

Office of the President

TO MEMBERS OF THE COMPLIANCE AND AUDIT COMMITTEE:

DISCUSSION ITEM

For Meeting of September 13, 2017

REPORT ON INDEPENDENT ASSESSMENT OF AUDIT IMPLEMENTATION PLANS

Sjoberg Evashenk Consulting, Inc. has been selected to serve as the independent third party to assist the Regents in monitoring the Office of the President's (UCOP) progress in implementing the recommendations from the State audit of UCOP administrative expenditures. Kurt Sjoberg of Sjoberg Evashenk Consulting, Inc. will provide an update on their assessment of the audit recommendation implementation plans.

(Attachment)



Independent Consultant's Report

Initial Report: July 2017 Report on Independent Assessment of Implementation Plans

Date: July 26, 2017

Period: Contract initiation through July 2017

Observations and Findings: Early observations and limited analysis suggest the UC Office of the President is fully embracing the California State Auditor's (CSA) recommendations and is devoting significant resources, attention, and priority to achieving the intended improvements. Assertions provided in the Office of the President's 60-Day response to the CSA, as well as materials prepared to answer subsequent CSA questions, appear forthright and supported. Interviews and a variety of supporting documents reviewed indicate satisfactory progress on each of the recommendations with some workstreams moving at a faster pace than that established in the implementation schedule.

Potential Issues: None at this time.

Activities Conducted During the Period:

- Studied the CSA report, University of California Response, and CSA Rebuttal documents.
- Reviewed Office of the President's 60-day response to the audit, CSA questions on the 60-day response, and Office of the President preliminary answers to those questions.
- Assessed the Office of the President's plan and governance framework for the implementation of the initiatives driven by the CSA recommendations.
- Viewed documents supporting the Office of the President's 60-Day response.
- Reviewed monthly "UC Implementation" status reports for May and June 2017.
- Compared workgroup implementation workstreams and targets against each CSA recommendation.
- Compared FY 2016-17 budget presentation materials against those developed and presented to the Regents for FY 2017-18.
- Conducted interviews with the Responsible and Accountable Officers (RAO) and key workgroup members for each of the workgroups. Discussions focused on the following, at a high-level:
 - Workgroup membership and methodologies employed
 - Objectives and visions to accomplish the workgroup's responsibilities
 - Meeting(s) held and early planning efforts and initiatives undertaken

- Internal documents completed to date
- Timelines for UCOP deliverables
- Challenges or issues in addressing CSA recommendations
- Benchmarking and peer university selections
- Authoritative sources identified for use in developing responses to CSA recommendations
- System-wide and/or UCOP impacts

Work to be Completed During the Next Period:

The status of each of the recommendations and progress on each of the workstreams reported at the 60-Day point will serve as a baseline for assessing and monitoring progress, accomplishments, impediments, and challenges for each of the workgroups and workstreams. By agreement with the Regents and its Compliance and Audit Committee to report quarterly, Sjoberg Evashenk will submit our next formal progress report no later than October 31, 2017. During the next three months we will:

- Follow-up on the elements and initiatives discussed in our RAO interviews.
- Observe a sample of workgroup meetings.
- Review workgroup plans, analyses, and benchmark data at a detailed level.
- Assess workgroup progress against planned workstreams and internal milestones.
- Meet with RAOs and other knowledgeable parties.
- Brief Regents on status as requested.
- Other work as determined appropriate.