COMMITMENT
INTEGRITY
LEADERSHIP

August 24, 2017
Report 2016-125.2
FACT SHEET

Elaine M. Howle *State Auditor*

CONTACT: *Margarita Fernández* | *(916) 445-0255 x 343* | *MargaritaF@auditor.ca.gov*

The University of California Office of the President

Increasing Costs and Scheduling Delays Have Hampered the UCPath Project and Originally Anticipated Savings Are Unlikely to Materialize

Background

With 10 campuses, five medical centers, numerous auxiliary organizations and more than 200,000 employees, the University of California (university) is an extensive business enterprise administered by the Board of Regents (regents) and led by the president. The Office of the President manages the university's fiscal and business operations and a chancellor at each campus is responsible for managing campus operations. As part of its Working Smarter initiative to achieve administrative efficiencies, the Office of the President embarked on integrating numerous payroll and human resources functions into one system, known as UCPath.

Key Recommendations

The regents should develop status reporting standards for all university IT projects that exceed a specified cost and should establish the frequency with which university locations must report to the regents, types of disclosure that must be presented about each IT project, and types of significant risks.

The Office of the President should do the following:

- Develop cost reporting guidelines for UCPath and other significant IT projects that identify costs at both the Office of the President and university locations and should produce quarterly cost reports for stakeholders.

- Develop and implement guidelines for IT project development that apply to IT projects undertaken with a cost estimate of $5 million or more. The guidelines should include setting realistic schedules and assessing the implications of changes to a project's scope, cost, and schedule.

Key Findings

- The projected cost of UCPath has more than tripled to an estimated $942 million and the Office of the President no longer expects to realize the original anticipated cost savings of $753 million from staff reductions—none of the three campuses we visited expect staff reductions.

- The Office of the President has not provided timely or consistent updates of increased cost estimates or schedule delays to the regents including four time extensions totalling nearly five years.

  » UCPath project's governance structure did not include a process to keep the regents informed about the project's progress or what events trigger updates until July 2017.

  » Although the Office of the President has now committed to informing the regents of certain project events, the planned approach will not engage the regents on a decision-making level that would truly allow them to fulfill their oversight role.

- The Office of the President's project management process is weak and likely contributed to the UCPath project's cost increases and schedule delays: it set overly aggressive project schedules that are susceptible to delays caused by scope or staffing changes and its change management process did not include assessing how changes impact the budget and schedule.

- In reviewing IT contracting practices at three campuses, we found that two could improve their practices—some of their contracts had vaguely worded deliverables for milestones which could limit their ability to effectively determine when the vendors meet obligations for payment.

In 2011, the Office of the President Awarded a Contract to Develop UCPath Over Three Years and at a Total Project Cost of $306 Million

ELEVEN VARIATIONS OF THE PAYROLL PERSONNEL SYSTEM

UCPath
Payroll • Academic Personnel • Timekeeping • Human Resources

- CAMPUSES (10)
- MEDICAL CENTERS (5)
- OTHER LOCATIONS