted. No exceptions noted.
<p>7.2 Checks are prenumbered, the sequence is accounted for regularly, and unissued checks are controlled and kept in a secure location. Vendor payments are processed in the Organization's accounting system by an Administrative Staff Member. The Administrative Staff Member must request management retrieve unissued check stock from the secure location. Management provides the Administrative Staff Member the number of checks requested. Management then logs the check sequence, the number of checks provided, the current date, and his or her initials in the check stock log book. The Administrative Staff Member then prints the vendor payments on the checks provided by management.</p>	<ul style="list-style-type: none"> Inquired of management regarding access to unissued check stock. Observed management access secure location where unissued check stock is stored to retrieve the number of checks requested by the Administrative Staff Member. Observed management log the sequence of checks removed from unissued check stock. Inspected the check stock log to determine whether the check numbers for a selection of vendor payments were each listed in the check stock log along with the corresponding payment date and initials of the manager responsible for removing the checks from the secured location. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted. No exceptions noted.
<p>7.3 Check signing authority for the Organization rests solely with the Executive Director.</p>	<ul style="list-style-type: none"> Inquired of management regarding check signing authority. Inspected the signature on checks made out to vendors to determine whether all are signed by the Executive Director for a selection of vendor payments. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 7 (CONTINUED):

Controls provide reasonable assurance that payments made to vendors are valid, accurate, and timely.

Description of Controls	Testing Performed	Results
<p>7.4 The Executive Director has authorized the use of her signature in a check signing machine that is kept in a secure location. Two Administrative Staff Members must request and use the check signing machine together in the manager's office. The Administrative Staff Member that operates the machine must not be the same member that processed the payment in the accounting system. The two Administrative Staff Members are required to log the check signing machine's meter reading before use and after use, their initials, and the current date on the signature machine log stored with the machine.</p>	<ul style="list-style-type: none"> ▪ Inquired of management regarding the use of the Executive Director's signature in a check signing machine. ▪ Observed management access secure location where check signing machine is stored. Observed Two Administrative Staff Members operate the machine and enter applicable information in the signature machine log. ▪ Inspected the signature machine log to determine whether any gaps exist in the sequence of logs made during the testing period and whether every log made during the testing period includes the initials of at least two different Administrative Staff Members. 	<ul style="list-style-type: none"> ▪ No exceptions noted. ▪ No exceptions noted. ▪ No exceptions noted.
<p>7.5 Bank reconciliations are prepared and reviewed in a timely fashion. Bank statements are received in the mail or downloaded online and reviewed by a responsible person other than the person who reconciles the bank account before being submitted for reconciliation.</p>	<ul style="list-style-type: none"> ▪ Inquired of management regarding bank reconciliation procedures. ▪ Inspected bank reconciliations prepared for the testing period to determine whether the bank reconciliations were performed by a staff member other than one who initially received the bank statement. 	<ul style="list-style-type: none"> ▪ No exceptions noted. ▪ No exceptions noted.
<p>7.6 Vendor payments are processed daily, as necessary, in order to facilitate timely payments to vendors.</p>	<ul style="list-style-type: none"> ▪ Inquired of management regarding the timing of vendor payments. ▪ Observed the check stock log book and the check signing machine log book, and noted that entries were generally made on a daily basis. 	<ul style="list-style-type: none"> ▪ No exceptions noted. ▪ No exceptions noted.
<p>7.7 Management performs a periodic review of open purchase requisitions and purchase orders and investigates long outstanding unpaid items.</p>	<ul style="list-style-type: none"> ▪ Inquired of management regarding open purchase requisitions and open purchase orders outstanding for a significant amount of time. 	<ul style="list-style-type: none"> ▪ No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 8:

Controls provide reasonable assurance that credits for returned goods and other adjustments are recorded correctly and only when appropriate.

Description of Controls	Testing Performed	Results
8.1 The Assistant Director of Finance and Budgets posts credits for errors and other adjustments in the accounting system and notifies each applicable Organizational Entity of the credit to their account.	<ul style="list-style-type: none"> Inquired of management regarding processing credits for returned goods and other adjustments. 	<ul style="list-style-type: none"> No exceptions noted.
8.2 Organizational Entities' account balances reflect credits for returned goods and other adjustments and are verified by the Authorized Signers of each Organizational Entity, when applicable.	<ul style="list-style-type: none"> Observed Authorized Signer verify credit to Organizational Entity's account for returned goods. 	<ul style="list-style-type: none"> No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

CONTROL OBJECTIVE 9:

Controls provide reasonable assurance that accrued liability balances reported are complete, accurate, and reported on a timely basis.

Description of Controls	Testing Performed	Results
9.1 Management reviews Organizational expense reports periodically to provide proper oversight of each Organizational Entity's activities, perform Budget versus Actual analyses, and identify any significant unauthorized transactions.	<ul style="list-style-type: none"> Inquired of management regarding monitoring Organizational Entities' activities. 	<ul style="list-style-type: none"> No exceptions noted.
9.2 Management reviews the Organization's financial statements on a periodic basis and investigates significant variances from budgeted and expected results.	<ul style="list-style-type: none"> Inquired of management regarding monitoring the financial performance of the Organization. 	<ul style="list-style-type: none"> No exceptions noted.
9.3 The Organization holds the books open for its fiscal year until all invoices related to purchase requisitions and purchase orders dated during the year are received and processed in the accounting system. Payments are processed in the accounting system promptly once invoices are received, and the amounts are recorded on an accrued liability schedule that is reconciled to the general ledger.	<ul style="list-style-type: none"> Inquired of management regarding processing invoices received after the end of the current year that relate to current year expenses. Observed schedule of vendor payments made after the end of the current year that relate to goods and services received during the current year. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.
9.4 Management reviews subsequent year reimbursement purchase requisitions carefully to ensure current year expenses and accrued liabilities are captured for such reimbursements. Purchase Requisitions change color each year and remain one color the entire year to aid this process.	<ul style="list-style-type: none"> Inquired of management regarding purchase requisition cutoff procedures performed on and around the end of the year. Observed that purchase requisitions are a different color each year. 	<ul style="list-style-type: none"> No exceptions noted. No exceptions noted.
9.5 As part of the closing process, Management prepares a report of all payments made after the end of the Organization's fiscal year and performs a search for unrecorded liabilities. In the event a payment was recorded in the wrong year, Management will adjust the Organization's accounts accordingly.	<ul style="list-style-type: none"> Inquired of management regarding procedures performed to assure accrued liabilities balances are complete. 	<ul style="list-style-type: none"> No exceptions noted.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

IV. INFORMATION PROVIDED BY INDEPENDENT SERVICE AUDITOR

Purpose and Objectives of Report

This report is intended to provide users of the Organization's procurement system with information about controls at the Organization that may affect the processing of transactions and to provide users with information about the operating effectiveness of the controls that were tested. This report, when combined with an understanding and assessment of the internal controls at the user entities, is intended to assist the user auditor in (1) planning the audit of the user's financial statements and in (2) assessing control risk for assertions in the user's financial statements that may be affected by controls at the Organization.

Our examination was restricted to the description of the system, control objectives, and the related control procedures specified in Section II by the Organization's management and was not extended to procedures described elsewhere in this report but noted listed, or to procedures that may be in effect at the user entity. The examination was conducted in accordance with Statements on Standards for Attestation Engagements (SSAE) No. 18, Reporting on Controls at a Service Organization (SOC 1), of the American Institute of Certified Public Accountants. It is each user auditor's responsibility to evaluate this information in relation to the controls in place at each user entity.

The description of the system and control objectives are the responsibility of the Organization's management. Our responsibility is to express an opinion about whether—

- 1) The description fairly presents the procurement system that was designed and implemented throughout the period July 1, 2017 to June 30, 2018.
- 2) The controls related to the control objectives stated in the description of the system were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period July 1, 2017 to June 30, 2018.
- 3) The controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period July 1, 2017 to June 30, 2018 .

Tests of Operating Effectiveness

Our tests of the operational effectiveness of controls were designed to cover a representative number of transactions throughout the period of July 1, 2017 to June 30, 2018, for each of the controls, which are designed to achieve the specific control objectives. In selecting particular tests of the operational effectiveness of controls, we considered (a) the nature of the items being tested, (b) the types of available evidential matter, (c) the nature of the audit objectives to be achieved, (d) the assessed level of control risk, and (e) the expected efficiency and effectiveness of the test.

ASSOCIATED STUDENTS OF THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
PROCUREMENT SYSTEM
DESCRIPTION OF CONTROLS
FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

The tests performed to evaluate the effectiveness of control activities, and the results of those tests are detailed in Section II of this report and are the responsibility of the service auditor. Descriptions of the tests performed are detailed below:

Test	Description
Inspection	Inspected documents and reports indicating the performance of the control activity, often times through the use of sampling.
Observation	Observed the application of a specific control activity.
Inquiry	Made inquiries of appropriate personnel responsible for the performance of the control activity and corroborated responses with management.