

**Office of the President**

**TO MEMBERS OF THE COMPLIANCE AND AUDIT COMMITTEE:**

**DISCUSSION ITEM**

*For Meeting of November 15, 2017*

**UPDATE ON SIX-MONTH STATUS REPORT ON IMPLEMENTATION OF  
RECOMMENDATIONS FROM STATE AUDIT OF UNIVERSITY OF CALIFORNIA  
OFFICE OF THE PRESIDENT ADMINISTRATIVE EXPENDITURES**

The following is an update on the six-month status report on the implementation of recommendations from the California State audit of the Office of the President's (UCOP) administrative expenditures submitted to the State Auditor on October 25, 2017.

***Background***

The California State Auditor released its report for the audit of UCOP administrative expenditures on April 25, 2017. The report included 33 recommendations to UCOP and seven recommendations to the Board of Regents. President Napolitano created an internal task force to ensure timely and thorough implementation of the 33 recommendations to UCOP. Executive Vice President and Chief Operating Officer Nava chairs the task force.

As part of the State Auditor's standard audit follow-up process, the University is required to report its progress implementing these recommendations at 60 days, six months, one year and annually thereafter. As part of these status updates, the auditee is required to provide the following information for each recommendation:

- Recommendation implementation status (fully implemented, not fully implemented or will not implement)
- Estimated completion date
- The agency's plan for implementing the recommendation

The six-month status report was submitted to the State Auditor on October 25. The attachments to this item reflect the status reported to the State Auditor by UCOP and the Regents. The State Auditor will review the status reported by the University for each recommendation, along with any supporting documentation submitted, and will make its own assessment of the implementation status of each recommendation. When this assessment is complete, the results are published on the State Auditor's website. Historically, this review has typically taken approximately one to two months to complete.

***Update on Recommendations to UCOP***

The following table summarizes the status reported to the State Auditor for the 33 recommendations to UCOP. Refer to Attachment 1 for detail on the reported status of each recommendation.

Reported Status as of	Total Recommendations	Fully Implemented	Not Fully Implemented	Will Not Implement
60 Days (June 23)	33	0	33	0
6 Months (October 25)	33	4	29	0

Based on UCOP’s 60-day update, the State Auditor has assessed one recommendation as “partially implemented” and the remaining 32 recommendations as “pending.”

***Update on Recommendations to the Regents***

The following table summarizes the status reported to the State Auditor for the seven recommendations to the Regents. Refer to Attachment 2 for detail on the reported status of each recommendation.

Reported Status as of	Total Recommendations	Fully Implemented	Not Fully Implemented	Will Not Implement
60 Days (June 23)	7	0	7	0
6 Months (October 25)	7	1	6	0

Based on the Regent’s 60-day update, the State Auditor has assessed one recommendation as “partially implemented” and the remaining six recommendations as “pending.”

Attachments:

Attachment 1: Six-Month Status Report on Recommendations to UCOP

Attachment 2: Six-Month Status Report on Recommendations to the Regents

Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
10	Develop a method for weighing comparable public and private sector pay data when establishing salaries for all positions.	1.0 Set targets for UCOP employee salary ranges 2.0 Set targets for leadership salary ranges 3.0 Set targets for staff salary ranges	Not Fully Implemented	April 2018	<p>A work group has been formed for the two projects related to staff salary ranges (OP and system). The work group members are compensation experts from OP and campuses/medical centers. Meetings occur weekly. A project plan has been finalized. A call with CalHR Compensation is scheduled for information collection regarding the State's approach to market pricing/data management processes and salary ranges. Possible additional survey sources focusing on public employers have been identified for the staff positions and the survey protocols and methodologies are being reviewed and data is being tested to determine integrity, adequate number of benchmark matches, etc. Once data sources are selected, a method for weighing comparable public/private pay data can be established.</p> <p>An additional work group has been formed to address the project related to the review of leadership salary ranges (Market Reference Zones), systemwide. The work group members are compensation and Human Resource experts from OP and campuses/medical centers. Meetings occur twice monthly. A project plan has been finalized. Additional survey sources or alternate methods of data collection are being identified/reviewed that would support proper benchmark matching and data collection. A call with CalHR is scheduled for information collection regarding the State's approach to market pricing/data management processes and salary ranges. An advisory group comprised of Chief Human Resource Officers from campuses/medical centers has been created to review and provide input throughout the process. Once data sources are selected, a method for weighing comparable public/private pay data can be established.</p> <p>Revised guidelines have been developed for the semi-annual equity/promotion process. At this time the semi-annual equity/promotion process scheduled for July 2017 has been suspended to continue to look at ranges and the weighting of market data.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's development of a method for weighing comparable public and private sector pay data. Because the Office of the President's response implies it has identified additional survey sources, data sources, survey protocols, and survey methodologies, we requested the Office of the President provide additional documentation to support these statements for its 6-month response.</p>	<p>Additional surveys are being reviewed to assess their underlying data management methodology, data viability, and survey participants.</p> <p>The work group is reviewing practices at other public and private AAU institutions to determine how each define their competitive labor markets; the methodologies they use for including public, private and other data; and, the surveys they use for analyzing markets, among other considerations.</p> <p>Systemwide data is being reviewed to identify the organizations that comprise UC's recruiting and retention activity.</p> <p>Survey sources are being reviewed for analyzing and updating Market Reference Zones for Senior Management Group positions.</p> <p>Analysis of UCOP salary ranges is being conducted.</p>

\* CSA entry options: Fully implemented, Not Fully Implemented, Will Not Implement

### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
11	Determine how to restructure salary ranges to make certain the ranges encourage employee development and ensure pay equity.	1.0 Set targets for UCOP employee salary ranges 2.0 Set targets for leadership salary ranges 3.0 Set targets for staff salary ranges	Not Fully Implemented	April 2018	A work group of compensation and Human Resource experts from OP and campuses/medical centers has been formed and will be working to address salary range structure as it relates to employee development and assurance of pay equity. A project plan has been finalized. A call with CalHR compensation is scheduled for information collection regarding the State's approach to employee development.	<b>Pending</b> The status of this recommendation is pending the Office of the President's actions related to restructuring its salary ranges.	Options and recommendations for including public data and for assigning a weight have been presented to UCOP leadership for review and feedback.  Survey sources are being reviewed for analyzing and updating Market Reference Zones for Senior Management Group positions.  Analysis of UCOP salary ranges is being conducted.
12	Evaluate and identify needed changes in employee benefit policies to ensure they include reasonable safeguards to control costs.	4.0 Align expense reimbursement policies with best practice	Fully Implemented	April 2018	A memo restricting the use of funds for retirement parties and gifts, morale-building activities, STAR awards and spot awards at the Office of the President was issued on May 31, 2017 and the changes were effective immediately. Benchmarking of UC policies to other universities, CSU, the state of California and federal rates is underway.	<b>Partially Implemented</b> The May 31, 2017 memo included reductions in employee benefits such as bonuses and additional safeguards to control costs. Full implementation of this recommendation is pending the review of other employee benefit policies.	Changes to systemwide policies were made for car allowances, meal limits during business travel, hotel rates, relocation allowances, moving reimbursements and senior manager supplemental retirement contributions, effective October 2017. Changes to policies at the Office of the President were made in October 2017 for issuance of cell phones and other electronic devices and for stipends.
23	Set targets for any needed reductions to salary amounts using the results from its public and private sector comparison and adjust its salaries accordingly.	1.0 Set targets for UCOP employee salary ranges 2.0 Set targets for leadership salary ranges 3.0 Set targets for staff salary ranges	Not Fully Implemented	April 2019	Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.  A work group has been formed for the two projects related to staff salary ranges (OP and system). The work group members are compensation experts from OP and campuses/medical centers. Meetings occur weekly. An additional work group has been formed to address the project related to the review of leadership salary ranges (Market Reference Zones), systemwide. The work group members are compensation and Human Resource experts from OP and campuses/medical centers. Meetings occur twice monthly.	<b>Pending</b> The status of this recommendation is pending the Office of the President's development of a method for weighing comparable public and private sector pay data due April 2018.	Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
24	Narrow its salary ranges.	1.0 Set targets for UCOP employee salary ranges 2.0 Set targets for leadership salary ranges 3.0 Set targets for staff salary ranges	Not Fully Implemented	April 2019	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>A work group has been formed for the two projects related to staff salary ranges (OP and system). The work group members are compensation experts from OP and four campuses/medical centers. Meetings occur weekly. An additional work group has been formed to address the project related to the review of leadership salary ranges (Market Reference Zones), systemwide. The work group members are compensation and Human Resource experts from OP and campuses/medical centers. Meetings occur twice monthly. The information gathered through the in depth analysis that is currently in progress will be used to determine the appropriate salary ranges.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's actions related to restructuring its salary ranges due April 2018.</p>	Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.
25	Set targets for appropriate employee benefits and implement new processes that ensure employees adhere to the revised policies regarding employee benefits.	4.0 Align expense reimbursement policies with best practices	Not Fully Implemented	April 2019	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>Updates to policies based on benchmarking with federal, state and other universities will be published online.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's review of its employee benefit policies due April 2018.</p>	Procedures are in place at each campus, medical center and the Office of the President to ensure compliance with the systemwide policy and administrative changes made in October 2017. Procedures at the Office of the President are in place to implement the policy changes made in April 2017 and October 2017.

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
26	Create a plan for reallocating funds to campuses that it saves as it reduces its staffing costs.	1.0 Set targets for UCOP employee salary ranges 2.0 Set targets for leadership salary ranges 3.0 Set targets for staff salary ranges 4.0 Align expense reimbursement policies with best practices	Not Fully Implemented	April 2019	Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.  A work group has been formed for the two projects related to staff salary ranges (OP and system). The work group members are compensation experts from OP and four campuses/medical centers. Meetings occur weekly. An additional work group has been formed to address the project related to the review of leadership salary ranges (Market Reference Zones), systemwide. The work group members are compensation and Human Resource experts from OP and campuses/medical centers. Meetings occur twice monthly.	<b>Pending</b> The status of this recommendation is pending the Office of the President's implementation of our staffing recommendations due by April 2019.	Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.
34	Adjust its salary levels and ranges to meet its established targets.	1.0 Set targets for UCOP employee salary ranges 2.0 Set targets for leadership salary ranges 3.0 Set targets for staff salary ranges	Not Fully Implemented	April 2020	Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.  A work group has been formed for the two projects related to staff salary ranges (OP and system). The work group members are compensation experts from OP and four campuses/medical centers. Meetings occur weekly. An additional work group has been formed to address the project related to the review of leadership salary ranges (Market Reference Zones), systemwide. The work group members are compensation and Human Resource experts from OP and campuses/medical centers. Meetings occur twice monthly. The information gathered through the in depth analysis that is currently in progress will be used to determine the appropriate salary ranges and targets.	<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.	Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.
35	Adjust its employee benefits to meet its established targets.	4.0 Align expense reimbursement policies with best practice	Fully Implemented	April 2020	Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.  Policies will be revised based on benchmarking with federal, state, and other university policies.	<b>Pending</b> The status of this recommendation is pending the Office of the President's implementation of our employee benefit recommendations due in April 2018 and April 2019.	Systemwide policy changes were implemented in October 2017 based on benchmarking data from federal and state sources as well as CSU and other public universities.

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
36	Reallocate funds to campuses when adjustments to its salaries and benefits result in savings.	1.0 Set targets for UCOP employee salary ranges 2.0 Set targets for leadership salary ranges 3.0 Set targets for staff salary ranges 4.0 Align expense reimbursement policies with best practices	Not Fully Implemented	April 2020	Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.  Any potential savings from this process will either be reallocated to campuses or used for programs and areas that further support and benefit the campuses.	<b>Pending</b> The status of this recommendation is pending the Office of the President's implementation of our staffing related recommendations due April 2018 and April 2019. The impact of this recommendation will vary based on the Office of the President's funding situation in April 2020; however, we are still concerned that the Office of the President indicates in its response that it does not plan to directly reallocate these funds to campuses. We look forward to the Office of the President's 6-month response to determine the level of campus input on these spending decisions.	Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.
39	Report to the regents on the amount of funds it reallocates to campuses as a result of implementing our recommendations . (re: staffing costs)	1.0 Set targets for UCOP employee salary ranges 2.0 Set targets for leadership salary ranges 3.0 Set targets for staff salary ranges 4.0 Align expense reimbursement policies with best practices	Not Fully Implemented	April 2020	Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.  The Regents have established regular reporting schedules related to audit implementation progress and the recommendations made in the report. UCOP will report to the Regents at those times throughout the year and on items recommended by the State Auditor in its report.	<b>Pending</b> The status of this recommendation is pending the Office of the President's implementation of our staffing-related recommendations due April 2018 and April 2019.	Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
13	Complete phase one of CalHR's best practice workforce planning model by developing a strategic direction for its workforce plan.	5.0 Implement workforce and staffing plans	Not Fully Implemented	April 2018	<p>A work group has been formed and has begun identifying and reviewing different workforce planning models currently in place at state and like university systems to better understand the best practices. The work group consists of staff members from compensation, talent acquisition, HR Generalists, the program management office, departments from OP and campuses/medical centers. Meetings are being scheduled bi-weekly.</p> <p>An initial call with CalHR's Director of Human Resources took place the week of May 15, 2017 to discuss CalHR's workforce planning model. A follow up call with the Division Chief in charge of workforce planning for CalHR took place the week of June 12, 2017.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's completion of CalHR's best-practice workforce planning model.</p>	<p>The workgroup has reviewed the CalHR workforce planning model and is finalizing its review of other public and private AAU institutions' approaches to workforce planning.</p> <p>The group has completed the project charter and is focused on the early development of the UCOP workforce planning model.</p> <p>There was a conference call with CalHR in early October to discuss the current state of the CalHR workforce planning activity. Members of the workforce planning workgroup participated in the CalHR Quarter Workforce Planning forum on in early October.</p>
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 potentially eliminate or downsize.	5.0 Implement workforce and staffing plans	Not Fully Implemented	April 2019	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>From the beginning of implementation, UCOP is proactively seeking and considering the input of stakeholders. The work group for this recommendation includes staff members from compensation, talent acquisition, HR Generalists, the program management office, key units within OP and representatives from campuses/medical centers. Meetings are being scheduled bi-weekly. The analysis that is currently in progress will create the structure and process that OP will use moving forward.</p>	<p><b>Pending</b> 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>Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.</p>

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
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.	5.0 Implement workforce and staffing plans	Not Fully Implemented	April 2020	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>UCOP will carry out workforce planning strategies covering a three to five year period and will make its final workforce plan publicly available.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's implementation of our workforce planning recommendations due April 2018 and April 2019.</p>	Implementation of this recommendation will be dependent on actions taken in response to the April 2018 and April 2019 recommendations.
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.	5.0 Implement workforce and staffing plans	Not Fully Implemented	April 2020	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>UCOP will annually evaluate its completed workforce plan strategies against defined performance indicators and revise the plan where necessary.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's implementation of our workforce planning recommendations due April 2018 and April 2019.</p>	Implementation of this recommendation will be dependent on actions taken in response to the April 2018 and April 2019 recommendations.

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
3	Document and review the restrictions on its funds and fund commitments to determine whether it can reallocate any of these funds to its discretionary budget for reallocation to campuses.	6.0 Reassess fund restrictions	Not Fully Implemented	April 2018	<p>A fund restrictions work group has been formed and is meeting twice monthly. The work group consists of staff members from UCOP and systemwide finance, and will draw on subject matter experts as required (e.g. Office of General Counsel). The work group has identified the scope which includes: (1) Review all restricted funds, (2) Evaluate use of fund categories to separate based on least / most restrictive definitions, (3) Apply a materiality methodology to focus on the largest opportunity areas, (4) Develop comprehensive documentation for future use and regular reviews, and (5) Establish where fund restrictions can be removed or modified.</p> <p>The work group has finalizing a work plan and is launching the analysis and documentation phase. This involves identifying all funds and any existing documentation. It includes understanding the restrictions as well as identifying how or who made the initial restriction (e.g. Federal Research grant vs. UCOP restriction). In addition, the work plan includes assessment of existing best practices and benchmarks.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's review of fund restrictions. The Office of the President plans to report on its fund restrictions, commitments, and balances by April 2018.</p>	<p>The workgroup formulated a project scope and workgroup charter. The group has identified a list of funds used within the UCOP budget (500+) and created a file to track them, along with their respective key attributes.</p> <p>Next steps in the review include identifying funds with external restrictions and subsequently validating this information with departments and divisions across UCOP.</p> <p>The workgroup will then review the restrictions and evaluate any opportunities to relieve restrictions to support unrestricted budget categories, with the input of key subject-matter experts and the Executive Budget Committee.</p>
20	Publish the results of its review of fund restrictions and fund commitments and any funds it anticipates reallocating to campuses.	6.0 Reassess fund restrictions	Not Fully Implemented	April 2019	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>The fund restrictions work group, consisting of staff from UCOP and systemwide finance, will develop a white-paper and proposed recommendation to be reviewed by key stakeholders and presented for required approvals. This document will serve as a guideline to govern the use and re-allocation of restricted funds, potentially supporting portions of the budget currently funded by unrestricted sources. The information will be published and made accessible in the appropriate format as determined by the Regents.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's review of fund restrictions due by April 2018.</p>	<p>Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.</p>

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
31	Reallocate to the campuses funds that it identified during its review of fund restrictions and fund commitments.	6.0 Reassess fund restrictions	Not Fully Implemented	April 2020	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations and may be dependent on UCOP's on-going funding sources. Impact of this recommendation varies under the established campus assessment model versus direct state appropriations.</p> <p>Upon completing the initial analysis of current fund restrictions, the fund restrictions work group, consisting of OP and systemwide staff, will develop and document a process for an annual review of fund restrictions and balances. Where fund restrictions or changes in restrictions will allow for broader uses, UCOP will recommend using these funds for programs and areas that further support and benefit the campuses.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's implementation of our fund restriction and fund commitment recommendations due April 2018. Although we agree that the impact of this recommendation will vary based on the Office of the President's funding situation in April 2020, we are concerned that the Office of the President indicates in its response that it does not plan to directly reallocate these funds to campuses. We look forward to the Office of the President's 6-month response to evaluate the level of campus input in these funding decisions.</p>	<p>Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations and potentially on UCOP's ongoing funding sources. Impact of this recommendation varies under the established campus assessment model versus direct state appropriations.</p>
4	Develop a reserve policy that governs how large its reserve should be and the purposes for which it can be used.	7.0 Establish UCOP reserve policy	Not Fully Implemented	April 2018	<p>The reserve policy work group, which includes both UCOP and campus representatives, has been formed and is currently meeting weekly to define our scope, determine our research and benchmarking methodologies, and develop a more detailed workplan. Current objectives have been defined as: 1) complete a review of current UCOP reserve practices and existing reserves ("set the baseline"); 2) conduct research / benchmarking to document best-practices; 3) develop a formal UCOP Reserves policy and obtain stakeholder agreement and Regental approval; and 4) develop and approve how the reserves will be funded.</p> <p>Research and benchmarking efforts are already underway and will include: higher education institutions (e.g., CSU, Big 10, SUNY, etc.), industry associations (e.g., NACUBO, EAB, GFAO, etc.), as well as other industry and government entities.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's development of a reserve policy. The Office of the President plans to present its recommended reserve policy to the regents in late January 2018.</p>	<p>An analysis and summary of existing UCOP reserve practices and balances and a stakeholder analysis have been completed and reviewed by UCOP leadership. This process included benchmarking and research of reserve practices and policies of other universities and organizations in the non-profit/government sector.</p> <p>A forecasting model for reserve-requirements scenarios with related assumptions for a central operating reserve is being developed. The workgroup will use it to model various reserve-requirements scenarios. A review of historical practices for strategic-priorities reserves is in progress to support projections and scenarios for future reserves requirements.</p>

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#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
5	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.	8.0 Clarify UCOP budget presentation	Not Fully Implemented	April 2018	<p>The budget presentation work group has been formed and meets regularly to incorporate the State Auditor budget format as detailed in Figure 11, page 40 of the State Auditor's audit report. Included in the FY17-18 Regents budget presentation were the following elements: (1) Incorporation of the FY16-17 forecasted actual expenditures compared with budget, (2) Detail of all expenditures including projections of fund balances, and (3) A combined comprehensive view of Permanent and One-Time spend including systemwide programs and initiatives. All of the above elements are included in the work plan.</p> <p>The work group has already begun development of improved reporting, and will provide budget to actuals on a quarterly basis to the regents. Reporting improvements are also expected to provide visibility to all expenditures and reserves. The work group has initiated a project to evaluate current financial systems including the Budget Development System to identify gaps and evaluate improved systems with robust functionality, including reporting.</p>	<p><b>Pending</b> The status of this recommendation is pending. The Office of the President presented the regents with more robust budgets during the last two regents' meetings that included forecasted actual expenditures and fund balances. However, as discussed during the regents' meetings, further improvements to the budget presentation are necessary to ensure transparency and clarity of the Office of the President's expenditures. The Office of the President plans to present its new budget presentation to the regents in May of 2018. In addition, we will conduct an analysis of the Office of the President's budget system to verify the amounts presented to the regents.</p>	<p>The budget presentation work group has met regularly to address the California State Auditor's budget format as detailed in figure 11, page 40, of CSA's audit report. The final FY2017-18 budget presentation in July 2017 incorporated CSA audit format and the team is focused on additional improvements to further enhance the nuances and clarity of the UCOP budget.</p> <p>The work group completed its charter and stakeholder analysis review with COO Nava. The Executive Budget Committee (EBC) has reconvened and meets monthly. The October-through-December EBC meetings will include reviews of UCOP FY2017-18 budgets, including activities and associated costs.</p> <p>The work group reviewed financial system functionality with partner UC campuses. UCOP awaits additional information from partner campuses before making a recommendation. New system solutions are expected to mitigate existing gaps between current capabilities and best practices, and include specific requirements to further adhere to the format presented in figure 11 of the CSA's report.</p>

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
22	Continue to present a comprehensive budget based on the presentation in Figure 11 to the regents, the Legislature, and the public.	8.0 Clarify UCOP budget presentation	Not Fully Implemented	April 2019	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>The budget presentation work group plans to implement improved financial systems to better support on-going development and transparency of the budget presentation, and this requires replacement of the existing budget development system (BDS). Figure 11 will be used, among other best practices guidelines, to establish user requirements for a BDS system.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's adoption of our recommended budget format due April 2018.</p>	Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.
6	Increase opportunities for campus stakeholder input in the budget development process by reconvening the campus budget committee and establishing an agreed upon charter that describes the committee's scope, role, and protocol for reviewing and providing comments on the Office of the President's annual budget.	9.0 Improve UCOP budget process	Fully Implemented	April 2018	<p>A budget process work group has been formed and meets regularly. In connection with this recommendation, UCOP did conduct a review of the FY17-18 budget with campus stakeholders (VCPBs) on May 5<sup>th</sup>, prior to the May Regents presentation. Moving forward, the work group is focused on (1) expanding the involvement of key stakeholders, (2) documenting processes, and (2) formalizing governance for UCOP budget development.</p> <p>The President has reconvened and expanded the scope of the UCOP budget Executive Budget Committee (EBC), and a charter is being developed to include governance of the UCOP budget. The EBC consists of campus leaders from every campus, Academic Senate representatives, and UCOP leaders, and will serve in an advisory capacity to the President. Its first meeting is being scheduled for August 2017.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's development of a charter for the Executive Budget Committee. The current Executive Budget Committee charter provided by the Office of the President does not adequately define the committee's scope, role, and protocol for reviewing and providing comments on the Office of the President's annual budget.</p>	President Napolitano has reconvened and expanded the scope of the UCOP budget Executive Budget Committee (EBC). The EBC has completed its charter describing the committee's role and protocol for reviewing and providing input on the Office of the President's annual budget. In its critical advisory capacity to the President, the EBC consists of leaders from every campus, Academic Senate representatives, and UCOP leadership. The EBC met in August and September and plans to continue meeting regularly, with meetings occurring monthly for the remainder of 2017.

\* CSA entry options: Fully implemented, Not Fully Implemented, Will Not Implement

### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
21	Implement the best practices for budgeting identified by the GFOA and NACUBO, including developing budget policies and procedures and formally documenting, approving, and justifying all one-time and unexpected expenditure requests.	9.0 Improve UCOP budget process	Not Fully Implemented	April 2019	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>A budget process work group has been formed and will conduct a research phase that will identify and document budgeting best-practices. This review will include leveraging sources of common best-practices like NACUBO, GFOA, and other sources. UCOP will develop a white paper to document best-practices and recommend an annual budget process from kick-off through Regents approval.</p> <p>This process will leverage all established review committees (Executive Budget Committee) and key stakeholders consistent with the recommendation to reconvene the Executive Budget Committee. Implementation of this recommendation will require that we improve process, reporting and controls for one-time spending items.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's adoption of our recommended budget format due by April 2018.</p>	<p>Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.</p> <p>Review of best practices has commenced. Some best practices were identified using NACUBO and will be incorporated with improvements in budget process and presentation.</p>
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.	9.0 Improve UCOP budget process	Not Fully Implemented	April 2020	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>A budget process work group has been formed and has begun early stages of scoping a robust budget system to replace the existing limited functionality of the current Budget Development System (BDS). In connection with the UCLA financial systems replacement project (UCOP leverages UCLA general ledger and procurement modules), the work group is reviewing budget systems at some of the campuses to evaluate process and technology. In connection with a BDS replacement, the work group will (1) evaluate current process, flows and budget controls and (2) evaluate technology and implement updated systems with new policies, procedures and controls documented in our requirements. Any UCOP investment in an updated budgeting tool will be functionality to complete multi-year budgets.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's implementation of our budget recommendations due in April 2018 and April 2019.</p>	<p>Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.</p> <p>High-level financial system requirements analysis has included evaluation of new technology and the handling of process flows, financial controls and required resources. UCOP will require the functionality to complete multi-year budgets.</p>

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
33	Report to the regents on the amount of funds it reallocated to campuses as a result of implementing our recommendations . (re: budget process)	9.0 Improve UCOP budget process	Not Fully Implemented	April 2020	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>Included in research and evaluation of Best-Practices, the budget process and presentation work groups will develop a comprehensive budget check-list to be submitted annually with budgets. The work groups will include the requirement to report amounts reallocated to campuses or used to offset subsequent year assessments or other purposes as determined by the President.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's implementation of our budget recommendations due in April 2018 and April 2019. The impact of this recommendation will vary based on the Office of the President's funding situation in April 2020; however, we are still concerned that the Office of the President implies in its response that it may not directly reallocate these funds to campuses. We look forward to the Office of the President's 6-month response to determine the level of campus input on these funding decisions.</p>	<p>Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.</p> <p>The EBC charter includes the following specific language: "The Executive Budget Committee is accountable for ensuring that recommendations are consistent and aligned with the timely incorporation of the CSA audit budget requirements dated April 2017, as part of a transparent planning, resource allocation, and assessment process." As such, UCOP requires that the EBC provide campus-level input on future funding decisions.</p>
18	Develop and use a clear definition of systemwide initiatives and administration to ensure consistency in future budgets.	10.0 Define systemwide initiatives and establish budget targets	Not Fully Implemented	April 2018	<p>A UCOP systemwide initiatives work group has been formed. This group includes representation from key stakeholders across a variety of functional areas within the Office of the President. The work group has met and a workplan has been developed. It has begun formulating a project scope and a work group charter. The work group will: (1) develop a baseline understanding of current initiatives and how they are defined, (2) undertake a research phase as required to understand best practices and leverage existing methodologies, (3) establish and apply clear definitions, and (4) document and develop processes to differentiate types of initiatives and use them consistently in future budgets.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's development of a clear definition for systemwide initiatives and administration. Additional documentation provided by the Office of the President shows that by August 2017 it intends to develop a framework for reviewing systemwide initiatives. Additionally, by December 2017, it plans to complete its assessment of the programs it identified for review.</p>	<p>The UCOP systemwide initiatives workgroup, supported by a team of subject-matter experts from the Academic Affairs division, has compiled a preliminary data set of UCOP systemwide programs and initiatives and formalized the categories for these items with clearly articulated definitions. The terms and definitions will be used to develop future budgets.</p>

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
19	Develop a comprehensive list of systemwide initiatives and presidential initiatives, including their purpose and actual cost that will be used in the regents' meeting previously recommended.	10.0 Define systemwide initiatives and establish budget targets	Not Fully Implemented	April 2018	A UCOP systemwide initiatives work group has been formed. This group includes representation from key stakeholders across a variety of functional areas within the Office of the President. The work group will complete a baseline review including development of a comprehensive list of systemwide and Presidential initiatives. The documentation will explain: purpose, commitment levels, and costs. This baseline will be used in the subsequent research phases to implement further recommendations. Consistent with recommendations related to budget process and presentation, these initiatives will be presented in the annual budget process.	<b>Pending</b> The status of this recommendation is pending the Office of the President's development of a comprehensive list of systemwide initiatives and presidential initiatives.	The UCOP systemwide initiatives workgroup, supported by a team of subject-matter experts from the Academic Affairs division, has: (1) compiled a comprehensive data set of UCOP systemwide programs and initiatives, including individual purposes and costs, (2) formalized categories for these items along with their definitions, and (3) developed key attributes to assist with reporting. This documentation will be incorporated in future budgets.  To respond to the timing of AB97, UCOP's effort to identify savings to be put towards its share of \$15M in funds for enrollment increases beginning in the 2018-19 academic year, the team used the data set of programs and initiatives. This documentation has been provided to key stakeholders (Executive Budget Committee, Council of Chancellors, Department of Finance and others) for consultation and evaluation to ensure UC will meet December 2017 deadlines for development of the State of California budget.
28	Establish spending targets for systemwide initiatives and administrative costs.	10.0 Define systemwide initiatives and establish budget targets	Not Fully Implemented	April 2019	Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.  The systemwide initiatives work group will work with the budget process work group to develop work flow, approvals and review of initiatives in the context of annual budgets. The budget process documentation will include methodology for establishment and communication of annual budget targets expected to include targets for systemwide and Presidential initiatives. The establishment of targets and the prioritization of alternatives will include key stakeholders such as the Executive Budget Committee who will serve in an advisory capacity to the President.	<b>Pending</b> The status of this recommendation is pending the Office of the President's development of a clear definition for systemwide initiatives and administration due April 2018 and its establishment of spending targets for systemwide initiatives and administrative costs due April 2019.	Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations and establishment of spending targets due April 2019.  The Executive Budget Committee has been consulted on AB97 and is expected to continue to review the list of systemwide initiatives and programs, including establishment of targets by 2019.

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
29	Publish the results of the review of systemwide and presidential initiatives including any funds the Office of the President anticipates reallocating to the campuses.	10.0 Define systemwide initiatives and establish budget targets	Not Fully Implemented	April 2019	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>The systemwide and Presidential initiatives work group will develop reporting to enable transparency. The work group will engage the Executive Budget Committee and develop an approach to evaluate the review of the portfolio of projects and initiatives. Governance will be installed to ensure review so that less impactful items may be discontinued. The work group will publish their results.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's development of a comprehensive list of systemwide initiatives and presidential initiatives due April 2018.</p>	<p>Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations.</p> <p>The systemwide and presidential initiatives workgroup will develop reports to enhance transparency. The workgroup will continue to engage the Executive Budget Committee. The workgroup will determine review criteria and a frequency to periodically review items. Governance will be established to enable review and to facilitate prioritization and trade-off decisions, as needed. The workgroup will publish its results.</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.	10.0 Define systemwide initiatives and establish budget targets	Not Fully Implemented	April 2019	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>UCOP will review budget development tools in use at select campuses as part of the financial systems replacement project (driven by UCLA) with a goal of identifying and implementing a new budget tool. In establishing the UCOP requirements, we will explore greater use of systems to categorize Systemwide and Presidential initiatives. The requirements will also include improved budgeting, tracking and reporting on these projects to capture inception-to-date, annual and multi-year spending.</p>	<p><b>Pending</b> The status of this recommendation is pending the Office of the President's implementation of our budget, systemwide initiative, presidential initiative, and administrative cost recommendations due April 2018.</p>	<p>Implementation of this recommendation will be dependent on actions taken in response to the April 2018 recommendations as well as dependencies that will be identified in the budget process workgroup.</p> <p>UCOP has begun exploring system improvements. UCOP is working with UCLA as the campus identifies a new financial system that includes general ledger and planning tools. We continue to explore the use of systems to effectively capture systemwide and presidential initiatives. Key requirements will also include improved budgeting, tracking and reporting on these projects.</p> <p>A key dependency for the timing of this item will include the UCLA or alternative campus system implementation, which has a 2- to 3-year timeline, independent of UCOP's control. Actual costs, dependent on commensurate accounting and financial system upgrades, are subject to the UCLA project timeline. UCOP has restructured its budget development system (BDS) to track and report budgeted costs to distinguish between those that are systemwide, presidential and administrative.</p>

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### Six-Month Status Report on Recommendations to UCOP

#	Recommendation	Work stream(s)	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6- Month Update
40	Publicly publish its progress in meeting systemwide initiative and administrative cost targets.	10.0 Define systemwide initiatives and establish budget targets	Not Fully Implemented	April 2020	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>Upon completion of this requirement, UCOP will identify the appropriate and best way to publish reports regarding systemwide and Presidential initiatives to ensure transparency of these efforts.</p>	<p><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 2018 and April 2019.</p>	<p>Implementation of this recommendation will be dependent on actions taken in response to the April 2018 and 2019 recommendations.</p> <p>Upon completion of this requirement, UCOP will identify the best, most appropriate way(s) to publish reports regarding systemwide and presidential initiatives, to further transparency of these efforts.</p>
41	Reallocate funds from the review of systemwide and presidential initiatives, as well as any administrative cost savings, to campuses.	10.0 Define systemwide initiatives and establish budget targets	Not Fully Implemented	April 2020	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>The systemwide and Presidential initiatives work group will develop reporting to enable transparency. The work group will publish reports their results. Potential reallocations to the campuses will be included as applicable.</p>	<p><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 2018 and April 2019.</p>	<p>Implementation of this recommendation will be dependent on actions taken in response to the April 2018 and 2019 recommendations.</p> <p>The Executive Budget Committee, consistent with its charter, will continue to serve in its campus-input role of making recommendations on resource allocations.</p>
42	Report to the regents on the amount of funds reallocated to campuses. (re: systemwide initiatives)	10.0 Define systemwide initiatives and establish budget targets	Not Fully Implemented	April 2020	<p>Implementation of this recommendation is dependent on actions taken in response to the April 2018 recommendations.</p> <p>Included in our research and evaluation of Best-Practices, UCOP will develop a comprehensive budget check-list to be submitted annually with budgets. We will include the requirement to report amounts reallocated to campuses or used for programs and areas that further support and benefit the campuses.</p>	<p><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 2018 and April 2019. The impact of this recommendation will vary based on the Office of the President's funding situation in April 2020; however, we are still concerned that the Office of the President indicates in its response that it does not plan to directly reallocate these funds to campuses. We look forward to the Office of the President's 6-month response to determine the level of campus input on these spending decisions.</p>	<p>Implementation of this recommendation will be dependent on actions taken in response to the April 2018 and 2019 recommendations. Furthermore, the UCOP resources available to fund these activities may depend on the outcome of other recommendations, including those relating to fund restrictions, budget process and reserves.</p> <p>The Executive Budget Committee, consistent with its charter, will continue to serve in its campus-input role of making recommendations on resource allocations.</p>

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## Six-Month Status Report on Recommendations to the Regents

#	Recommendation	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6-Month Update
7, 14, 17	Require the Office of the President to implement our recommendations and report periodically on its progress.	Not Fully Implemented	April 2020	<p>The Office of the President has confirmed to the Regents that it will implement all of the State Auditors recommendations from this audit. The Regents have identified the following reporting schedule and structure for updating the Board on the status of implementing the recommendations from this audit:</p> <ul style="list-style-type: none"> <li>• Reports on status of implementation of recommendations at 60 days, 6 months, one year, and annually thereafter to the Compliance and Audit Committee. Work Plan oversight will be governed by a working group of the board composed of the Chair and Vice Chair of the Board and the Chairs of the Finance, Compliance and Audit, and Governance and Compensation Committees. The Chair of the Compliance and Audit Committee will report overall progress to the Board of Regents no less than every 6 months.</li> <li>• To the Finance Committee: Quarterly reports of budget to actuals and biannual reports on Presidential Initiatives budgets.</li> <li>• To the Governance and Compensation Committee: Quarterly reports on recommendations regarding staffing.</li> </ul>	<p><b>Pending</b> The status of this recommendation is pending the regent's ongoing oversight of the Office of the President's implementation of our recommendations.</p>	<p>The Office of the President has confirmed to the Regents that it will implement all of the State Auditors recommendations from this audit. The Regents have identified the following reporting schedule and structure for updating the Board on the status of implementing the recommendations from this audit:</p> <ul style="list-style-type: none"> <li>• Reports on status of implementation of recommendations at 60 days, 6 months, one year, and annually thereafter to the Compliance and Audit Committee. Work Plan oversight will be governed by a working group of the board composed of the Chair and Vice Chair of the Board and the Chairs of the Finance, Compliance and Audit, and Governance and Compensation Committees. The Chair of the Compliance and Audit Committee will report overall progress to the Board of Regents no less than every 6 months.</li> <li>• To the Finance Committee: Reports of budget to actuals at the November, March and July meetings and biannual reports on Presidential Initiatives budgets.</li> <li>• To the Governance and Compensation Committee: Reports on recommendations regarding staffing at the November, March and July meetings.</li> </ul>

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## Six-Month Status Report on Recommendations to the Regents

#	Recommendation	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6-Month Update
						<p>At the July 2017 Regents meeting, the Regents received an update on the status of implementation of recommendations at 60 days.</p> <p>At the November 2017 meeting, the following reports will be provided to the Regents:</p> <ul style="list-style-type: none"> <li>• To the Compliance And Audit Committee: Update on the status of implementation of recommendations at 6 months</li> <li>• To the Full Board: Report on overall progress by the Chair of the Compliance and Audit Committee</li> <li>• To the Finance and Capital Strategies Committee: Report of budget to actuals for the Office of the President</li> <li>• To the Governance and Compensation Committee: Update on recommendations regarding staffing</li> </ul>
8	Hold a public meeting to discuss the results of the Office of the President's review of its fund restrictions and funding commitments, as well as its proposal to reallocate funds to campuses.	Not Fully Implemented	July 2018	The Regents will review the results of the Office of the President's review of its fund restrictions and commitments in a public meeting by July 2018.	<b>Pending</b> The status of this recommendation is pending the regents' meeting regarding Office of the President's fund restrictions and commitments.	The Regents will review the results of the Office of the President's review of its fund restrictions and commitments in a public meeting by July 2018.
9	Require the Office of the President to engage in a financial audit of only	Not Fully Implemented	November 2017	The audit scope for 2016-17 for the University's external auditor, PricewaterhouseCoopers, has expanded to	<b>Pending</b> The regents' response implies that it has	The financial audit of the Office of the President is in process. The audit is being conducted by the University's external auditor,

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## Six-Month Status Report on Recommendations to the Regents

#	Recommendation	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6-Month Update
	the Office of the President's operations.			include a separate report on the results of operations for the Office of the President. UCOP's Internal Audit department will support this audit by conducting its own review of Office of the President expenditures. PwC will issue an opinion on a report showing Office of the President expenditures and the sources of funds used to pay those expenditures, including the campus assessment. PwC will present this additional report at the November 2017 Regents meeting along with the other external audit reports. In the future, when the Office of the President presents its budget for approval, the Regents will have confidence that the actual expenditures presented are correct since those amounts and underlying transactions will have been audited by Internal Audit and PwC.	already expanded the scope of these audits. However, according to the systemwide deputy audit officer, the Office of the President is still in the process of developing these documents and therefore it did not provide any additional information. The status of this recommendation is pending completion of the financial audit and the Office of the President's planned internal audit.	PricewaterhouseCoopers (PwC) with support from Internal Audit. PwC will issue an opinion on a report showing Office of the President expenditures and the sources of funds used to pay those expenditures, including the campus assessment. PwC will present this additional report at the November 2017 Regents meeting along with the other external audit reports.
15	Develop a contract for an independent third party that can assist the regents in monitoring implementation of the three-year corrective action plan for the Office of the President. The independent third party should have expertise in higher education, public administration, and public finance.	Fully Implemented	July 2017	The Regents conducted a request for proposal (RFP) process to identify an independent third party consultant that can assist in the planning and implementation of the recommendations from this audit. The RFP required that the consultant must have expertise in higher education, public administration, and public finance. A consultant has been selected and the contract is expected to be finalized shortly. The consultant will be supervised by and report directly to the Regents Compliance and Audit Committee. The consultant will	<b>Partially Implemented</b> At the July meeting, the regents announced that it hired Sjoberg Evashenk Consulting, Inc. in response to this recommendation. The scope of work outlines requirements that align with our recommendation. Full	Sjoberg Evashenk Consulting, Inc. (SE) has been selected to serve as the independent third party to assist the Regents in monitoring the Office of the President's progress in implementing the recommendations from this audit. SE issued its initial report on its independent assessment of implementation plans in July 2017. Its second quarterly report was issued in October 2017.

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### Six-Month Status Report on Recommendations to the Regents

#	Recommendation	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6-Month Update
	Moreover, the independent third party should have complete access to the Office of the President's documentation and its staff so that it has sufficient and appropriate information to verify the Office of the President's actions. The independent third party should report to the regents on the Office of the President's progress, challenges, and barriers to success at least quarterly.			report to the Compliance and Audit Committee on the Office of the President's progress, challenges, and barriers to success at least quarterly.	implementation of this recommendation is pending the quarterly reporting from Sjoberg Evashenk Consulting, Inc. to the regents.	
16	Hold a public meeting that includes university stakeholders, including campuses and students, to discuss the purpose, intent, and prioritization of each systemwide and presidential initiative in light of campus funding levels for students. Require the Office of the President to publish the results of this meeting, including any	Not Fully Implemented	March 2018	The Regents will review systemwide and presidential initiatives in a public meeting by July 2018. In this meeting, we will discuss the purpose, intent, and prioritization of each systemwide and presidential initiative. The results of the meeting will be published.	<b>Pending</b> This recommendation is pending the July 2018 public meeting in which the regents will review systemwide and presidential initiatives.	The Regents will review systemwide and presidential initiatives in a public meeting by July 2018. In this meeting, we will discuss the purpose, intent, and prioritization of each systemwide and presidential initiative. The results of the meeting will be published.

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### Six-Month Status Report on Recommendations to the Regents

#	Recommendation	Recommendation Implementation Status*	Estimated Completion Date	60-Day Update	CSA's Assessment of Status	6-Month Update
	systemwide or presidential initiatives that are eliminated or scaled down and the amount of money that will be reallocated to campuses for students.					

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