

Seminar and Conference Revenues

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See reverse.

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Seminar & Conference Revenues

Summary

Our audit of seminar and conference revenues was included in the approved Fiscal Year (FY) 2016 Audit Plan. The University of Arizona's (UA) *Never Settle* plan encourages entrepreneurial activities and developing new revenue sources, such as revenue generated from seminars and conferences. Although these types of transactions have been included in some previous audits, this is our first audit specifically reviewing seminar and conference revenue activity.

Background: In UA's enterprise financial system, revenue from seminars and conferences sponsored by UA are recorded in two object codes and represent a vast array of special non-credit events sponsored by departments across campus, including academic departments, sponsored research projects, related agency organizations, and land grant activities. The events may be held on campus or at an off-site location, and are typically staffed by UA employees as part of their regular job duties. The events included:

- Annual conferences for research or academic areas;
- Professional continuing education;
- Community educational events;
- International educational events;
- 4-H events; and
- Required outreach events.

Other events provide services directly for current or potential UA students. These types of events and services included:

- Career fairs;
- Student life coaching;
- Summer experiences for high school students; and
- International student programs.

During FY 2015, revenue posted in the financial system for seminar and conference activity was about \$5 million and was recorded in approximately 85 departments.

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The events are organized and coordinated by the department or college. Payment is required for the majority of the events, though certain research project events may be free. All types of payment (i.e., cash, check, credit card, wire transfer) were accepted for the events, with payment required prior to the event or at the door. Departments are responsible for ensuring compliance with applicable University financial policies, including cash receiving, account reconciliation, and Payment Card Industry Data Security Standard (PCI DSS).

UA's *Financial Services Manual* describes certain controls and processes that must be included in departmental procedures for billing, collecting, receiving, depositing, and reconciling cash, checks, and credit card payments received from revenue-generating activities. In addition, certain portions of the procedures, such as authorization to deposit money directly to a bank branch or to accept credit card payments, must be explicitly approved by the Financial Services Office - Bursar's Office. However, each department is ultimately responsible for developing strong procedures and ensuring compliance with UA policies and good business practices.

Audit Objective: Our audit objective was to determine whether seminar and conference revenue activity was in compliance with UA policies and procedures and good business practices.

Scope: The scope of this audit included FY 2015 revenues recorded in the Seminars and Conferences object codes, 0710 and 0715. From this population of revenue transactions, we judgmentally selected a sample of 11 units for detailed testwork in order to include departments with a variety of revenue levels and transactions that, upon preliminary analysis, appeared unusual.

We excluded revenues recorded for activities at Biosphere 2, as these were subject to a separate internal audit on the FY 2016 Audit Plan.

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The following units were selected:

College/ Department	Event or Activity	Approximate FY 2015 Revenue Included in Audit Sample (in thousands of dollars)
Office of Global Initiatives	Administration of the Consortium for North American Higher Education Collaboration (CONAHEC)	\$410
	Summer education and recruitment program for students attending ITESM in Monterrey, Mexico	\$47
Student Affairs and Enrollment Management, Academic Initiatives and Student Success	Osher Lifelong Learning Institute (OLLI)	\$172
	Strategic Alternative Learning Techniques (SALT) program	\$134
	Career Services employment fairs	\$362
College of Medicine - Tucson	Arizona Telemedicine program services and Canada - United States joint conference	\$171
	Psychiatry annual review course	\$198
College of Agriculture and Life Sciences Extension Programs	Water Resources Research Center / Project WET conferences and workshops	\$148
	4-H programs (including shooting sports, leadership camps and conferences, and national events)	\$84
College of Nursing	Nursing conference	\$42
Eller College of Management	Center for Management of Information research project	\$29
	Total	\$1,797
	Approximate percentage of total FY 2015 seminar and conference activity	36%

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Methodology: The audit objectives were accomplished by the following:

- Performing a review of general controls based on Section 8.00 of the University's *Financial Services Manual* that provides specific guidance on Cash Receiving and associated PCI Merchant policies and procedures.
- Interviewing UA staff and management within the selected sample units (see **Scope**) to review event procedures including viewing program material, discussing pricing and budgeting, and identifying the event's goals and purpose.
- Interviewing staff within the Financial Services Office - Bursar's Office:
 - Program Coordinator Senior, for information related to PCI DSS, and
 - Program Coordinator, for information related to cash handling.
- Reviewing existing University policies and standards related to information technology operations and information security.
- Reviewing regulatory requirements for:
 - PCI DSS,
 - International Traffic in Arms Regulations, and
 - Export Administration Regulations.
- Reviewing research grant documents related to the Center for Management of Information events and discussing with the Assistant Director for Sponsored Projects Services and the Director of the University Export Control Program.
- Researching the technology products used for registration and payment.
- Researching the various events online to review business practices, website payment/registration, and general event information.

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Conclusion: Overall, the business practices and financial controls were sufficient to support the seminar and conference activity. The audit did not identify any report level findings.

In general, the programs selected for detailed testwork were in compliance with UA policies and good business practices. Based on our interviews, we found that department staff had sufficient awareness of cash receiving policies and PCI DSS requirements. Many of the units had similar challenges, including insufficient segregation of duties due to the size or infrequency of the events. In many cases, the departments indicated that the events were small, annual events that do not receive the same staff commitment as other activities that happen more regularly in their departments.

We identified isolated opportunities for improvement, which were communicated to the applicable unit's management. We also identified opportunities for the Bursar's Office to clarify the information and examples they provide to departments, which may help increase department compliance with policies. The Bursar's Office implemented changes during the course of the audit.

According to the Institute of Internal Auditors International Professional Practices Framework, an organization is expected to establish and maintain effective risk management and control processes. These control processes are expected to ensure, among other things, that:

- The organization's strategic objectives are achieved;
- Financial and operational information is reliable and possesses integrity;
- Operations are performed efficiently and achieve established objectives;
- Assets are safeguarded; and
- Actions and decisions of the organization are in compliance with laws, regulations, and contracts.

Our assessment of these control objectives as they relate to seminar and conference revenues is presented on the following page.

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General Control Objectives	Control Environment	Audit Result	
		No.	Page
Organizational Strategic Objectives are Achieved			
<ul style="list-style-type: none"> Revenue-generating activity supports UA strategic mission. 	Reasonable to Strong Controls in Place		
Reliability and Integrity of Financial and Operational Information			
<ul style="list-style-type: none"> Revenue is accurately recorded and monitored. 	Reasonable to Strong Controls in Place		
Effectiveness and Efficiency of Operations			
<ul style="list-style-type: none"> Procedures are adequate to ensure payment is received for each event. 	Reasonable to Strong Controls in Place		
Safeguarding of Assets			
<ul style="list-style-type: none"> Cash handling procedures are adequate to ensure all fund are accounted for. 	Reasonable to Strong Controls in Place		
Compliance with Laws and Regulations			
<ul style="list-style-type: none"> Revenue generating activities and associated cash receiving processes are in compliance with UA policies. 	Reasonable to Strong Controls in Place		

We appreciate the assistance of UA employees during the audit.

/s/

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