



Transmitted via e-mail

August 13, 2015

Mr. Robert Nelson, Assistant Director of Administration
Office of Traffic Safety
2208 Kausen Drive, Suite 300
Elk Grove, CA 95758

Dear Mr. Nelson:

Final Report—University of California, Irvine, Traffic Safety Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the University of California, Irvine's (UC Irvine) grant 20360, issued by the California Office of Traffic Safety.

The enclosed report is for your information and use. UC Irvine's response to the report observations is incorporated into this final report. UC Irvine agreed with our observations and we appreciate its willingness to implement corrective actions. This report will be placed on our website.

We appreciate the assistance and cooperation of UC Irvine. If you have any questions regarding this report, please contact Susan Botkin, Manager, or Fabiola Torres, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Richard R. Sierra, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: Mr. David Doucette, Assistant Director of Operations, Office of Traffic Safety
Ms. Julie Schilling, Regional Coordinator, Office of Traffic Safety
Ms. Trina Nguyen, Associate Accounting Analyst, Office of Traffic Safety
Mr. Doug Everhart, Director, Health Education Center, University of California, Irvine
Mr. Loran Lerma, Principal Auditor, Internal Audit Services, University of California, Irvine

University of California, Irvine
College DUI Awareness Program
Grant Agreement 20360



Source: PR Newswire

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE TEAM

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Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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BACKGROUND, SCOPE AND METHODOLOGY

BACKGROUND

The Office of Traffic Safety's (OTS) mission is to effectively and efficiently administer traffic safety grant funds to reduce traffic deaths, injuries, and economic loss. OTS implements its mission by awarding grants to local and state public agencies from several federal funding sources. The ten priority areas of concentration for grant funding include the following: Alcohol-Impaired Driving, Distracted Driving, Drug-Impaired Driving, Occupant Protection, Pedestrian and Bicycle Safety, Traffic Records, Emergency Medical Services, Roadway Safety, Police Traffic Services, and Motorcycle Safety.¹

The University of California, Irvine (UC Irvine), received a grant from OTS for \$232,892 to continue partnering with a Driving Under the Influence (DUI) Awareness Program and implement a Designated Driver Rewards program at four additional university campuses in California during the grant year.² The project combines university and community outreach through campus-led DUI awareness education and activities. The goal is to continue using environmental and marketing strategies to reduce alcohol-related motor vehicle deaths and injuries among individuals 21 through 34 years of age throughout California.

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, audited grant agreement 20360 for the period October 1, 2011 through September 30, 2012.

The audit objectives were to determine whether UC Irvine's grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and to determine whether the grant objectives were completed as required. We did not assess the efficiency or effectiveness of program operations.

UC Irvine's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. OTS is responsible for the state-level administration of the grant program.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and if the grant objectives were completed, we performed the following procedures:

- Examined the grant files, the grant agreement, and applicable policies and procedures.

¹ Excerpts from www.OTS.ca.gov.

² Excerpts from grant agreement 20360.

- Reviewed UC Irvine’s accounting records, vendor invoices, timesheets, task-logs, and subcontractor documents.
- Selected a sample of claimed expenditures and determined whether they were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Evaluated whether other revenue sources were used to reimburse expenditures claimed for reimbursement under the grant agreement.
- Determined whether the grant objectives were completed in accordance with the grant agreement.
- Evaluated whether grant objectives were met by reviewing press/media releases, student newspaper articles, quarterly progress reports, meeting minutes, sign-in sheets for trainings, tracking spreadsheets, and subcontractor invoices.

In conducting our audit, we obtained an understanding of UC Irvine’s internal controls, including any information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

Except as discussed in the following paragraph, we conducted this audit in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Finance and UC Irvine are both part of the State of California’s Executive Branch. As required by various statutes within the California Government Code, Finance performs certain management and accounting functions. Under generally accepted government performance auditing standards, performance of these activities creates an organizational impairment with respect to independence. However, Finance has developed and implemented sufficient safeguards to mitigate the organizational impairment so reliance can be placed on the work performed.

The results of the audit are based on our review of documentation, other information made available to us, and interviews with staff directly responsible for administering grant funds.

Except as noted below, the grant expenditures claimed complied with the grant agreement requirements. Six grant objectives were not completed as specified in the grant agreement. The Schedule of Claimed and Questioned Amounts is presented below.

Schedule of Claimed and Questioned Amounts

Grant Agreement 20360		
Category	Claimed ¹	Questioned
Personnel Costs	\$ 41,580	\$ 2,604
Travel Expenses	2,650	
Contractual Services	172,210	
Other Direct Costs	655	
Indirect Costs	5,166	
Total Expenditures	\$ 222,261	\$ 2,604

Observation 1: Unallowable Fringe Benefits Costs

The University of California, Irvine (UC Irvine), claimed expenditures totaling \$2,604 in excess of allowable fringe benefits costs. Specifically, UC Irvine claimed between 43 percent and 47 percent in fringe benefits for the grant coordinator, while the grant agreement only allows for 26 percent of specific costs. The increased benefits percentages claimed included benefits that were not specified in the grant agreement.

The Office of Traffic Safety (OTS) Grant Program Manual, Chapter 2, section 2.5.1, specifies eligible fringe benefits costs should contain only benefits granted under approved plans. Section 8.1 specifies no amendment or variation of the terms of the agreement shall be valid unless made in writing.

Recommendations:

- A. Remit \$2,604 to OTS. OTS will make the final determination regarding the disposition of the questioned costs.
- B. Ensure fringe benefits charged to the grant are consistent with the amounts allowed in the grant agreement.

Observation 2: Grant Objectives Not Fully Met

UC Irvine did not fully meet six of the nine grant objectives, as described in the schedule presented below. The grant agreement outlines the objectives required to be accomplished by UC Irvine. Failure to meet the objectives may result in withholding or disallowance of grant reimbursements, the reduction or termination of grant funding, or denial of future grant funding.

¹ OTS awarded \$232,892 and UC Irvine claimed \$222,261.

Schedule of Objectives Not Fully Met

Grant Agreement 20360		
Objective	Grant Requirement (Summarized)	Results
1	Issue a press release announcing the kick-off of the grant by November 15, 2011, with Office of Traffic Safety (OTS) approval.	The kick-off press release was issued in February 2012 after all necessary approvals were obtained, so this deadline was not met.
2	All grant-related activity press releases, media advisories, alerts and general public materials must have OTS Public Information Officer approval prior to release.	The kick-off press release received the proper approval prior to release. However, other media/press releases and printed materials lacked OTS approval prior to release.
3	The press releases, media releases and printed materials must use the required standard language, that funding is provided by a grant from OTS through the National Highway Traffic Safety Administration.	A media release/article was published in the Orange County Register in March 2012 and noted that UC Irvine received a second grant to expand the program, but did not include the required standard language about the funding source. Several documents and articles were written about RADD ² events related to the Designated Driver Rewards Program, and not all included the required standard language about the funding source.
4	Identify and provide methods for selection for Designated Driver Reward Programs on four university campuses, for on-campus and off-campus sites by September 30, 2012. Develop a measurable tracking tool to monitor participation and best practices for the Designated Driver Rewards Program.	Only three new campuses joined the Designated Driver Rewards Program during the year. There was a methodology used to select these campuses, which was referred to as the cluster method by UC Irvine. Wristbands were developed and tracked to monitor student participation. There were also RADD cards handed out that would give the student benefits at the establishments listed on the card. The combination of these tools helped with best practices.
6	To provide training and support to the four new universities to lead DUI prevention efforts at the campuses. Provide training at four other campuses to develop peer leaders at those universities.	Training and support was provided to the new campuses, however only three new campuses joined the Designated Driver Rewards Program. RADD staff met with four other campuses to provide training and develop peer leaders at the campuses.
9	Establish and implement a Designated Driver Rewards Program on four university campuses, for on-campus and off-campus sites by September 30, 2012.	Only three new campuses joined the Designated Driver Rewards Program by September 30, 2012.

² RADD – The Entertainment Industry’s Voice for Road Safety.

Recommendations:

- A. Effectively plan and monitor the grant activities to ensure objectives are fully met and documented. If an objective is changed, the grant should be amended to reflect the revised objective.
- B. Ensure all printed materials related to the grant are approved and issued timely and include the required standard language.

OTS will determine the actions, if any, to take regarding the unmet objectives.



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July 9, 2015

Mr. Richard R. Sierra
Chief, Office of State Audits & Evaluations
Department of Finance
915 L Street, 6th Floor
Sacramento, CA 95814

Dear Mr. Sierra,

This letter is in response to the Draft Audit Report for the University of California, Irvine's Traffic Safety Grant received on Monday, June 29, 2015. Outlined below are responses to the two observations found in our audit report:

Observation 1: Unallowable Fringe Benefits

Corrective Action: Management agrees that the benefits estimate in the proposal was lower than what was actually paid, based on the employee benefits package of the Grant Coordinator, which is different for every employee based on the benefits that they actually select.

Management will make sure benefits charged are consistent with terms of the agreement in future projects.

Observation 2: Grant Objectives Not Fully Met

Objective 1: Deadline for kick-off press release was not met

Corrective Action: The deadline was not met because UCI Contracts & Grants office was negotiating final terms with OTS and the award was not finalized until December, 2011. Thus, the press release could not be developed, reviewed and approved until after that occurred.

Management will negotiate and secure new deadline dates when delays in award processing occur.

Objectives 2-3: Media PIO approvals and standard language requirements

Corrective Action: Standard protocol did require that all media alerts and press releases were to be sent through UCI for review and approval, then sent to OTS PIO for final approval before being released to the media. The finding cites an Orange County Register article that was not written, reviewed or submitted by UCI.

Management will continue to remind all involved in the project of the standard protocol for development, review, and approvals for all media releases, for the appropriate oversight of required approvals and use of required language citing funding source.

Objectives 4, 6, and 9: Not meeting these grant objectives due to only 3 (out of proposed 4) new campuses were added to the project.

Corrective Action: Management had a 4th campus who expressed interest, but backed out in the late spring of 2012. A backup campus was then contacted and expressed interest late in the year, but also decided not to join at the last-minute, leaving no time to secure the 4th campus.

Management will continue to pursue adding campuses to meet the objectives of the project as proposed.

I hope these explanations of your observations are adequate and meet your satisfaction, as we feel we have done everything possible to administer our grants in support of the overall grant objectives and to be considered good stewards of taxpayer dollars and resources.

Sincerely,

ORIGINAL SIGNED BY

Doug Everhart, Director
University of California, Irvine
Health Education Center

cc: Mr. Robert Nelson, Assistant Director of Administration, Office of Traffic Safety
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