

**April 2019 Year 2 Update on UCOP Recommendations from CSA Audit of UCOP Administrative Expenditures**

#	Recommendation	CSA Due Date	Last Reported Status as of October 2018	CSA's Prior Assessment of Status as of February 2019	Status Reported to CSA as of April 2019
4	Develop a reserve policy that governs how large its reserve should be and the purposes for which it can be used.	April 2018	<p><b>Fully Implemented</b>  <b>Completion Date: May 2018</b></p> <p>Implementation of this recommendation is complete based on the FY18-19 budget presentation to the Regents which added more information than was included in the budget prototype and provides not just reserve balances but also fund balances and commitments in a way that attempts to be both comprehensive and transparent.</p> <p>Pages 15-18 of the budget item describes actions taken over the past year to identify, define, and forecast balances, commitments and reserves. The differentiation between fund reserves and fund balances is clarified:</p> <ul style="list-style-type: none"> <li>• Fund balances result from either savings relative to the budget or timing of multi-year funding and expenses across fiscal years</li> <li>• Reserves are funds intentionally accrued from the operating budget over a period of time or specifically designated or restricted for a purpose such as maintaining assets in good working order, managing risk, or in anticipation of periodic large expenses such as preparing an RFP response for the Department of Energy.</li> </ul> <p>Two types of reserves are presented and defined in this section of the budget item: A Central Operating Reserve, and program-specific reserves. The Central Operating Reserve is held in the principal of the systemwide President's Endowment Fund and as such is not maintained as a separate fund balance.</p> <p>Program-specific reserves, commitments and fund balances are organized by fund type to make it easier to understand and explain how balances, commitments and reserves are managed for each type.</p> <p>The Strategic Priorities Fund is not considered a reserve. As of FY18-19 it is a line item in the operating budget used to fund emerging priorities and initiatives.</p>	<p><b>Partially Implemented</b></p> <p>We rate this recommendation as partially implemented because the Office of the President could not provide policies for all seven of its program specific reserves that totaled \$122 million in its fiscal year 2018-19 budget. Additionally, we are still concerned about the lack of sufficient transparency related to fund balance amounts in the Office of the President's budget for fiscal year 2018-19, which we discuss in our assessment of recommendation 5.</p> <p>Perhaps of greater concern, the absence of sufficient reserve policies allows the Office of the President to retain and maintain virtually an unlimited amount of fund balances and reserves. In particular, the Government Finance Officers' Association (GFOA) recommends that, generally, an entity retain at least two months of its total operating expenses in its unrestricted fund balance as a reserve. Additionally, GFOA recommends that entities develop a policy for how to handle unrestricted fund balances above the policy requirements. Without policies that identify for each reserve at least the purpose, minimum amounts or proportions, maximum amounts or proportions, and descriptions of how it intends to handle unrestricted or excess fund balances, the Office of the President and UC stakeholders will find it difficult to assess what portion of the fund balances could potentially be allocated to the campuses. Therefore, the Office of the President's fund balances and reserves do not conform with GFOA's recommendations, and it is unclear how the Office of the President intends to spend its unrestricted fund balances in future years.</p>	<p><b>Status: Fully Implemented</b>  <b>Completion Date: March 2019</b></p> <p>The approved UCOP FY18-19 Budget included four pages of detailed reporting on UCOP's fund balances, reserves, and commitments including a plan to redistribute available fund balances to UC campuses. As confirmed through the review and approval process with multiple stakeholders including the UC Regents, this level of detail provided transparency and simplified reporting of available balances, reserves and commitments. UCOP will continue to incorporate this level of detail in future budget reporting.</p> <p>In March 2019 UCOP reviewed comprehensive Reserve Guidelines with the UC Regents for all UCOP reserves, including programmatic and non-operating reserves. Since presenting to the Regents in March, the document has been improved and refined.</p> <p>The UCOP Reserve Guidelines leverages best practices; clearly defines reserves, commitments, and fund balances; clarifies the difference between reserves and fund balances; provides guidance on funding, using, monitoring, and reporting; sets target funding levels for all UCOP reserves, and establishes the process for allocating fund balances and funds in excess of reserves.</p> <p>To develop the guidelines UCOP conducted best-practice research and industry benchmarking from over 38 institutions including GFOA, NACUBO, federal, state, and local governments, and higher education institutions such as CSU. The research was helpful in informing the development of the guidelines despite the fact that it indicated there is no one, agreed-upon best practice. Rather, each organization has a unique business model, risk exposure and financial circumstances; therefore, the level of assets that are set aside to mitigate against risks appropriately vary by organization and reserve type.</p> <p>The UCOP Reserve Guidelines are available at: <a href="https://ucop.edu/ucop-budget/files/ucop-reserves-guiding-principles.pdf">https://ucop.edu/ucop-budget/files/ucop-reserves-guiding-principles.pdf</a>. Per these guidelines, UCOP will continue to report on all reserves as part of the annual budget process and after year-end fiscal close.</p>

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5	<p>Implement our recommended budget presentation shown in figure 11 on page 40. Specifically, the Office of the President's budget presentation to the regents should include a comparison of its proposed budget to its actual expenditures for the previous year. It should also include all its expenditures and identify changes to the discretionary and restricted reserves. The Office of the President should combine both the disclosed and undisclosed budget into one budget presentation.</p>	April 2018	<p><b>Fully Implemented</b>  <b>Completion Date: May 2018</b></p> <p>UCOP engaged in a project to simplify, clarify, and present a transparent annual operating budget to the Regents. UCOP revised the FY2018-19 budget presentation format in compliance with:</p> <ul style="list-style-type: none"> <li>• GFOA and NACUBO budgeting best practices</li> <li>• State systemwide budget presentations, formats and trends in higher education, and professional presentations</li> <li>• Feedback from the Executive Budget Committee, Sjoberg/Evashenk and the Regents</li> <li>• The CSA's recommended budget format in Figure 11 of the audit report</li> <li>• Outcomes from other related workstreams</li> </ul> <p>The proposed prototype was reviewed with the Regents in March 2018 and is available here: <a href="http://regents.universityofcalifornia.edu/regmeet/mar18/f11.pdf">http://regents.universityofcalifornia.edu/regmeet/mar18/f11.pdf</a>. Per Attachment 4, the format was updated to include:</p> <ul style="list-style-type: none"> <li>• A single item format</li> <li>• Operating and one-time expenses in one comprehensive budget</li> <li>• A "Sources and Uses" schedule</li> <li>• Fee-For-Service and Pass-Through reporting</li> <li>• Budgets based on projected actuals</li> <li>• Fund restrictions designations and fund balance reporting</li> <li>• Cause of Change analysis</li> <li>• Strategic Priorities Fund budget that reflects commitments and an uncommitted allocation</li> </ul> <p>Per the agreed upon timeframe of the UC Board of Regents, UCOP presented the FY18-19 budget to the full board for their review and approval on May 24<sup>th</sup>. The best-practice budget passed without any dissent. The item is available at: <a href="http://regents.universityofcalifornia.edu/aar/mayb.pdf">http://regents.universityofcalifornia.edu/aar/mayb.pdf</a></p> <p>The UCOP Budget Manual was also provided to the CSA and documents the policies, guidelines, procedures, and analyses associated with the annual budget process. This manual is not intended to be a static document and will continue to be updated as additional improvements are identified and made.</p> <p>UCOP submitted several supporting documents to the CSA in response to their initial review and subsequently held discussions with the CSA on September 13<sup>th</sup> and 17<sup>th</sup>.</p>	<p><b>Partially Implemented</b></p> <p>We rate this recommendation as partially implemented because although the Office of the President's fiscal year 2018-19 budget largely incorporated certain elements of our recommended budget presentation, it continues to lack sufficient transparency that would allow the Governor and the Legislature to understand what fund balance awards are available to reallocate to campuses. Specifically, it did not include summary lines in its financial schedules that displayed the total restricted and discretionary reserves and fund balances, which, as we described in the status summary on the home page of our website, totaled \$321 million. Instead, the Office of the President included summary information as part of graphics in an earlier, narrative portion of the budget document. According to the Office of the President, it originally considered including fund balances in Schedule A—the part of its budget that depicts our recommended budget presentation. However, the Office of the President believed that the column structure did not work well for communicating the different commitments, reserves, and fund balances by fund type.</p> <p>To meet the intent of our recommendation—which is to clearly display the amount of surplus funds it has at the end of each fiscal year available for reallocation to the campuses in the following budget year—the Office of the President should present its restricted fund balances, unrestricted fund balances, and program-specific reserves at the end of Schedule A. These amounts should result logically from the difference between its annual revenues, expenditures, and beginning fund balances. The Office of the President should also present the central operating reserve on a separate line because it is not supported by fund balances. In addition, the Office of the President should ensure that it lists its prior year fund balances as a carryover in the following year. These changes to its budget presentation would meet the intent of our recommendation and the concepts underlying Figure 11 on page 40 of our report.</p> <p>In addition, the Office of the President confirmed to us that it plans to release its fiscal year 2019-20 budget in May 2019 as opposed to April 2019. As we indicated in our one-year assessment for this recommendation, by releasing its budget in May as opposed to April, the Office of the President may hinder the Department of Finance, the Legislature, and the Governor as they make decisions regarding the UC's portion of the state budget.</p>	<p><b>Status:</b> Fully Implemented  <b>Completion Date:</b> May 2018</p> <p>In May 2018, UCOP presented a detailed FY18-19 budget to the UC Regents which significantly surpassed the level of detail required in the CSA's Figure 11 and was approved unanimously by the Board in May 2018. The item is available at: <a href="http://regents.universityofcalifornia.edu/aar/mayb.pdf">http://regents.universityofcalifornia.edu/aar/mayb.pdf</a>.</p> <p>In response to feedback from the CSA, UCOP replicated, adapted and included a representation of Figure 11 in the March 2019 Regents presentation of the UCOP FY18-19 Mid-Year Budget and Second Quarter Forecast. UCOP is also including Figure 11 in the Executive Summary of the FY19-20 and subsequent budget items.</p> <p>In response to the concerns that fund balance and reserves data was contained in the narrative rather than the schedules, UCOP discussed with the CSA in December 2018 the inclusion of a new schedule for the FY19-20 budget presentation. New schedules for fund balances and reserves have been drafted and will be presented in the FY19-20 budget.</p> <p>UCOP will continue to present the budget to the UC Regents in May to align with the scheduled cadence of meetings so that the full board is available to review and take action. This also allows appropriate time to complete second and third quarter forecasts, incorporate critical external budget factors including the Governor's January budget, and review the budget internally and with the President, Executive Budget Committee, and Chancellors.</p> <p>The UC Regents, Executive Budget Committee, third party monitor Sjoberg Evashenk and other key stakeholders support presenting the UCOP budget at the May Regents meeting. What UCOP has done differently this year is to provide the Department of Finance with Budget Change Proposals for each UCOP budget-related line item (general OP budget, UC Path, and ANR). These proposals were presented to DOF on April 8<sup>th</sup>.</p> <p>Agenda items for the May Regents meetings will be publicly available on the Regents' website in the first week of May, shortly after the CSA's April 25<sup>th</sup> deadline.</p>
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				<p>We also performed a high-level review of budget, actual, and fund balance data to ensure that the budget presentation was accurate. Additionally, we assessed the reasonableness of the budget system's vacancy data and verified the supporting documentation for the strategic priorities fund. We did not identify any issues in these areas.</p>	
22	<p>Continue to present a comprehensive budget based on the presentation in Figure 11 to the regents, the Legislature, and the public.</p>	April 2019	<p><b>Not Fully Implemented</b></p> <p>Consistent with the update provided in recommendation 5, the Office of the President has incorporated CSA's recommended budget format for the FY2018-19 annual budget presentation and is charting a course for continuous improvement beyond this budget year.</p>	<p><b>Pending</b></p> <p>The status of this recommendation is pending the Office of the President's presentation of a comprehensive budget in April 2019.</p>	<p><b>Status:</b> Not Fully Implemented <b>Completion Date:</b> May 2019</p> <p>UCOP continues to present comprehensive, simplified and transparent budget presentations to the UC Regents in May (proposed), March (mid-year) and November (post-year). The process and presentation have continued to be refined and improved upon over the past year. The process is documented in the UCOP Budget Manual which is posted online and publicly available, <a href="https://ucop.edu/ucop-budget/ucop-operating-budget-manual.pdf">https://ucop.edu/ucop-budget/ucop-operating-budget-manual.pdf</a>. UCOP also reviews and compares budget to actuals with variance explanations each quarter and prepares quarterly forecasts in the first, second and third quarters.</p> <p>UCOP anticipates this recommendation to be fully implemented in the first week of May when the UCOP budget becomes publicly available on the UC Regents website.</p>
23	<p>Set targets for any needed reductions to salary amounts using the results from its public and private sector comparison and adjust its salaries accordingly.</p>	April 2019	<p><b>Not Fully Implemented</b></p> <p>The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.</p>	<p><b>Pending</b></p> <p>The status of this recommendation is pending the Office of the President setting targets for any needed reductions to salary amounts and adjusting salaries accordingly.</p>	<p><b>Status:</b> Fully Implemented <b>Completion Date:</b> March 2019</p> <p>Following the previously approved methodology to include public and private sector data, 66% of employees are at or below the midpoint for their respective positions. Of the 454 employees (34%) whose salaries were above the midpoint, placement within the salary range was appropriate in relation to the depth and breadth of their respective responsibilities. There were no needed reductions to salary amounts resulting from the comparison of the public and private sector data.</p> <p>Independent consultant Sullivan Cotter reviewed these findings with the Regents' Working Group on UC Office of the President Salary Ranges on January 12, 2019, and the Regents Governance Committee on March 13, 2019. Sullivan Cotter also reviewed their identification of best salary administration practices at higher education comparators and confirmed UCOP practices are consistent with our peer institutions.</p> <p>The link below provides the Regents item that was presented for discussion: <a href="https://regents.universityofcalifornia.edu/regmeet/mar19/g5.pdf">https://regents.universityofcalifornia.edu/regmeet/mar19/g5.pdf</a></p>

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24	Narrow its salary ranges.	April 2019	<p><b>Not Fully Implemented</b></p> <p>The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.</p>	<p><b>Pending</b></p> <p>The status of this recommendation is pending the Office of the President narrowing its salary ranges.</p>	<p><b>Status:</b> Fully Implemented <b>Completion Date:</b> April 2019</p> <p>In October 2018, UCOP provided a plan for narrowing UCOP and Office of General Counsel (OGC) salary ranges. The CSA agreed this recommendation had been met. The plan has been implemented as proposed as of April 1, 2019.</p> <p>Prior to implementation of the UCOP and OGC salary ranges, the finalized plan was reviewed with the Regents' Working Group on UC Office of the President Salary Ranges on January 12, 2019, and the Regents Governance Committee on March 13, 2019. At that meeting, independent consultant Sullivan Cotter discussed the finalized plan for narrowing the Office of the President salary ranges as described in the documents found at the link below. The plan included an adjustment of the UCOP and OGC salary midpoints by 8% based on overall labor market salary movement using the approved method for weighing comparable public and private sector pay data for non-executive staff. UCOP has not moved their salary ranges during the last two years, leaving them behind the labor market in salary range movement. The approved methodology incorporated salary data from the State and California State University System for operational staff and academic administrative positions at UC.</p> <p>The link below provides the Regents' item that was presented for discussion: <a href="https://regents.universityofcalifornia.edu/regmeet/mar19/g5.pdf">https://regents.universityofcalifornia.edu/regmeet/mar19/g5.pdf</a></p>
25	Set targets for appropriate employee benefits and implement new processes that ensure that employees adhere to the revised policies regarding employee benefits.	April 2019	<p><b>Not Fully Implemented</b></p> <p>The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone. The Office of the President is setting targets for appropriate employee benefits as part of the 2018-19 budget process.</p> <p>See update for recommendation 12 outlining the actions taken to approve and publish policy changes.</p>	<p><b>Partially Implemented</b></p> <p>The Office of the President is no longer indicating that this recommendation is fully implemented. Based on our six month assessment we continue to rate this recommendation as partially implemented.</p>	<p><b>Status:</b> Fully Implemented <b>Completion Date:</b> November 2018</p> <p>UCOP developed a methodology for establishing the appropriate baselines and targets for employee benefits, reviewed the targets with the Executive Budget Committee, communicated the targets to stakeholders, and implemented the targets in the FY18-19 budget such that any incremental net savings related to these expense categories will be realized in FY18-19. Policies have been communicated to employees and controls are in place to monitor them.</p>
26	Create a plan for reallocating funds that it saves to campuses as it reduces its staffing costs.	April 2019	<p><b>Not Fully Implemented</b></p> <p>The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.</p>	<p><b>Pending</b></p> <p>The status of this recommendation is pending the Office of the President's implementation of our staffing recommendations due by April 2019.</p>	<p><b>Status:</b> Fully Implemented <b>Completion Date:</b> December 2018</p> <p>UCOP finalized a reallocation plan for net savings which includes a decision tree and budget manual guidance that define how net operating budget savings will be reviewed for reallocation and reallocated if appropriate. The plan has been reviewed by internal stakeholders, the Executive Budget Committee campus and Academic Senate members, and Sjoberg   Evashenk.</p>

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27	Implement phase two of CalHR's best-practice workforce planning model by determining its current and future staffing and competency gaps. As part of this phase, the Office of the President should consider the input of stakeholders, including campuses and students, regarding which elements of its organization are of critical importance and which elements it could eliminate or downsize.	April 2019	<p><b>Not Fully Implemented</b></p> <p>The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.</p>	<p><b>Pending</b></p> <p>The status of this recommendation is pending the Office of the President's completion of CalHR's best-practice workforce planning model due April 2019.</p>	<p><b>Status:</b> Fully Implemented  <b>Completion Date:</b> April 2019</p> <p>UCOP has completed <i>Phase Two: Gather and Analyze Workforce Data</i> of CalHR's best practice workforce planning model. After establishing the strategy framework in Phase 1, UCOP focused on collecting data through surveys and face-to-face interviews to determine current and future staffing and competency gaps. UCOP was able to leverage insights and findings from the recent UCOP restructuring efforts and the 10-campus study to support data gathered in Phase 2. The data affirmed UCOP is appropriately staffed and campuses value UCOP programs and services. UCOP will continue to incorporate findings from the optimization efforts where applicable in Phase 3.</p> <p>The resulting whitepaper that combined Phase 1 and 2 was reviewed and discussed with key stakeholders, including the President, senior leadership, staff, the Executive Budget Committee, which includes campus representation, Academic Senate, Council of Chancellors, HR Leadership Council, the UC Regents and Student Regent. Phase 2 built upon the Phase 1 strategic framework and included the following analyses:</p> <ul style="list-style-type: none"> <li>• organizational reviews such as the 10-campus Survey</li> <li>• divisional strategic plans</li> <li>• workforce supply and demand analysis</li> <li>• competency assessment</li> <li>• projection of future workforce trends</li> <li>• gap analysis</li> <li>• risk analysis</li> </ul> <p>The outcomes of Phase 2 outlined the methodology and provided input to set the strategic direction for the organization and provided the foundation and input data needed to launch Phase 3, Develop the Workforce Strategies and Plans.</p> <p>The Phase 1 and 2 whitepaper presented at the March 2019 Regents Item: <i>Update of University of California Office of the President Audit of Administrative Expenditures on Workforce Planning</i> can be found here:  <a href="https://regents.universityofcalifornia.edu/regmeet/mar19/g6.pdf">https://regents.universityofcalifornia.edu/regmeet/mar19/g6.pdf</a></p>

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28	Establish spending targets for systemwide initiatives and administrative costs.	April 2019	<p><b>Fully Implemented</b> <b>Completion Date: May 2018</b></p> <p>As part of the UCOP FY2018-19 budget, spending targets were established for administrative costs as well as all five categories of Programs &amp; Initiatives:</p> <ul style="list-style-type: none"> <li>Spending targets for administrative costs, comprising 43% of the UCOP budget, are detailed on pp. 12-14 and in Schedule D.</li> <li>Spending targets for State/Federal Programs, Campus Programs, Systemwide Programs, and Systemwide Initiatives, together comprising 45% of the UCOP budget, are detailed on pp. 10-11 and in Schedule C.</li> <li>Spending targets for Presidential Initiatives are provided on pg. 14 and in Schedule E, along with all commitments to be funded through the newly established Strategic Priorities Fund.</li> </ul>	<p><b>Partially Implemented</b></p> <p>The Office of the President established spending targets for administrative costs and systemwide initiatives as part of its fiscal year 2018-19 budget presented to the Regents in May 2018. These targets resulted in a budget increase of \$6 million for systemwide initiatives and a \$58 million decrease in systemwide programs, mostly due to significant accounting and reporting changes the Office of the President stated it made to its budget presentation. Additionally, the Office of the President set a \$30 million target for the newly established strategic priorities fund, which was created to fund short term programmatic needs, administrative projects, and emergent or urgent priorities. Due to the significant accounting and reporting changes the Office of the President stated it made to its budget presentation, we assess this recommendation as partially implemented. We believe our review of the targets will be more meaningful when we can compare the fiscal year 2018-19 budget to the fiscal year 2019-20 budget.</p>	<p><b>Status: Fully Implemented</b> <b>Completion Date: May 2018</b></p> <p>The CSA's assessment of Recommendation #28 affirms the recommendation as stated is complete: <i>"The Office of the President established spending targets for administrative costs and systemwide initiatives as part of its fiscal year 2018-19 budget presented to the Regents in May 2018."</i> UCOP agrees with the CSA statement but does not agree with the additional point requiring another fiscal year comparison in the FY19-20 budget. All accounting and reporting changes were fully explained and presented during the May 2018 budget item that was approved by the UC Regents.</p>
30	Restructure budget and accounting systems to ensure the costs of the Office of the President can be clearly tracked and reported annually. Specifically, the budget and accounting systems should be able to distinguish between systemwide initiatives, presidential initiatives, and administrative costs.	April 2019	<p><b>Fully Implemented</b> <b>Completion Date: May 2018</b></p> <p>The Office of the President implemented incremental improvements to the existing BDS system to improve tracking, reporting and alignment to budgets.</p> <p>Enhancements to BDS have been made to ensure the costs of the Office of the President can be clearly tracked and reported annually.</p> <p>As evidenced specifically by Schedules A, B, C and E in the FY2018-19 UCOP budget, all accounts in BDS are now mapped so that, as financial data are translated to reports in BDS, costs for systemwide programs and initiatives, presidential initiatives, and central/administrative can be distinguished.</p>	<p><b>Pending</b></p> <p>Although we acknowledge that the enhancements that the Office of the President has made to its current budgeting system improve its tracking and reporting capabilities, the Office of the President stated it decided to replace its budgeting system by the end of fiscal year 2020. Because of this upcoming change, we assess this recommendation as pending until the new system is operational.</p>	<p><b>Status: Fully Implemented</b> <b>Completion Date: May 2018</b></p> <p>Last year, UCOP invested \$350,000 in the Budget Development System (BDS) to make permanent enhancements that comply with this recommendation. These enhancements enable UCOP to systematically distinguish between programs, initiatives, and administrative costs. The BDS system now includes permanent functionality that generated the Regents approved financial schedules A, B, C, and D in the FY18-19 budget. Budget files produced by the current system were provided to the CSA and the assessment provides no indication that the current system is not compliant with the recommendation's requirements. Lastly, UCOP engaged Deloitte to undertake a controls assessment that included a review of UCOP's financial data and budget system. Deloitte found no issues related to the BDS system.</p> <p>The CSA recommendation does not require UCOP to implement a new system and following a review of detailed budget data, the CSA affirmed no issues were identified as stated in their assessment of recommendation #3.</p>
31	Reallocate to the campuses funds that it identified during its review of fund restrictions and fund commitments.	April 2020	<p><b>Not Fully Implemented</b></p> <p>Implementation of this recommendation will be dependent on actions taken in response to the April 2019 recommendations.</p>	<p><b>Pending</b></p> <p>The status of this recommendation is pending the Office of the President's implementation of our fund restriction and fund commitment recommendations due April 2019.</p>	<p><b>Status: Not Fully Implemented</b> <b>Estimated Completion Date: April 2020</b></p> <p>The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.</p>

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32	Evaluate its budget process to ensure that it is efficient and has adequate safeguards that ensure that staff approve and justify all budget expenditures. If the Office of the President determines that its safeguards are sufficient, it should begin developing a multiyear budget plan.	April 2020	<p><b>Not Fully Implemented</b></p> <p>Implementation of this recommendation will be dependent on actions taken in response to the April 2019 recommendations.</p> <p>The Office of the President currently relies on UCLA's financial systems and a budget planning and reporting tool (BDS) developed by UCOP. Budget and reporting needs have evolved, and the current BDS system, initially implemented for the FY2011-2012 budget, does not support new requirements consistent with best-practices or the recommendations of the California State Auditor.</p> <p>A project is underway to assess replacement of the Budget Development System to:</p> <ul style="list-style-type: none"> <li>- support improved budgets that are clear, transparent, and comprehensive and align processes, presentations and financial systems to support this;</li> <li>- develop and document repeatable, best-practices processes supported by financial systems; and</li> <li>- broaden stakeholder involvement and continue developing multi-year strategic plans that are aligned with the UC mission and the campuses.</li> </ul> <p>UCOP is addressing reporting and planning requirements to identify an efficient, cost effective way to partner with UCLA and/or another campus in implementation of a new system. Because system implementation projects are long, UCOP is also working to incrementally improve existing BDS functionality to satisfy requirements in the 2018-2020 timeframe. UCOP continues to explore options and will make a decision in the next few months on the long-term financial system solution after completing due diligence on project scope, functionality, timing and costs and reviewing options with stakeholders.</p>	<p><b>Pending</b></p> <p>The status of this recommendation is pending the Office of the President's implementation of our budget recommendations due in April 2019 and April 2020.</p>	<p><b>Status:</b> Not Fully Implemented <b>Estimated Completion Date:</b> April 2020</p> <p>The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.</p>
33	Report to the regents on the amount of funds it reallocated to campuses as a result of implementing our recommendations. (re: budget process)	April 2020	<p><b>Not Fully Implemented</b></p> <p>Implementation of this recommendation will be dependent on actions taken in response to the April 2019 recommendations.</p>	<p><b>Pending</b></p> <p>The status of this recommendation is pending the Office of the President's implementation of our budget recommendations due in April 2019 and April 2020.</p>	<p><b>Status:</b> Not Fully Implemented <b>Estimated Completion Date:</b> April 2020</p> <p>The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.</p>

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34	Adjust its salary levels and ranges to meet its established targets.	April 2020	<b>Not Fully Implemented</b>  Implementation of this recommendation will be dependent on actions taken in response to the April 2019 recommendations.	<b>Pending</b>  The status of this recommendation is pending the Office of the President's implementation of our salary restructuring recommendations due in April 2018 and April 2019.	<b>Status:</b> Fully Implemented <b>Completion Date:</b> April 2019  As referenced under responses for CSA Recommendations #23 and #24, UCOP Salary Ranges were adjusted to meet approved targets, effective April 1, 2019 – see Link article: <a href="http://link.ucop.edu/2019/04/02/salary-ranges/?utm_source=UCOP+Employees&amp;utm_campaign=7f3768ff1e-Link_071018_COPY_01&amp;utm_medium=email&amp;utm_term=0_6cd99fa4c2-7f3768ff1e-186180881">http://link.ucop.edu/2019/04/02/salary-ranges/?utm_source=UCOP+Employees&amp;utm_campaign=7f3768ff1e-Link_071018_COPY_01&amp;utm_medium=email&amp;utm_term=0_6cd99fa4c2-7f3768ff1e-186180881</a> New salary ranges were also posted on the UCOP HR website: <a href="https://www.ucop.edu/local-human-resources//_files/compensation/ucop-salary-structure.pdf">https://www.ucop.edu/local-human-resources//_files/compensation/ucop-salary-structure.pdf</a> .  Effective April 1, 2019, salaries were increased for 51 UCOP employees, whose pay either fell below the minimum of the narrowed salary ranges or was compressed with other employees' pay that was adjusted to the minimum of the salary range.
36	Reallocate funds to campuses when adjustments to its salaries and benefits result in savings.	April 2020	<b>Not Fully Implemented</b>  The Office of the President has initiated efforts to track savings from employee reimbursement policy changes.  An update on the implementation of this recommendation will be dependent on actions taken in response to the April 2019 recommendations.	<b>Pending</b>  The status of this recommendation is pending the Office of the President's implementation of our staffing related recommendations due April 2019.	<b>Status:</b> Fully Implemented <b>Completion Date:</b> April 2019  The methodology for narrowing the salary ranges went through extensive stakeholder review as described in the update on the salary range recommendation. In the case of the workstream focused on narrowing the salary ranges, no savings were identified from this work.  In the case of employee benefits, all savings have been realized in the FY18-19 budget. Because UCOP is on a direct appropriation of State general funds which is reimbursement based, UCOP cannot accumulate unspent funds and therefore has no surplus funds to reallocate. Reallocation of funds follows the Fund Reallocation Guidelines and decision tree that are located in UCOP's Operating Budget Manual located here, <a href="https://ucop.edu/ucop-budget/ucop-operating-budget-manual.pdf">https://ucop.edu/ucop-budget/ucop-operating-budget-manual.pdf</a> . Should there be savings in the future when UCOP has returned to campus assessment funding, the Fund Reallocation Guidelines provide a clear methodology for evaluating surplus funds, for reallocation.
37	Implement phase three of CalHR's best practice workforce planning model by presenting the final workforce plan to its staff and beginning its implementation by carrying out workforce planning strategies covering a three-to five-year period. The Office of the President should make its final workforce plan publically available.	April 2020	<b>Not Fully Implemented</b>  Implementation of this recommendation will be dependent on actions taken in response to the April 2019 recommendations.	<b>Pending</b>  The status of this recommendation is pending the Office of the President's implementation of our workforce planning recommendations due April 2019.	<b>Status:</b> Not Fully Implemented <b>Estimated Completion Date:</b> April 2020  The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.

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#	Recommendation	CSA Due Date	Last Reported Status as of October 2018	CSA's Prior Assessment of Status as of February 2019	Status Reported to CSA as of April 2019
38	Implement phase four and five of CalHR's best practice workforce planning model by implementing its workforce plan strategies and annually evaluating the completed workforce plan strategies against defined performance indicators and revising the plan where necessary.	April 2020	<b>Not Fully Implemented</b>  Implementation of this recommendation will be dependent on actions taken in response to the April 2019 recommendations.	<b>Pending</b>  The status of this recommendation is pending the Office of the President's implementation of our workforce planning recommendations due April 2019.	<b>Status:</b> Not Fully Implemented <b>Estimated Completion Date:</b> April 2020  The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.
39	Report to the regents on the amount of funds it reallocates to campuses as a result of implementing our recommendations. (re: staffing costs)	April 2020	<b>Not Fully Implemented</b>  Implementation of this recommendation will be dependent on actions taken in response to the April 2019 recommendations.	<b>Pending</b>  The status of this recommendation is pending the Office of the President's implementation of our staffing-related recommendations due April 2019.	<b>Status:</b> Not Fully Implemented <b>Estimated Completion Date:</b> April 2020  The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.
40	Publicly publish its progress in meeting systemwide initiative and administrative cost targets.	April 2020	<b>Not Fully Implemented</b>  Implementation of this recommendation will be dependent on actions taken in response to the April 2019 recommendations.	<b>Pending</b>  The status of this recommendation is pending the Office of the President's implementation of our systemwide initiative and administrative cost recommendations due April 2019 and April 2020.	<b>Status:</b> Not Fully Implemented <b>Estimated Completion Date:</b> April 2020  The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.
41	Reallocate funds from the review of systemwide and presidential initiatives, as well as any administrative cost savings, to campuses.	April 2020	<b>Not Fully Implemented</b>  Implementation of this recommendation will be dependent on actions taken in response to the April 2019 recommendations.	<b>Pending</b>  The status of this recommendation is pending the Office of the President's implementation of our systemwide initiative and presidential initiative recommendations due April 2019 and April 2020.	<b>Status:</b> Not Fully Implemented <b>Estimated Completion Date:</b> April 2020  The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.
42	Report to the regents on the amount of funds reallocated to campuses. (re: systemwide initiatives)	April 2020	<b>Not Fully Implemented</b>  Implementation of this recommendation will be dependent on actions taken in response to the April 2019 recommendations.	<b>Pending</b>  The status of this recommendation is pending the Office of the President's implementation of our systemwide initiative, administrative cost, and presidential initiative recommendations due April 2019. The impact of this recommendation will vary based on whether the Office of the President is funded via a direct appropriation from the State or the campus assessment in April 2020.	<b>Status:</b> Not Fully Implemented <b>Estimated Completion Date:</b> April 2020  The Office of the President has initiated efforts to implement this recommendation and will provide a status update on its progress at the next reporting milestone.