

# CALIFORNIA STATE AUDITOR

Bureau of State Audits

## Implementation of State Auditor's Recommendations

Audits Released in January 2011 Through December 2012

Special Report to  
*Senate Budget and Fiscal Review Subcommittee #1—Education*



February 2013 Report 2013-406 S1

SPECIAL REPORT

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# CALIFORNIA STATE AUDITOR

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February 28, 2013

2013-406 S1

The Honorable Marty Block, Chair  
Senate Budget and Fiscal Review Subcommittee No. 1  
State Capitol  
Sacramento, California 95814

Dear Senator Block:

The California State Auditor presents this special report for the Senate Budget and Fiscal Review Subcommittee No. 1—Education. The report summarizes the audits and investigations we issued during the previous two years that are within this subcommittee's purview. Additionally, the report includes the major findings and recommendations, along with the corrective actions entities reportedly have taken to implement our recommendations. To facilitate the use of the report, we have included a table that summarizes the status of each entity's implementation efforts based on its most recent response.

This information is also available in a special report that is organized by policy areas that summarizes all audits and investigations we issued from January 2011 through December 2012. The special policy area report includes a table that identifies monetary values that entities could realize if they implemented our recommendations, and is available on our Web site at [www.auditor.ca.gov](http://www.auditor.ca.gov).

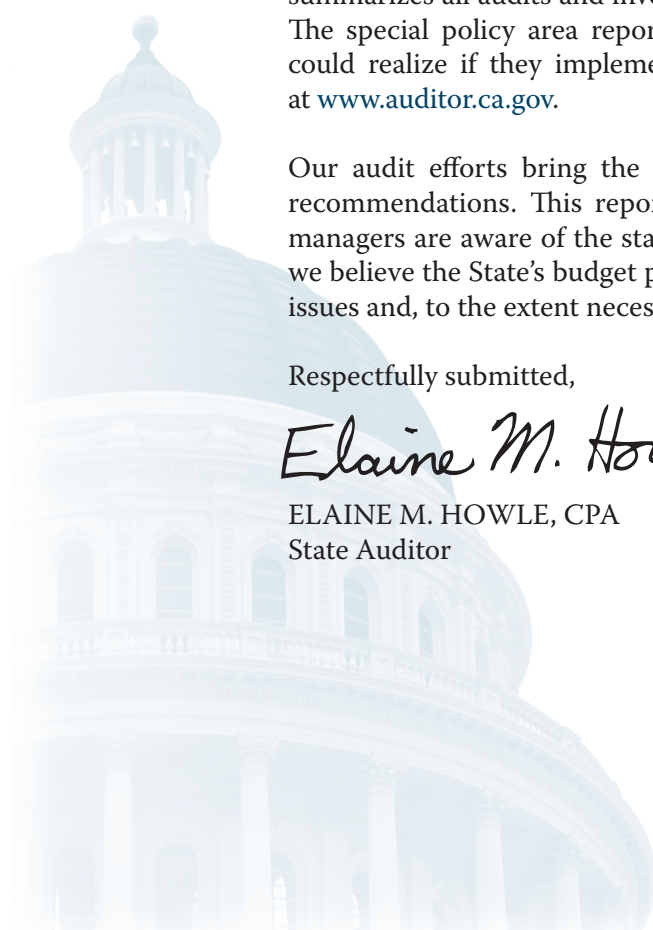
Our audit efforts bring the greatest returns when the entity acts upon our findings and recommendations. This report is one vehicle to ensure that the State's policy makers and managers are aware of the status of corrective action entities report they have taken. Further, we believe the State's budget process is a good opportunity for the Legislature to explore these issues and, to the extent necessary, reinforce the need for corrective action.

Respectfully submitted,



*Elaine M. Howle*

ELAINE M. HOWLE, CPA  
State Auditor





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## Introduction

This report summarizes the major recommendations from audit and investigative reports we issued from January 2011 through December 2012 that relate to agencies and department under the purview of the Senate Budget and Fiscal Review Subcommittee No. 1—Education. The purpose of this report is to identify what actions, if any, these entities have taken in response to our findings and recommendations. We have placed this symbol ● in the margin of the entity’s action to identify areas of concern or issues that we believe have not been adequately addressed.

For this report we have relied upon periodic written responses prepared by entities to determine whether corrective action has been taken. The California State Auditor’s (state auditor) policy requests that the entity provide a written response to the audit findings and recommendations before the audit report is initially issued publicly. As a follow up, state law requires the entities to provide updates on their implementation of audit recommendations. The state auditor requests these updates at 60 days, six months, and one year after the public release of the audit report. However, we may request an entity to provide a response beyond on year or we may initiate a follow-up audit if deemed necessary.

We report all instances of substantiated improper governmental activities resulting from our investigative activities to the cognizant state entity for corrective action. These entities are required to report the status of their corrective actions every 30 days until all such actions are complete.

Unless otherwise noted, we have not performed any type of review or validation of the corrective actions reported by the entities. All corrective actions noted in this report were generally based on responses received by our office as of December 31, 2012. The table below summarizes the status of an entity’s implementation of our recommendations<sup>1</sup> based on its most recent response received from each one.

**Table**  
**Recommendation Status Summary**

AUDIT REPORT	FOLLOW-UP RESPONSE*				STATUS OF RECOMMENDATION				PAGE NUMBERS
	INITIAL RESPONSE	60-DAY	SIX-MONTH	ONE-YEAR	FULLY IMPLEMENTED	PARTIALLY IMPLEMENTED	PENDING	NO ACTION TAKEN	
<b>California Department of Education</b>									
High School Graduation and Dropout Data Report 2011-117			●		2	1			3
<b>California State University, Northridge</b>									
Crime Disclosure Report 2012-032		●			2				7
<b>Commission on Teacher Credentialing</b>									
Discipline of Teacher Misconduct Report 2010-119				●	22				11
<b>Laney College, Oakland</b>									
Crime Disclosure Report 2012-032		●					4		7
<b>Los Angeles Unified School District</b>									
Child Abuse Allegations Report 2012-103	●					1	2		19

*continued on next page...*

<sup>1</sup> This table does not include recommendations directed to the Legislature; however, we discuss the status of legislative recommendations in the body of this report.

AUDIT REPORT	FOLLOW-UP RESPONSE*				STATUS OF RECOMMENDATION				PAGE NUMBERS	
	INITIAL RESPONSE	60-DAY	SIX-MONTH	ONE-YEAR	FULLY IMPLEMENTED	PARTIALLY IMPLEMENTED	PENDING	NO ACTION TAKEN		
<b>San Bernardino Valley College</b>										
Crime Disclosure Report 2012-032		●					4		7	
<b>San Diego City College</b>										
Crime Disclosure Report 2012-032		●			1	2	1		7	
<b>University of California</b>										
Financial Records Report 2010-105				●	1	4	2	1	23	
<b>INVESTIGATIVE REPORT</b>										
<b>DATE OF LAST RESPONSE</b>										
<b>California Department of Education</b>										
Misuse of State Resources, Inexcusable Neglect of Duty Investigations Report I2012-1, Allegation I2011-1083	December 2012				2	1		1	5	
<b>University of California</b>										
Waste of State Funds Investigations Report I2012-1, Allegation I2010-1022	December 2012					1	4		27	

\* For audits issued between January 1, 2011, and October 31, 2011, this table generally reflects the agencies' one-year response. The California State Auditor's report 2012-041, *Recommendations Not Fully Implemented After One Year, the Omnibus Accountability Act of 2006*, released in January 2013, reflects these agencies' subsequent responses.



# High School Graduation and Dropout Data

## California's New Database May Enable the State to Better Serve Its High School Students Who Are at Risk of Dropping Out

### REPORT NUMBER 2011-117, ISSUED MARCH 2012

This report concludes how, through the use of a unique student identifier, the California Longitudinal Pupil Achievement Data System (CALPADS) allows the California Department of Education (department) to track a student's progress from when he or she enters high school to when he or she exits, and thus allows the department to calculate precise graduation and dropout rates for a particular cohort of students. Data from CALPADS compares favorably to older data, which is based on schools' aggregate counts of graduates and dropouts. In August 2011 the department used CALPADS to report graduation and dropout rates for the first cohort of students tracked from the 2006–07 through the 2009–10 school year. The department reported that this cohort graduated at an overall rate of 74 percent. However, the data shows a divide in graduation rates between various demographic groups. Specifically, African-American students, Hispanic or Latino students, and students of lower socioeconomic status generally dropped out of school at rates higher than their peers. By establishing this baseline, we believe the rates generated from CALPADS will prove useful for encouraging data-driven decision making in meeting the needs of all students.

We also conclude that there is room to increase the utility of CALPADS and improve the quality of data reported into CALPADS. School personnel varied in the extent to which they verified the reasons a student exited high school, in part because they did not consistently follow the department's guidance. Additionally, several districts reported that the process of uploading data into CALPADS can be time-consuming and some districts stated that maintaining and updating CALPADS requires significantly more resources than previously required to report data to the State. Furthermore, because the funding for CALPADS is primarily focused on meeting state and federal reporting requirements, the State may risk missing opportunities to be more innovative in using its longitudinal data.

In the report, the California State Auditor (state auditor) made the following recommendations to the department. The state auditor's determination regarding the current status of recommendations is based on the department's response to the state auditor as of September 2012.

#### **Recommendation 1—See pages 26—30 of the audit report for information on the related finding.**

To increase consistency, the department should remind schools and school districts of the importance of aligning their procedures for recording pupil enrollment and exit data with the *CALPADS Data Guide*.

#### ***Department's Action: Fully implemented.***

According to the department, it distributes a letter to local educational agencies every fall with a reminder of the upcoming data collection cycle. On September 14, 2012, the department issued correspondence to all school district superintendents, county office superintendents, and charter school administrators reminding them of the importance of reporting data accurately and directing them to guidance on data submission available on the department's Web site at [www.cde.ca.gov/calpads](http://www.cde.ca.gov/calpads), under the *System Documentation* link.

#### **Recommendation 2—See pages 30 and 31 of the audit report for information on the related finding.**

To improve efficiency, the department should inform school districts of the value of frequently updating the data they transfer from their local student information systems to CALPADS. Also, to the extent that departments become aware of ways that schools and school districts can perform CALPADS-related activities more efficiently, it should provide written guidance to schools and school districts on these best practices.

***Department's Action: Fully implemented.***

In correspondence issued on September 14, 2012, the department reminded school districts that data is used for multiple purposes throughout the year and emphasized the importance of updating the data school districts' transfer from their local student information systems to CALPADS. According to the department, if it becomes aware of new efficiencies for performing CALPADS-related activities, it will update existing guidance that is available on the department's Web site accordingly.

**Recommendation 3—See pages 32 and 33 of the audit report for information on the related finding.**

To improve the utility of CALPADS and fulfill the legislative intent of the system, the department should work with the Legislature, the State Board of Education, and the governor to identify priorities for building upon the system when funding is available. These priorities could include tracking student participation in dropout prevention programs or strategies to measure the effectiveness of those programs or strategies over time.

***Department's Action: Partially implemented.***

The department stated that it has engaged stakeholders, including State Board of Education staff and legislative staff, regarding how CALPADS can be used now and in the future. However, according to the department, existing budget language specifically restricts the department from adding any additional data elements to CALPADS at this time. Therefore, the department stated that the discussions it has held with stakeholders have been related to how currently collected data might be used and how CALPADS may be further utilized if additional funding becomes available and budget language is changed to be less restrictive.

***Legislative Action: Legislation vetoed.***

Senate Bill 1497 (as enrolled August 30, 2012) of the 2011–12 Regular Legislative Session, if enacted, would have prohibited a pupil from being included and reported more than once in data on pupil dropout rates produced by CALPADS and reported by the Superintendent of Public Instruction. This bill was vetoed by the governor on September 26, 2012.

# California Department of Education

## Misuse of State Resources, Inexcusable Neglect of Duty (Case I2011-1083)

### REPORT NUMBER I2012-1, CHAPTER 9, ISSUED DECEMBER 2012

This report concluded that a California Department of Education (Education) employee misused state time and equipment when he posted nearly 4,900 comments on *The Sacramento Bee's* news Web site during state time. The employee also performed work for a third party using state resources during state time. The employee's former supervisor failed to supervise the employee appropriately, thus enabling the employee's misuse of state time and equipment.

In the report, the California State Auditor (state auditor) made the following recommendations to Education. The state auditor's determination regarding the current status of recommendations is based on Education's response to the state auditor as of December 2012.

#### **Recommendation 1—See pages 58 and 59 of the investigative report for information on the related finding.**

Education should block *The Sacramento Bee's* Web site from the employee's computer station for a specified period.

#### ***Education's Action: Fully implemented.***

Education reported that the employee resigned in November 2012, and that the recommendation no longer is applicable.

#### **Recommendation 2—See pages 58 and 59 of the investigative report for information on the related finding.**

Education should evaluate the necessity of the employee's direct access to *The Sacramento Bee's* Web site and take appropriate actions to prevent further abuses of state resources. These actions may include blocking other specific Web sites or periodically monitoring the employee's Internet usage.

#### ***Education's Action: Fully implemented.***

Education reported that the employee resigned in November 2012, and that the recommendation no longer is applicable.

#### **Recommendation 3—See pages 58—60 of the investigative report for information on the related finding.**

Education should take appropriate corrective action against the employee for misusing state resources.

#### ***Education's Action: No action taken.***

Education reported that the employee resigned in November 2012, and that the recommendation no longer is applicable. However, Education had at least one month after we notified it of the activity in October 2012 to pursue corrective action, and could still take action to ensure that the employee's misconduct is noted in the employee's official personnel file.

#### **Recommendation 4—See pages 60 and 61 of the investigative report for information on the related finding.**

Education should take appropriate corrective action against Supervisor A for failing to adequately monitor and discipline the employee.

*Education's Action: Partially implemented.*

Education reported that Supervisor A attended its in-house training on personnel management. Education claimed that this training was designed to improve the supervisor's personnel management knowledge and skills, including awareness of incompatible activities, progressive discipline, and employee disciplinary actions. However, this training does not constitute taking corrective action against the supervisor for neglecting his duty to monitor and discipline the employee.

# California's Postsecondary Educational Institutions

## Some Institutions Have Not Fully Complied With Federal Crime Reporting Requirements

### REPORT NUMBER 2012-032, ISSUED OCTOBER 2012

This report concludes that the six California postsecondary educational institutions (institutions) we visited—Academy of Art University (Academy); California State University, Northridge (Northridge); Laney College (Laney); San Bernardino Valley College (San Bernardino); San Diego City College (San Diego); and University of the Pacific (Pacific)—did not fully comply with the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) requirements. All six institutions reported at least some inaccurate statistics, none of the institutions disclosed all of the required policies in their annual security reports, and four of the six institutions did not properly notify prospective employees of the availability of their annual security reports. Most of the errors leading to inaccurate statistics resulted in institutions reporting more crimes than the Clery Act required them to disclose. We also found that the most frequently missing policy disclosures were related to emergency response and evacuation procedures. Failure to comply with the Clery Act may result in federal financial penalties of up to \$27,500 per violation. Furthermore, the U.S. Department of Education (Education) has stated that the goal of safety- and security-related regulations is to provide students and their families, as higher education consumers, with accurate, complete, and timely information about safety on campus so that they can make informed decisions. We identified several reasons for institutions' lack of compliance with the Clery Act. These reasons included not adequately reviewing and adhering to guidance related to the Clery Act and the absence of a thorough review of annual security reports for accuracy before publication.

In the report, the California State Auditor (state auditor) made the following recommendations to the six institutions we audited. The state auditor's determination regarding the current status of recommendations is based on each of the six institutions' responses to the state auditor as of December 2012 and January 2013.

#### **Recommendation 1.1.a—See pages 11—20 of the audit report for information on the related findings.**

To ensure that they comply with the Clery Act by correctly reporting all applicable crimes and disclosing all required campus security policies, institutions should review and adhere to applicable guidance related to the Clery Act, including Education's Office of Postsecondary Education's (OPE) *Handbook for Campus Safety and Security Reporting* (OPE handbook) and the Federal Bureau of Investigation's *Uniform Crime Reporting Handbook*.

#### ***Academy's Action: Fully implemented.***

According to the Academy, the annual security report will be updated each year. To ensure that the report includes only Clery reportable crimes as well as the campus security procedures and disclosures required by Education, reportable crimes will be based on the OPE handbook and Academy staff will stay current on new disclosure requirements by attending Clery conferences and monitoring Clery updates.

#### ***Northridge's Action: Fully implemented.***

According to the police department at Northridge, it has reviewed and will adhere to the applicable guidelines related to the Clery Act. Specifically, Northridge records unit personnel will continue to use the OPE handbook as its primary resource for meeting Clery Act requirements.

#### ***Laney's Action: Pending.***

Laney did not provide a response to the state auditor as requested in time to include it in this report.

***San Bernardino's Action: Pending.***

According to San Bernardino's police department, it is updating its annual security report's policies and procedures for both crime statistics and campus security policy disclosures to include a review of the OPE handbook and the Federal Bureau of Investigation's *Uniform Crime Reporting Handbook* to ensure Clery Act compliance.

***San Diego's Action: Pending.***

According to the San Diego Community College District (district), its Clery Act Compliance Committee is assessing compliance concerns, including district policies and procedures. All policies and procedures determined to be out of compliance with the Clery Act will be revised and/or included in future annual security reports. Also, the district's Emergency Communications Policy and Procedure is currently under administrative review. Once approved, this policy and procedure will be added to the 2012 annual security report. Lastly, the district is developing additional information to include in future annual security reports regarding illegal drug and alcohol policies.

***Pacific's Action: Pending.***

Pacific did not provide a response to the state auditor as requested in time to include it in this report.

**Recommendation 1.1.b—See pages 11—20 of the audit report for information on the related findings.**

To ensure that they comply with the Clery Act by correctly reporting all applicable crimes and disclosing all required campus security policies, institutions should thoroughly review the Clery Act crime statistics and security policy disclosures in their annual security reports for accuracy before publication.

***Academy's Action: Partially implemented.***

According to the Academy, the annual security report will be updated each year. To ensure that the report includes only Clery reportable crimes, the report will be reviewed for accuracy by the Academy's Clery officer and director of security. These reviews will occur throughout the year as well as at year end before the report is released for publication. Also, as mentioned under recommendation 1.1.a, Academy staff will stay current on new disclosure requirements by attending Clery conferences and monitoring Clery updates. However, although the Academy indicated that it will be taking steps to stay informed of the disclosures required by Education, it did not mention the steps it would take to ensure that any changes to its campus security procedures related to those disclosures are reflected in its annual security report.

***Northridge's Action: Fully implemented.***

According to Northridge, in 2012, it established a two-step process to ensure that the annual security report includes all the required policy statements and disclosures as well as accurate statistics. This process includes a review by the records supervisor who writes the report. Next, the report is reviewed by the records administrator to verify its completeness. The review is completed by using a checklist of the procedures, policies, disclosures, practices, and programs as required by Education to be included in the report.

***Laney's Action: Pending.***

Laney did not provide a response to the state auditor as requested in time to include it in this report.

***San Bernardino's Action: Pending.***

According to San Bernardino, it is updating its annual security report's policies and procedures to include a secondary review of the Clery Act crime statistics and security policy disclosures in its annual security report to ensure this information is accurate before the report is published.

***San Diego's Action: Partially implemented.***

According to the district, it is continuing to take the necessary steps to ensure that the crime reporting review process is in compliance with the federal definition of all Clery reportable crimes. However, these steps were not explained. In addition, the district did not mention the steps it would take to stay current on new disclosure requirements or the steps it would take to ensure that any changes to campus security procedures related to new disclosures are reflected in the annual security report.

***Pacific's Action: Pending.***

Pacific did not provide a response to the state auditor as requested in time to include it in this report.

**Recommendation 1.1.c—See pages 16 and 17 of the audit report for information on the related finding.**

To ensure that they comply with the Clery Act by correctly reporting all applicable crimes and disclosing all required campus security policies, institutions should ensure that they have a complete, accessible daily crime log, as required by the Clery Act.

***Laney's Action: Pending.***

Laney did not provide a response to the state auditor as requested in time to include it in this report.

***San Bernardino's Action: Pending.***

According to San Bernardino, it is planning to ensure that the daily crime log is reviewed by a supervisor on a daily basis and forwarded to the chief of police for verification of accuracy.

***San Diego's Action: Fully implemented.***

According to the district, it will now spot check the daily crime log for accuracy for a period of at least six-months to ensure that all required information is being reported correctly.

***Pacific's Action: Pending.***

Pacific did not provide a response to the state auditor as requested in time to include it in this report.

**Recommendation 1.2—See pages 20 and 21 of the audit report for information on the related finding.**

Institutions should ensure that they properly notify both current and prospective students and employees of the availability of their annual security reports in the manner prescribed by the Clery Act.

***Laney's Action: Pending.***

Laney did not provide a response to the state auditor as requested in time to include it in this report.

***San Bernardino's Action: Pending.***

According to San Bernardino, it is in the process of updating its policies and procedures for notifying current and perspective students as well as current and perspective employees of its annual security report to ensure the notification is done properly.

***San Diego's Action: Partially implemented.***

According to the district, it has added a link to the annual security report on the district's Employment Opportunities Web site. Also, its Clery Act Compliance Committee is working with the district's Human Resources to establish any additional guidelines necessary for compliance with the notification requirement.

***Pacific's Action: Pending.***

Pacific did not provide a response to the state auditor as requested in time to include it in this report.



# Commission on Teacher Credentialing

## Despite Delays in Discipline of Teacher Misconduct, the Division of Professional Practices Has Not Developed an Adequate Strategy or Implemented Processes That Will Safeguard Against Future Backlogs

### REPORT NUMBER 2010-119, ISSUED APRIL 2011

This report concludes that, according to Commission on Teacher Credentialing (commission) management, as of the summer of 2009 the Division of Professional Practices (division) had accumulated a backlog of about 12,600 unprocessed reports of arrest and prosecution (RAP sheets), resulting from an insufficient number of trained staff, ineffective and inefficient processes, and a lack of an automated system for tracking the division's workload. These conditions appear to have resulted in delayed processing of alleged misconduct and potentially allowed educators of questionable character to retain a credential. Some of the more extreme cases involved allegations that credential holders distributed obscene material to a student, demonstrated recurring misconduct such as prostitution and petty theft, kissed a student, and made inappropriate sexual comments to female students.

The division needs further improvement in its processing of reports of misconduct. For example, the division and the Committee of Credentials (committee) have not addressed some of the important challenges to promptly reviewing reports of misconduct and making recommendations to the commission regarding discipline for the credential holders. Specifically, the division receives more reports each month than the committee can review. To streamline the committee's workload, the division will close or decide not to open cases if it believes the committee would not choose to recommend disciplinary action against the credential holder; however, we question the division's legal authority to do so.

Additionally, the division lacks written procedures for processing reported misconduct, adequate performance data regarding the time needed to review reports, accurate and complete data regarding its caseload, and adequate management reports to facilitate tracking of its caseload.

Finally, 40 percent of the commission employees who responded to our survey indicated that familial relationships or employee favoritism compromised the commission's hiring and promotion practices. In addition, the commission does not have a complete set of approved hiring procedures that it uses consistently, nor do its managers and staff consistently document their steps in the hiring process or their justification for selecting candidates. Consequently, the commission is vulnerable to allegations that its hiring decisions are unfair and that employment opportunities are not afforded equally to all candidates.

In the report, the California State Auditor (state auditor) made the following recommendations to the commission. The state auditor's determination regarding the current status of the recommendation is based on the commission's responses to the state auditor as of April, June, and August 2012.

#### **Recommendation 1.1—See pages 38 and 39 of the audit report for information on the related finding.**

To comply with the law and reduce unnecessary workload, the division should continue to notify the California Department of Justice (Justice) of RAP sheets for individuals in whom the division is no longer interested, so Justice will no longer notify the division of criminal activity for these individuals.

#### ***Commission's Action: Fully implemented.***

The commission has continued to notify Justice of the RAP sheets it no longer is interested in receiving. The commission also stated that as of March 5, 2012, it began an automated process of returning RAP sheets to Justice. Further, the commission stated it promulgated a regulation governing the expiration of fingerprints so that as a person's fingerprints expire under the proposed regulation, the commission's database will automatically notify Justice that it should no longer send RAP sheets for that person.

**Recommendation 2.1—See pages 48 and 49 of the audit report for information on the related finding.**

The commission should revise its strategic plan to identify the programmatic, organizational, and external challenges that face the division and the committee, and determine the goals and actions necessary to accomplish its mission.

***Commission's Action: Fully implemented.***

The commission adopted an amendment to its 2007 strategic plan at its March 2012 meeting. The amendment adds to the current strategic plan a goal 7: "Effectively, efficiently, and fairly monitor the fitness of all applicants and credential holders to work with California students." The amendment also identifies five objectives and the major activities that need to take place in order to implement the objectives. According to the commission, the focus of the first two objectives is the remediation of the issues identified by the state auditor in its report. Finally, the commission also indicated that it held a one-day retreat for strategic planning to consider commission-wide issues and challenges.

**Recommendation 2.2—See page 50 of the audit report for information on the related finding.**

To ensure that it can effectively process its workload in the future, the commission should collect the data needed to identify the staffing levels necessary to accommodate its workload.

***Commission's Action: Fully implemented.***

According to the commission, its Credentialing Automation System Enterprise (database) now captures every case assignment to staff, every common activity completed by staff, and each change in staff assignment as a case moves through the review process. The commission also stated that it standardized and implemented changes to its work processes, reorganized the staff of the division, restructured the management team to narrow the span of control and increase accountability, and submitted numerous policies regarding cases to the commission for its decision. Further, according to the commission, because of serious budget constraints caused by its decrease in revenue, any increase in staffing levels must be achieved through the redirection of existing resources within the commission or increasing the efficiencies within the division. Although the commission indicated that the data collected within the division will support a workload study, it has yet to perform one.

**Recommendation 2.3—See page 51 of the audit report for information on the related finding.**

The commission should seek a legal opinion from the attorney general to determine the legal authority and extent to which the committee may delegate to the division the discretionary authority to close investigations of alleged misconduct without committee review, and take all necessary steps to comply with the attorney general's advice.

***Commission's Action: Fully implemented.***

The commission submitted a request to the attorney general on May 2, 2011. However, in its one-year response, the commission indicated that it was not waiting for the attorney general's opinion to begin increasing the number of cases presented to the committee. It stated that it had taken steps to increase the number of cases the committee was reviewing from 50-60 cases to 100 cases each month by May 2012 to determine if that workload was possible for the committee.

At its August 2012 meeting, the division informed the commission that since May 2011 it has been presenting all cases to the committee and that the practice was working. As a result, the commission adopted the following policy: All matters where the committee has jurisdiction to investigate shall be presented to the committee. Any exceptions to this policy shall only be made where the commission has explicitly granted staff specific authority to take such an action with sufficient clarity that the staff's action is a ministerial duty. Since this policy made the commission's request for a formal opinion from the attorney general unnecessary, it also approved the withdrawal of the request at its August 2012 meeting.

**Recommendation 2.4—See pages 49 and 50 of the audit report for information on the related finding.**

Once the commission has received the attorney general's legal advice regarding the extent to which the committee may delegate case closures to the division, the commission should undertake all necessary procedural and statutory changes to increase the number of cases the committee can review each month.

***Commission's Action: Fully implemented.***

This recommendation was resolved by the commission's actions described under recommendation 2.3.

***Legislative Action: No longer necessary.***

**Recommendation 2.5—See pages 51—54 of the audit report for information on the related finding.**

The division should develop and formalize comprehensive written procedures to promote consistency in, and conformity with, management's policies and directives for reviews of reported misconduct.

***Commission's Action: Fully implemented.***

As indicated in its six-month response, the commission developed and posted on its intranet a procedures manual that generally indicates revised dates of April and May 2011. According to the commission, it plans to update the procedures manual as the procedures are fine tuned or new rules are developed. It also indicated that the new general counsel will initiate a review of the current manual and establish time frames for annually reviewing and updating the manual to ensure it remains current.

**Recommendation 2.6—See pages 54 and 55 of the audit report for information on the related finding.**

The division should provide the training and oversight, and should take any other steps needed, to ensure that the case information in its database is complete, accurate, and consistently entered to allow for the retrieval of reliable case management information.

***Commission's Action: Fully implemented.***

As indicated in its six-month response, the commission provided training to its staff to ensure that they consistently and accurately enter information into the database. Additionally, in its one-year response, the commission stated that most of the management and supervisory team in the division were replaced and it is in the process of recruiting a new management team. According to the commission, management duties will include routine or scheduled reviews of data.

In an August 2012 update, the commission provided its newly developed policy and procedures for reviewing data to ensure its accuracy. The commission also stated that it selected a random sample of 60 case files and reviewed 23 key data points for each file, creating a possibility of 1,380 errors. According to the commission, it developed, completed, and saved documentation of this review, during which it found a very low rate of error—only seven errors in total. Finally, in keeping with the procedures that the division developed, the commission plans to complete this data audit annually.

**Recommendation 2.7—See pages 55 and 56 of the audit report for information on the related finding.**

The commission should continue to implement its new procedures related to deleting cases from its database to ensure that all such proposed deletions are reviewed by management for propriety before they are deleted and a record is kept of the individuals to which each such deleted case record pertains. Further, the commission should develop and implement policies and procedures related to managing changes and deletions to its database.

***Commission's Action: Fully implemented.***

The commission developed a deletion management process and created a policy and procedures related to managing changes and deletions in its database. In addition, the policy requires the chief counsel to audit the data on an annual basis which, according to the commission, will occur after the new management team is in place.

**Recommendation 2.8—See pages 56—59 of the audit report for information on the related finding.**

To ensure that the division promptly and properly processes the receipt of all the various reports of educator misconduct it receives, such as RAP sheets, school reports, affidavits, and self-disclosures of misconduct, it should develop and implement procedures to create a record of the receipt of all these reports that it can use to account for them. In addition, the process should include oversight of the handling of these reports to ensure that case files for the reported misconduct are established in the commission's database to allow for tracking and accountability.

***Commission's Action: Fully implemented.***

As indicated in its six-month response, the commission developed and implemented an intake document database to ensure that staff promptly log-in and assign a number to all reports of educator misconduct, such as school reports, affidavits, and self-disclosures, it receives. The commission indicated that the intake system allows the division to track complaints that do not become cases, link complaints to a case and an individual, and can generate reports that assist management to monitor the status of the complaints.

**Recommendation 2.9.a—See pages 59—62 of the audit report for information on the related finding.**

To adequately address the weaknesses we discuss in its processing of reports of misconduct, the division should revisit management's reports and processes for overseeing the investigations of misconduct to ensure that the reports and practices provide adequate information to facilitate reduction of the time elapsed to perform critical steps in the review process.

***Commission's Action: Fully implemented.***

As indicated in its one-year response, the commission developed a variety of case aging reports designed to show the age of cases and to provide management with the information necessary to oversee and monitor the investigation of all reports of misconduct. These reports appear to include information about critical steps in the review process. Additionally, the committee recently reviewed a plan on setting performance measures for critical stages of the division's business processes. The plan also presents proposed targets to perform vital tasks and a proposed report on performance measures, with targets, cycle time, and volume. According to the plan, these measurements will be displayed in a data dashboard, an executive level information display that is designed to be easy to read. However, the commission stated that to implement the dashboard requires revisions to the database, which will not be completed until the summer of 2012. In an August 2012 update, the commission stated that it has implemented the dashboard, which is described more fully under recommendation 2.9.c.

**Recommendation 2.9.b—See pages 59—62 of the audit report for information on the related finding.**

The division should adequately track the reviews of reports of misconduct that may require mandatory action by the commission to ensure the timely revocation of the credentials for all individuals whose misconduct renders them unfit for the duties authorized by their credential.

***Commission's Action: Fully implemented.***

The commission has developed or enhanced reports to track and monitor the progress of cases involving mandatory offenses and it provided examples of these reports. According to the commission, these reports provide the tools needed by management to monitor the workload involving mandatory offenses and to ensure timely revocation or denial of credentials.

**Recommendation 2.9.c—See pages 59—62 of the audit report for information on the related finding.**

The division should ensure that its reports and practices provide adequate information to facilitate prompt requests for information surrounding reports of misconduct from law enforcement agencies, the courts, schools, and knowledgeable individuals.

***Commission's Action: Fully implemented.***

In its one-year response, the commission stated that at its January 2012 meeting, it reviewed a “dashboard measurement” tool for setting performance measures for critical stages of the division’s business processes. It also presented proposed targets to perform vital tasks, such as for requesting documents related to the misconduct from the appropriate entities, as well as a sample report on performance measures that displays targets, cycle times, and volumes. However, the commission stated that to implement the dashboard requires revisions to the database, which will not be completed until the summer of 2012.

In an August 2012 update, the commission indicated that it had actually developed and was using two dashboards to provide data about the promptness of handling cases. According to the commission, one dashboard is for the commission’s use in exercising its oversight responsibilities for discipline cases and measures three key stages of the division’s workload: intake of mail, case management, and review by the committee. It also stated that each item on the dashboard gives three critical measurements: volume of work, average time for the work, and the goal for timely action. Further, the commission indicated that it developed and is using a second dashboard that focuses on key areas within the intake unit, which experiences the highest volume of work, to provide managers and staff with an easy to view method of seeing progress and problems.

**Recommendation 2.9.d—See page 60 of the audit report for information on the related finding.**

The division should ensure that its reports and practices provide adequate information to facilitate an understanding of the reasons for delays in investigating individual reports of misconduct without having to review the paper files for the cases.

***Commission's Action: Fully implemented.***

The commission modified its database to include a “Cause for Delay” activity and it incorporated this activity into three of the reports its database generates. According to the commission, this will allow management to determine whether a case is delayed, whether the delay is caused by an external agency, and the reason for the delay. Although the commission has built the activity into the database, it stated that due to certain warranty issues surrounding its database, it cannot implement the activity until the end of May 2012. Since its April 2012 response, the commission developed procedures on the activities staff will perform to track the “cause for delay” in the database. In June 2012, it conducted training related to these procedures and, according to the commission staff began entering the reasons for delays as they reviewed cases. Finally, in the August 2012 update, the commission stated that its information technology section developed a report on causes for delay.

**Recommendation 2.9.e—See page 61 of the audit report for information on the related finding.**

The division should provide clear evidence of management review of reports intended to track the division's progress in its investigations of misconduct.

***Commission's Action: Fully implemented.***

According to the commission, beginning in October 2011, it has held a weekly management meeting that includes the chief counsel, assistant chief counsel, supervising special investigator, and the acting staff services manager and it plans to include new managers as they are recruited. The commission stated that during the weekly meeting the management team focuses on issues facing the division, including staffing issues, case work issues, and case delays as well as spending some time to review various reports. However, the commission indicated that the management team does not review every type of report at each meeting, but all reports are provided to each manager as they are developed.

**Recommendation 2.9.f—See page 62 of the audit report for information on the related finding.**

The division should clearly track the dates at which the commission will lose its jurisdiction over the case as a result of the expiration of statute-based time frames for investigating the misconduct.

***Commission's Action: Fully implemented.***

The commission stated it modified its database to include statute of limitation dates to show when it will lose jurisdiction to investigate a case. The commission developed a monthly report for the purpose of alerting management about any cases that are within six months of the statute of limitations date, created procedures to inform staff on how to enter the statute of limitations date into the database, and trained staff on the process. For cases involving reports from school districts, the commission indicated that attorneys now review the reports during the intake process to determine the correct date for the statute of limitations.

**Recommendation 2.10—See page 61 of the audit report for information on the related finding.**

The division should develop and implement procedures to track cases after they have been assigned to the investigative process.

***Commission's Action: Fully implemented.***

The commission stated that it developed procedures, modified the database, and developed and implemented the "COC Assigned and Pending Cases" report to track cases after they are assigned to the investigative process. In addition, the commission provided training on the investigative process.

**Recommendation 3.1.a—See pages 67 and 68 of the audit report for information on the related finding.**

To better ensure that its hiring decisions are fair and that employment opportunities are equally afforded to all eligible candidates, and to minimize employees' perceptions that its practices are compromised by familial relationships or employee favoritism, the commission should prepare and/or formally adopt a comprehensive hiring manual that clearly indicates hiring procedures and identifies the parties responsible for carrying out various steps in the hiring process.



***Commission's Action: Fully implemented.***

As indicated in its six-month response, the commission developed and adopted a hiring handbook in June 2011, which identifies the hiring process and the parties responsible for each stage in the hiring process. The commission indicated that the State Personnel Board<sup>1</sup> provided assistance in the development of the handbook and its senior managers reviewed and approved the handbook. The commission also indicated that it is consulting with the State Personnel Board to develop best practices in the commission's office of human resources, including developing and publishing an annual examination plan.

**Recommendation 3.1.b—See pages 68—70 of the audit report for information on the related finding.**

To better ensure that its hiring decisions are fair and that employment opportunities are equally afforded to all eligible candidates, and to minimize employees' perceptions that its practices are compromised by familial relationships or employee favoritism, the commission should maintain documentation for each step in the hiring process. For example, the commission should maintain all applications received from eligible applicants and should preserve notes related to interviews and reference checks. Documentation should be consistently maintained by a designated responsible party.

***Commission's Action: Fully implemented.***

As indicated in its six-month response, according to the commission, it held a training session for all supervisors and managers on June 22, 2011. The training included an overview of the documentation that managers and supervisors must submit to the commission's office of human resources for each step in the hiring process.

**Recommendation 3.1.c—See pages 68—70 of the audit report for information on the related finding.**

To better ensure that its hiring decisions are fair and that employment opportunities are equally afforded to all eligible candidates, and to minimize employees' perceptions that its practices are compromised by familial relationships or employee favoritism, the commission should ensure hiring managers provide to the commission's office of human resources documentation supporting their appointment decisions, and the office of human resources should maintain this documentation so that it can demonstrate that the hiring process was based on merit and the candidate's fitness for the job.

***Commission's Action: Fully implemented.***

As indicated in its six-month response, the commission stated that its office of human resources monitors all hiring processes and maintains documentation for each hiring and examination process, including applications received, notes related to interviews, reference checks, and hiring justification.

**Recommendation 3.2.a—See pages 70—73 of the audit report for information on the related finding.**

To ensure that employees understand their right to file either an Equal Employment Opportunity (EEO) complaint or a grievance, and to reduce any associated fear of retaliation, the commission should include in its EEO policy a statement informing staff members that they may make complaints without fear of retaliation.

<sup>1</sup> On July 1, 2012, the State Personnel Board and the Department of Personnel Administration were combined to create the California Department of Human Resources.

***Commission's Action: Fully implemented.***

As indicated in its six-month response, on May 9, 2011, the commission provided its staff an updated EEO policy, which states that employees may make complaints without fear of reprisal. In addition, the commission's EEO handbook informs staff that retaliation and intimidation is not allowed.

**Recommendation 3.2.b—See pages 70—73 of the audit report for information on the related finding.**

The commission should actively notify employees annually of its EEO complaint and grievance processes, including the protection from retaliation included in both.

***Commission's Action: Fully implemented.***

As indicated in its six-month response, the commission stated that it plans to remind all staff members annually of the EEO and Sexual Harassment Prevention Policy and that staff will be required to certify that they have reviewed the policy.

**Recommendation 3.2.c—See pages 70—73 of the audit report for information on the related finding.**

The commission should conduct training on its EEO complaint process on a periodic basis.

***Commission's Action: Fully implemented.***

As indicated in its six-month response, according to the commission, as of August 25, 2011, all managers and supervisors participated in a training workshop on workplace retaliation provided by the Department of Fair Employment and Housing. The commission also provided EEO training to the rank and file employees and a separate training for all supervisors and managers during September and October 2011. According to the commission, it plans to continue to provide this training on a biennial basis.



# Los Angeles Unified School District

## It Could Do More to Improve Its Handling of Child Abuse Allegations

### REPORT NUMBER 2012-103, ISSUED NOVEMBER 2012

This report concludes that the Los Angeles Unified School District (district) often did not properly notify the Commission on Teacher Credentialing (commission) when required to do so, such as when an employee with a certificate to teach is dismissed while an allegation of misconduct is pending. Our review of the information the district provided to the commission found that the district failed to report as required at least 144 cases—including cases involving employee misconduct against students—submitted a year or more late when the district finally did report them. Of the 144 cases, 31 were more than three years late when they were reported to the commission. As a result of the delays in reporting these cases, the commission was not able to determine promptly whether it was appropriate to revoke the teachers' certificates and thus prevent the individuals from working in other school districts. Further, we found that there is no statewide mechanism to communicate to other school districts when a classified employee at any given district, such as a campus aide or food service worker, separates by dismissal, resignation, or settlement during the course of an investigation involving misconduct with students.

The district has made improvements to its policies and procedures related to reporting, investigating, and tracking suspected child abuse over time. However, although the district generally followed state law and its own policies and procedures when reporting and investigating suspected child abuse, we found that the district did not always act promptly on some allegations during the investigation, nor did it always discipline employees in a timely manner. During an investigation of employee misconduct, the district is responsible for keeping the employee away from the school site. The district's policy for addressing this responsibility is to *house* the employee—to relocate him or her away from its school sites. During this time the district continues to pay the employee's salary. We noted that the district paid \$3 million in salaries to 20 employees housed the longest for allegations of misconduct against students. Finally, the lengthy and expensive dismissal process required by state law contributes to the district's settling with employees rather than continuing with the dismissal process. However, the district does not maintain a districtwide tracking mechanism for settlements that includes the total amount paid out and descriptions of the misconduct. Such information could help the district identify and analyze patterns and trends associated with providing a settlement.

In the report, the California State Auditor (state auditor) made the following recommendations to the district and the Legislature. The state auditor's determination regarding the current status of recommendations is based on the district's response to the state auditor as of November 2012.

#### **Recommendation 1.1—See pages 14—19 of the audit report for information on the related finding.**

To ensure that the commission is made aware of certificated employees who need to be reviewed to determine whether the employees' teaching credentials should be suspended or revoked, the district should adhere to state requirements for reporting cases to the commission. Further, the district should avoid reporting cases that are not yet required to be reported so that it will not overburden the commission.

#### ***District's Action: Partially implemented.***

The district states that between February 2012 and May 2012 it conducted a comprehensive review of all aspects of the reporting process in order to analyze strengths and weaknesses and make any necessary improvements. According to the district, the review resulted in the development of a reporting system that incorporates a team approach, detailed internal protocols with built-in redundancy, and an enhanced database to track and monitor all aspects of commission reporting.

The district also reports that it has put in place a commission reporting team that has developed detailed internal protocols and procedures that identify reportable cases and the specific responsibilities of each team member. According to the district, each case is reviewed by at least two team members and regular monitoring is conducted by additional team members.

The district states that to ensure that cases are effectively reported and tracked, a new commission reporting component was created within the Employee Relations misconduct database in March 2012. This component tracks initial reports to the commission, follow-up correspondence between the district and the commission related to the initial report, and statutory notification to employees. The district's Human Resources Division plans to conduct internal audits of the reporting process and procedures and make improvements as warranted in order to ensure student safety.

**Recommendation 1.2—See pages 19—21 of the audit report for information on the related finding.**

The Legislature should consider establishing a mechanism to monitor classified employees who have separated from a school district by dismissal, resignation, or settlement during the course of an investigation for misconduct involving students, similar to the oversight provided by the commission for certificated employees. If such a mechanism existed, school districts throughout the State could be notified before hiring these classified employees.

***Legislative Action: Unknown.***

The state auditor is not aware of any action taken by the Legislature as of December 18, 2012.

**Recommendation 2.1—See pages 34—40 of the audit report for information on the related finding.**

To ensure that investigations proceed in a timely manner and that the district disciplines employees promptly, the district should increase its oversight of open allegations of employee abuse against students.

***District's Action: Pending.***

The district states that as a component of its recent reorganization, its Human Resources Division has augmented support for investigations and any resulting discipline by assigning additional staff relations personnel to the district's new Educational Service Centers, creating a Certificated Performance Evaluation Support Unit, and more strategically utilizing the previously created Investigations Unit. According to the district, these units have collaborated in designing and conducting intensive training on conducting investigations for school site administrators and operations personnel. The district indicates that various units are collaborating in creating guidelines for administrative investigations of allegations of employee misconduct as well as providing appropriate assistance in conducting investigations related to the investigations.

**Recommendation 3.1—See pages 48—50 of the audit report for information on the related finding.**

To ensure that it does not duplicate efforts and that its information is complete, the district should identify one division to maintain a districtwide tracking mechanism for settlements that includes the total amounts paid and descriptions of the misconduct.

***District's Action: Pending.***

The district plans to establish a confidential integrated settlement database, which is to be maintained by its Office of General Counsel, as soon as possible to address the concerns outlined in the audit. The district plans to assemble a team, consisting of representatives from various departments, which will be responsible for evaluating the audit findings, determining whether district licensed computer programs can be used to establish the necessary confidential tracking

database, or if new programming is required. According to the district, the team will work towards establishing a process and procedure that is streamlined and efficient and provides the district with the means of tracking the total cost of the settlements in employee dismissal actions and a description of the misconduct for which dismissal is sought.



# University of California

## Although the University Maintains Extensive Financial Records, It Should Provide Additional Information to Improve Public Understanding of Its Operations

### REPORT NUMBER 2010-105, ISSUED JULY 2011

The report concludes that the University of California (university) budgeted widely varying amounts to its 10 campuses. For fiscal year 2009–10, the per-student budget amount ranged from \$12,309 for the Santa Barbara campus to \$55,186 for the San Francisco campus. Although the university identified four factors that it believes contributed to the differing budget amounts, it did not quantify their effects. The university can also improve the transparency of its financial operations. Despite the university's recent efforts to improve the transparency of its budget process, it should take additional steps to increase the ability of stakeholders to better hold the university accountable for how it distributes public funding to various campuses, and to reduce the risk that the allocation process may be perceived as inequitable. Further, although the university publishes annually a report of the campuses' financial schedules, it could provide other information including beginning and ending balances for individual funds and could publish consistent information for its auxiliary enterprises. We further reported that the Office of the President needs to more precisely track about \$1 billion of expenses annually that it currently tracks in a single accounting code—Miscellaneous Services—and that a recent change in university policy allows campuses to subsidize auxiliary enterprises with funding from other sources, despite the intent that they be self-supporting. Finally, we discovered two instances when the university designated \$23 million in student funding to pay for capital projects on the Los Angeles campus that were not authorized by the student referendum establishing the fee.

In the report, the California State Auditor (state auditor) made the following recommendations to the university. The state auditor's determination regarding the current status of recommendations is based on the university's response to the state auditor as of July 2012.

#### **Recommendation 2.1—See pages 31—38 of the audit report for information on the related finding.**

To address the variations in per-student funding of its campuses, the university should complete its reexamination of the base budgets to the campuses and implement appropriate changes to its budget process. As part of its reexamination of the base budget, it should:

- Identify the amount of general funds and tuition budget revenues that each campus receives for specific types of students (such as undergraduate, graduate, and health sciences) and explain any differences in the amount provided per student among the campuses.
- Consider factors such as specific research and public service programs at each campus, the higher level of funding provided to health sciences students, historical funding methods that favored graduate students, historical and anticipated future variations in enrollment growth funding, and any other factors applied consistently across campuses.
- After accounting for the factors mentioned earlier, address any remaining variations in campus funding over a specified period of time.
- Make the results of its reexamination and any related implementation plan available to stakeholders, including the general public.

***University's Action: Partially implemented.***

The university stated that it established a systemwide workgroup consisting of chancellors and other campus leadership, faculty representatives, and leadership from the Office of the President to examine variations in funding across the system. It also indicated that this workgroup reviewed the base budgets and considered alternatives for adjusting distribution formulas, but did not attempt to quantify the existing variation. The workgroup completed its work and forwarded its findings to the university president for his consideration. The university stated that other constituencies are also reviewing the documents. According to the university, the core principles and recommendations offered by the workgroup create a framework that will form the basis of allocations of State General Funds going forward. It further stated that the framework calls for allocations of state funds to be based on a per-student calculation. The workgroup recommended a six-year timeframe for implementation. The university posted the workgroup's results on the Office of the President's Web site.

**Recommendation 2.2.a—See pages 38—40 of the audit report for information on the related finding.**

To help improve accountability in the university's budget process, and to help minimize the risk of unfair damage to its reputation, the university should take additional steps to increase the transparency of its budget process. Specifically, the Office of the President should continue to implement the proposed revisions to its budget process.

***University's Action: Fully implemented.***

The university stated that it has implemented proposed revisions to its budget process for fiscal year 2011–12. Specifically, it stated that these changes resulted in individual campuses retaining all student tuition and fee revenue, all research indirect cost recovery funds, and all other campus-generated funds.

**Recommendation 2.2.b—See pages 38—40 of the audit report for information on the related finding.**

To help improve accountability in the university's budget process, and to help minimize the risk of unfair damage to its reputation, the university should take additional steps to increase the transparency of its budget process. Specifically, the Office of the President should update its budget manual to reflect current practices and make its revised budget manual, including relevant formulas and other methodologies for determining budget amounts, available on its Web site.

***University's Action: Partially implemented.***

The university stated that the Office of the President is developing a new budget manual describing current budget practices. It also indicated that the work is still underway, but due to budget cuts and staff shortages, completion likely will be delayed a year beyond its scheduled July 2012 completion date. The university stated that it will publish the manual on its Web site when it is completed.

**Recommendation 2.2.c—See pages 38—40 of the audit report for information on the related finding.**

To help improve accountability in the university's budget process, and to help minimize the risk of unfair damage to its reputation, the university should take additional steps to increase the transparency of its budget process. Specifically, the Office of the President should continue its efforts to increase the transparency of its budget process beyond campus administrators to all stakeholders, including students, faculty, and the general public. For example, the Office of the President could make information related to its annual campus budget amounts, such as annual campus budget letters and related attachments, available on its Web site.

***University's Action: Pending.***

The university stated that it implemented changes to its budget process that result in individual campuses retaining campus-generated revenues, including all student tuition and fee revenue, indirect cost recovery funds from research, and other sources. According to the university, this change will increase the transparency of its budget. It also stated that it is reviewing the information about budget allocations currently available on its Web site, as well as other financial information made available on systemwide and campus Web sites.

**Recommendation 3.1—See pages 49—51 of the audit report for information on the related finding.**

To increase the transparency of university funds, the Office of the President should make available annually financial information regarding its funds, including beginning and ending balances; revenues, expenses, and transfers; and the impact of these transactions on the balances from year to year.

***University's Action: Pending.***

The university stated that it continues to analyze data and explore alternatives to consistently report unspent balances that are carried over to future years. It expects to include this information in its fiscal year 2012–13 reports.

**Recommendation 3.2—See pages 52—55 of the audit report for information on the related finding.**

To ensure that the campus financial information published by the Office of the President can be better evaluated by interested stakeholders, the university should disclose instances in which campuses subsidize auxiliary enterprises with revenues from other funding sources and should disclose the sources of that funding.

***University's Action: Partially implemented.***

The university stated that after gathering and analyzing data for fiscal year 2010–11, it identified \$1.4 million in campus unrestricted funds used to support auxiliary organizations. Two of the organizations were recently closed. The university also stated that it plans to continue to monitor this information annually. However, the university's response did not address disclosure to interested stakeholders nor identify the source of the funds used to subsidize auxiliary organizations.

**Recommendation 3.3—See pages 51 and 52 of the audit report for information on the related finding.**

To improve the transparency of its expenses, the university should identify more specific categories for expenses that are recorded under the Miscellaneous Services accounting code and should implement object codes that account for these expenses in more detail.

***University's Action: Partially implemented.***

The university stated that each campus implemented procedures for fiscal year 2011–12. It also indicated that it expects miscellaneous services will decrease by 90 percent over the next two fiscal years as other more appropriate accounts are used to report the expenses.

**Recommendation 3.4—See pages 55—57 of the audit report for information on the related finding.**

To ensure that campuses do not inappropriately use revenues generated from student fees imposed by referenda, the university should ensure that it, the regents, and the campuses do not expand the uses for such revenues beyond those stated in the referenda.

***University's Action: No action taken.***

- The university does not agree with this recommendation. The university maintains that the Regents of the University of California (regents) and, by delegation, the university president retain authority to modify the terms of collection and uses of revenue for all campus-based fees, including those established by campus-based referenda. It also stated that it will request approval at a future regents meeting for changes to the policy to clarify its position.

Further, the university indicated that it is collaborating with campuses on efforts to avoid the need for the Office of the President to change referenda language. When student referenda for campus-based fees are in the planning stages on the campus level, campuses frequently send draft referenda language to the Office of the President before printing the final language on student ballots. The language is circulated among budget and capital resources, general counsel, and student affairs staff within the Office of the President for review and comment. Staff work with the campuses to clarify any potentially confusing language in the referenda, and to ensure that referenda language is specific to the capital project(s) in question and to avoid leaving the door open to funding unnamed capital projects in the future.

Finally, the university pointed out that the Office of the President may not want to restrict campus flexibility in the future. It stated that campuses benefit from flexibility in their fund sources, future funding needs cannot always be anticipated, and it can be difficult to capture all potential uses of revenue generated from compulsory campus-based student fees.



# University of California, Office of the President

## Waste of State Funds (Case I2010-1022)

### REPORT NUMBER I2012-1, CHAPTER 8, ISSUED DECEMBER 2012

This report concludes that the University of California, Office of the President (university) improperly reimbursed a university official \$6,074 in wasteful travel expenses from July 2008 through July 2011. Specifically, the official incurred \$4,186 of the wasteful expenses before we issued a previous report in December 2009, and he incurred \$1,888 after that date. We also determined that although the university increased its monitoring of the official's travel expenses, its absence of defined limits for lodging expenses led to some of these wasteful expenditures.

In the report, the California State Auditor (state auditor) made the following recommendations to the university. The state auditor's determination regarding the current status of recommendations is based on the university's response to the state auditor as of December 2012.

#### **Recommendation 1—See pages 50—53 of the investigative report for information on the related finding.**

To address the improper acts we identified, the university should collect \$1,802 from the official for the wasteful expenses he claimed for lodging and meals during his trip to England, the expenses he incurred within the vicinity of his headquarters, and the business meal expenses.

#### ***University's Action: Partially implemented.***

The university reported that it has notified the official of the expenses to be collected. In May 2011 the official reimbursed the university \$738 for expenses incurred in England as well as other expenses. The university reported the official is obligated to pay the balance before he leaves the university in December 2012.

#### **Recommendation 2—See pages 54 and 55 of the investigative report for information on the related finding.**

The university should revise the policies to allow employees to claim only actual lodging expenses up to established rates for international travel.

#### ***University's Action: Pending.***

The university has assigned its chief financial officer (CFO) to analyze this recommendation and the feasibility of incorporating it into university policy. The CFO has convened the campus controllers to begin the process of reviewing existing policies.

#### **Recommendation 3—See pages 52 and 53 of the investigative report for information on the related finding.**

The university should include a policy specific to parking to assist supervisors in determining appropriate expenses.

#### ***University's Action: Pending.***

The university has assigned its CFO to analyze this recommendation and the feasibility of incorporating it into university policy. The CFO has convened the campus controllers to begin the process of reviewing existing policies.

**Recommendation 4—See pages 52 and 53 of the investigative report for information on the related finding.**

The university should clarify policies to include a distance test for expenses that employees incur within the vicinity of their headquarters.

***University's Action: Pending.***

The university has assigned its CFO to analyze this recommendation and the feasibility of incorporating it into university policy. The CFO has convened the campus controllers to begin the process of reviewing existing policies.

**Recommendation 5—See pages 54 and 55 of the investigative report for information on the related finding.**

The university should revise policies to establish defined maximum limits for the reimbursement of domestic lodging costs and establish controls that allow for exceptions to the limits under specific circumstances only.

***University's Action: Pending.***

The university has assigned its CFO to analyze this recommendation and the feasibility of incorporating it into university policy. The CFO has convened the campus controllers to begin the process of reviewing existing policies.