



Transmitted via e-mail

October 29, 2014

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 AL10113 issued by the Office of Traffic Safety.

The enclosed report is for your information and use. UC Irvine's response to the report observations and our evaluation of the response are incorporated into this final report. 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 Frances Parmelee, Manager, or Alexis Calleance, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: 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
Ms. Nancy Lewis, Director, Sponsored Projects, Office of Research Administration,
University of California, Irvine
Ms. Rebecca Tangen, Contracts and Grants Manager, Office of Research Administration,
University of California, Irvine
Ms. Angie Karchmer, Principal Contracts and Grants Officer, Office of Research
Administration, University of California, Irvine
Ms. Kelly Greene, Grant Coordinator, Health Education Center, University of California,
Irvine
Ms. Michelle Nishida, Personnel and Financial Analyst, Health Education Center, University
of California, Irvine

University of California, Irvine
College DUI Awareness Program
Grant Agreement AL10113



Sources: University of California, Irvine and RADD

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

MEMBERS OF THE TEAM

Frances Parmelee, CPA
Manager

Alexis Calleance
Supervisor

Staff
Lynn Damouny

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

You can contact our office at:

Department of Finance
Office of State Audits and Evaluations
915 L Street, 6th Floor
Sacramento, CA 95814
(916) 322-2985

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 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 \$451,000 grant from OTS for the College Driving Under the Influence (DUI) Awareness Program, to reduce alcohol-related motor vehicle deaths and injuries among individuals 21 through 34 years of age. The project combines university and community outreach through campus-led DUI awareness education and activities that will standardize and improve current best practices. Featured campuses will also conduct one traffic safety/DUI prevention campaign supporting a major campus event, provide leadership and DUI/prevention training, and select and train a student DUI prevention specialist at each site.² UC Irvine's Health Education Center was selected to spearhead the program in partnership with RADD,³ the Entertainment Industry's Voice for Road Safety. Founded in 1986, RADD is a non-profit organization that collaborates with celebrities, media partners, businesses, and other supporters to promote road safety through positive campaigns.⁴

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, audited grant agreement AL10113 for the period October 1, 2009 through September 30, 2011.

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.

¹ Excerpts from www.ots.ca.gov.

² Excerpts from grant agreement AL10113.

³ Recording Artists, Actors and Athletes Against Drunk Driving.

⁴ Excerpts from www.radd.org.

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:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Reviewed the UC Irvine's accounting records, contracts, contractor personnel documents, contractor invoices, and vendor invoices.
- Selected a sample of claimed expenditures to determine if costs 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.
- Evaluated whether a sample of grant objectives required by the grant agreement were met based on review of supporting documentation.

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.

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 requirements. Additionally, the grant objectives were completed as specified in the grant agreement, with the exception of Objective 5. The Schedule of Claimed and Questioned Amounts is presented below.

Schedule of Claimed and Questioned Amounts

Grant Agreement AL10113		
Category	Claimed ¹	Questioned
Personnel Costs	\$ 97,357	\$ 5,533
Travel Expenses	2,786	0
Contractual Services	315,651	0
Other Direct Costs	3,865	0
Indirect Costs	9,469	0
Total Expenditures	\$ 429,128	\$ 5,533

Observation 1: Unsupported Salary Expenditures

The University of California, Irvine (UC Irvine) claimed salary expenditures totaling \$5,533 in excess of actual expenditures incurred. Specifically, the claimed salary expenditures were not supported by the actual hours reported on the employees' task logs, or lacked adequate supporting documentation. As a result, the unsupported expenditures are ineligible for reimbursement.

The Office of Traffic Safety (OTS) Grant Program Manual, Chapter 2, section 2.5.1, specifies eligible personnel costs should contain only compensation for the time and effort spent on grant-related activities. Section 2.3 specifies costs must be adequately documented to be eligible for reimbursement.

Recommendations:

- A. Remit \$5,533 to OTS for the unsupported expenditures. OTS will make the final determination regarding the disposition of the questioned costs.
- B. Ensure all claimed expenditures are adequately supported, grant-related, and provide a clear audit trail.

¹ OTS awarded \$451,000 and UC Irvine claimed \$429,128.

Observation 2: Grant Objective Not Met

UC Irvine did not meet Objective 5, which required the initiation of grant writing and other funding strategies for eight universities. Specifically, the funds were meant to award a “Traffic Safety/DUI Prevention Specialist” scholarship to a student at each participating university; however, UC Irvine made awards to only four of the required eight universities. Schedule A of the grant agreement outlines the objectives required to be accomplished by UC Irvine.

Recommendation:

For future grants, UC Irvine should effectively plan and monitor the grant activities to ensure objectives are fully met. OTS will determine the actions, if any, to take related to the unmet objective.



Health Education Center

G319 Student Center
Irvine, CA 92697-6125
(949) UCI-WELL
(949) 824-3919 FAX
HealthEducation.uci.edu

September 26, 2014

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 Friday, September 12, 2014. Outlined below are responses to the two observations found in our audit report:

Observation 1: Unsupported Salary Expenditures

Response: It is stated in the report that "claimed salary expenditures were not supported by the actual hours reported on employees' task logs, or lacked supporting documentation." Several people in the Health Education Center were contributing portions of their time to this grant. During the final year of the grant, significant staffing changes/turnover occurred including two Director/Principal Investigator changes, two Grant Coordinators and support staff departures. These staffing changes, in the midst of the state budget crisis and subsequent hiring freeze, made it difficult to effectively track time and effort while everyone in our department was shifting and taking on more responsibilities to cover vacancies. Despite these challenges, we were able to complete the goals and objectives of the grant and we believe that we presented adequate documentation in compliance with the Grant Program manual in support of this work with grant claims submitted to OTS.

Implemented Solution: We hired a full-time Grant Coordinator beginning the next grant year (FY2012-Present) which proved to be a more effective model for administering the grant. We also converted the Principal Investigator's effort to a cost-sharing contribution from the University rather than those costs being charged to the grant..

Observation 2: Grant Objective Not Met

Response: The grant objective that was not met was our campus mini-grants to each of our eight participating campuses to support their efforts and train students to implement grant activities. While we were able to get four campuses set up with their mini-grants, the other four were not interested in pursuing the mini-grant due to challenges and processes on their campus of securing grants. This is not something we anticipated or had any control over.

Implemented Solution: The unused funding was returned to OTS and mini-grants were removed from the grant proposal the following year. In subsequent grant years, we decided to augment the subaward contract in order to effectively provide more support to campuses versus giving each individual campus a small mini-grant for support.

I hope these explanations of your findings 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
Ms. Julie Schilling, Regional Coordinator, Office of Traffic Safety
Ms. Trina Nguyen, Associate Accounting Analyst, Office of Traffic Safety
Mr. Michael P. Bathke, Director, Internal Audit Services,
University of California, Irvine
Ms. Nancy Lewis, Director, Sponsored Projects, Office of Research Administration,
University of California, Irvine
Ms. Rebecca Tangen, Contracts and Grants Manager, Office of Research Administration,
University of California, Irvine
Ms. Angie Karchmer, Principal Contracts and Grants Officer, Office of Research Administration,
University of California, Irvine
Ms. Kelly Greene, Grant Coordinator, Health Education Center,
University of California, Irvine
Ms. Michelle Nishida, Personnel and Financial Analyst, Health Education Center,
University of California, Irvine

EVALUATION OF RESPONSE

The University of California Irvine's (UC Irvine) response to the draft report has been reviewed and incorporated into the final report. In evaluating UC Irvine's response, we provide the following comments:

Observation 1: Unsupported Salary Expenditures

UC Irvine states that despite experiencing staffing challenges, it believes completion of the grant goals and objectives were sufficient to support the work efforts claimed. However, because UC Irvine did not provide additional supporting documentation, the observation and recommendation will remain unchanged. We commend UC Irvine in implementing changes to its staffing model in an effort to increase the effectiveness of administering its grants.

Observation 2: Grant Objective Not Met

We acknowledge UC Irvine's willingness to implement our recommendation pertaining to this observation.