

**ASSOCIATED STUDENTS UCLA
BOARD OF DIRECTORS
Finance Committee
August 19, 2019
12:00 p.m.
Ackerman Union 3508**

PRESENT: Pouria Abbassi, Adewunmi Adelaja, Donna Baker, Frank Wada, and Steve Yu

ABSENT: Sienna Villegas and Alexis Wells

MANAGEMENT: Sandi Gillespie, Association Affairs & External Affairs Manager
Kamran Mehdian, IT Director
Michelle Moyer, Business and Compliance Director
Patrick Healey, UCLA Store Director

CALL TO ORDER

Mr. Adelaja called the meeting to order at 12:05 p.m.

APPROVAL OF AGENDA

Mr. Adelaja called for consent to approve the Associated Students UCLA Board of Directors' Finance Committee August 19, 2019, Agenda. There being no objections, the motion was approved by unanimous consent.

APPROVAL OF MINUTES

Mr. Adelaja called for consent to approve the Associated Students UCLA Board of Directors' Finance Committee July 19, 2019, Minutes. There being no objections, the motion was approved by unanimous consent.

EXECUTIVE DIRECTOR'S REPORT

Mr. Abbassi reported on the following items:

Sales Incentive

Food Service and Retail have collaborated on a plan to develop a sales incentive rewards program for our student employees. This program will be piloted first at the Hilltop Shop and Café Synapse starting on August 25 (the beginning of fiscal period 2). Shortly after the first pilot, we will expand the program out to our other sales locations. The purpose of this program is to include student team members in our growth goals and encourage them to improve our customer service experience, increase sales, and generally enhance employee ownership and engagement in the financial performance

of their area. If the sales location exceeds the budgeted sales target by specific percentages, the students will get rewards in the form of food vouchers. Students must be actively employed at the end of the fiscal period and must have worked at minimum set hours within that month. We are also providing them with tips to reach these goals and the management of the areas will be mentoring and coaching about this program throughout the month

Restaurant Mobile Ordering

The Beta testing is complete and ready for a soft launch. ASUCLA is currently working with Blackboard to identify a solution for tax exemption on orders submitted by students.

Law School Expansion

Upon selection of the architect, a conceptual study has been initiated and is expected to be completed by December / January. As the expansion may include the LuValle site, ASUCLA is actively engaged in the process. This is an opportunity for ASUCLA to take advantage of new concepts for the provision of services and/or expansion of services and integration of new space and services in the new facility.

Anderson Consulting

Pursuant to the Anderson Consulting project, the store has initiated various projects in terms of product placement and rearrangement of various spaces. Additionally, two specific areas, BookZone, and Textbooks are under review to create more hospitable areas/lounges and better use of spaces for the presentation of products.

Help Desk

ASUCLA is currently piloting a new Helpdesk application that can be extended to other divisions such as the maintenance and IT departments.

FINANCIAL STATEMENTS

July 2019 Preliminary Financial Results

Gross income at **\$4.5M** was \$200K better than last year and \$250K below plan. Gross Margin at **\$2.3M** was at last year and \$100K below plan. Strong results in Wages and Benefits and other controllable resulted in contribution at \$850K, which was \$150K better than budget and \$200K better than last year. Additionally, we continued to experience a solid performance in Allocated Expenses and Other Income (expenses). Combination of the aforementioned resulted in monthly net income of \$120K which was \$400K better than plan and \$740K better than last year.

ASUCLA completed FY 2018-2019 at Gross Income of \$70M which is **\$2.3M** higher than last year. Net Income at \$800K better than budget and \$270K better than last year further illustrated the efforts of the Board and the excellence of the ASUCLA family of employees to effectuate innovative measures to meet and overcome the unanticipated challenges faced in the first half of the year. In accordance with Board policy, the positive performance against budget triggered the incentive compensation process.

Major contributors to the strong fiscal outcome were the Wescom Deal, negotiated higher rental income energy rebates, Licensing revenue expansion driven by international sales, Centennial products launch, continued performance of other income categories in the store operations, negotiated lower cost of UC Path and better benefits cost outcome, good interest income performance, and other income, expense control measures implemented and reported on throughout the year.

August 2019 Preliminary Sales

August sales figures in the Store are negative to plan by (\$163K). Bearwear is positive by \$31K and New Text is negative to plan by (\$32K). The Bookzone is positive to plan by \$48K. The Health Science Store is negative to plan by (\$30K) which is a timing issue and MTW negative by (\$1K).

Food Service sales are negative to budget by (\$12K). The Green House is \$4K positive to plan and Wolfgang Puck is positive to plan by \$18K. Catering and Concessions are positive to plan by \$57K and \$23K, respectively.

June 2019 Communications Board Financial Statements

Student Media was (\$55K) negative to plan for the month and is \$161K positive to plan year-to-date. Kiosk Advertising was higher than plan due to more local and university advertising. Yearbook sales were lower than due to fewer yearbooks sold and fewer photo package sold.

DRAFT AUDIT REPORT-HEALTH SCIENCES STORE

Ms. Healey explained that based on the results of the work performed within the scope of the audit, The Health Sciences Store has established adequate internal controls and business practices to help ensure that ASUCLA's business objectives are met. The audit identified the following area where internal controls could be further strengthened:

1. Management should obtain written requests from the School of Dentistry faculty and off-campus school management for their dental kit component purchases. Likewise, documented enrollment information should be obtained from the school or program to validate the quantities of inventory to purchases.
2. The dental kit inventory storage area should be organized to maximize employee safety, increase operational efficiency and effectiveness, and enhance physic security over the assets.
3. Management should require all payments for dental kits to be made by credit card, check, or other alternative electronic payment. Doing so will maximize physical security and reduce the risk that cash may be lost or stolen.
4. Management should ensure that employee business reimbursement forms are properly supported by receipts, each receipt properly reflects expenses incurred, and amounts due to the employee are accurate.

5. Management should develop and implement guidelines for on-campus and off-campus dental kits sales activities. These guidelines should be vetted by the UCLA Store Director and the ASUCLA Accounting Director to ensure mutual agreement regarding the essential elements and reasonableness of the guidelines.

ACADEMIC TESTING MATERIALS

USAC President, Robert Watson has committed \$15K surplus funds plus a matching grant from student affairs for a total of \$30K to distribute free academic testing materials to students. Students will need their Bruin Card to obtain blue books and there will be a limit of two per transaction. The main concern will be running out of products before the end of the school year. The Store is working with Marketing on the messaging which will be crucial.

DATA SECURITY AUDIT PRESENTATION

Mr. Mehdian presented an update on the ongoing data security audit.

As the result of FACTA class-action lawsuit, in 2018 ASUCLA was awarded funding to invest in improving data security across All divisions. ASUCLA hired K3DES to perform related tasks in two phases:

Phase one was to identify gaps in ASUCLA's overall information security program, based on gathering relevant data and interview with select staff across all divisions at ASUCLA.

Phase one results:

Total Test Procedures = 203

Total Test Procedures Implemented = 115 (57%)

Total Test procedures Pending Completion = 83 (40%)

 Not Implemented = 37 (18% of Total)

 Partially Implemented = 45 (22% of Total)

Total Test procedures Not Applicable = 5 (3% of Total)

Phase two will assist ASUCLA in the remediation of identified gaps, conduct a final gap report and develop a plan to achieve maximum compliance.

The next steps include prioritizing the gaps based on following Risk Factors, Impact, and ease of remediation. Continue to work with other divisions at ASUCLA towards complete compliance based on priority defined and time required to implement each solution.

EXECUTIVE SESSION

Mr. Adelaja called for consent for the Associated Students UCLA Board of Directors' Finance Committee to enter into Executive Session. There being no objections, the motion was approved by unanimous consent.

The Committee entered into Executive Session at 12:51 p.m.

Mr. Adelaja called for consent to exit the Associated Students UCLA Board of Directors' Finance Committee Executive Session. There being no objections, the motion was approved by unanimous consent.

The Committee exited Executive Session at 1:12 p.m.

Mr. Adelaja made a motion, seconded by Mr. Wada that the Associated Students UCLA Board of Directors Finance Committee approve all actions taken in Executive Session. Mr. Adelaja called for a vote. The motion was approved by a vote of 3 yeas and no nays.

ADJOURNMENT

Mr. Adelaja called for consent for the Associated Students UCLA Board of Directors' Finance Committee to adjourn the August 19, 2019, Meeting. There being no objections, the meeting was adjourned at 1:12 p.m.