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

REPORT TO THE
SENATE AND MANAGEMENT
JUNE 30, 2018
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 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 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,

Sarah E Turner
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. Authorized Signer Forms

Observation:

We noted that authorized signer forms include multiple fields that are generally being left blank; such each authorized signer's address and phone number, or the related Organizational Entity staff advisor. In addition, for each authorized signer there is a corresponding field for the Finance and Business Committee member or staff advisor to sign indicating that he or she administered the Financial Workshop to the authorized signer. In many instances the Finance and Business Committee member or staff advisor only signed the form once for multiple authorized signers. This allows for someone to potentially be added to the authorized signer form with first taking the Financial Workshop.

Recommendation:

We recommend that the management enforce the use of such forms as intended. If it is decided a field is not needed, the form should be revised and the field should be removed.

Management Response:

This form provides spaces to fill in information that does not always apply to every type of account within Associated Students. For example, Student Organizations registered through the Office of Student Life are no longer required to have a staff advisor. We will take a look at the form and see if some adjustments should be made.

The multiple fields for the workshop administrators was added so that additional signers could be added on the same form at a later date. Since this doesn't happen often, we can go back to just having one field to sign off on for whoever is listed on the form. If another authorized signer is to be added at a later date, a new form can be used.
2. Log for Check Signing Machine

Observation:

The Organization has controls in place that prohibit an individual from both processing a check payment in the accounting system and operating the check signing machine to sign the printed check payment. However, the log for the check signing machine does not indicate which individual, of the two that are required to be present, operated the machine. Additionally, the log for the check signing machine does not include a field for the individuals to log the sequence of check numbers that were signed.

Recommendation:

We recommend the log for the check signing machine indicate which individual operated the check signing machine and which individual monitored the process. In addition to all the other information currently required to be logged, we also recommend that the log for the check signing machine include a field for recording the sequence of check numbers that were signed.

Management Response:

We will alter our log to identify who is stamping checks and who is witnessing the process. We will also add a column to fill in the check sequence.

3. Competitive Bidding Procedures

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.