

RIVERSIDE: AUDIT & ADVISORY SERVICES

July 16, 2013

To: Matthew Hull, Associate Vice Chancellor
Resource Planning and Budget

Subject: Internal Audit of Budget Transparency

Ref: R2012-03

We have completed our Budget Transparency audit in accordance with the University of California, Riverside Internal Audit Plan. Our report is attached for your review. We will perform audit follow-up procedures in the future to review the status of management action. This follow-up may take the form of a discussion or perhaps a limited review. Audit R2012-03 will remain open until we have evaluated the actions taken.

We appreciate the cooperation and assistance provided by you and your staff. Should you have any questions concerning the report, please do not hesitate to contact us.

Gregory Moore
Director

xc: Audit Committee

UNIVERSITY OF CALIFORNIA AT RIVERSIDE

AUDIT & ADVISORY SERVICES

MEMBER OF ASSOCIATION OF COLLEGE & UNIVERSITY AUDITORS

INTERNAL AUDIT REPORT R2012-03

BUDGET TRANSPARENCY

JULY 2013

Approved by:

Rodolfo Jeturian
Assistant Director

Gregory Moore
Director

**UC RIVERSIDE
BUDGET TRANSPARENCY
INTERNAL AUDIT REPORT R2012-03
JULY 2013**

I. MANAGEMENT SUMMARY

Based on the results of work performed within the scope of the Budget Transparency audit, it is our opinion that, generally, relevant budget information is adequately and timely provided to the campus by the Office of Resource Planning and Budget (RPB), although opportunities for improvements to the RPB website, the finalization of and accessibility to the University of California, Riverside (UCR) Budget Vista document, as well as additional budget-related training should increase the campus' understanding of the budget process and allocation methods, and eventually enhance disclosure and transparency. This is explained in greater detail in Section III of this report.

A positive observation is that RPB management has developed a comprehensive, informational and user-friendly UC Riverside Budget Vista document (Budget Manual/Handbook), which is presently in draft form.

Minor items not of the magnitude to warrant inclusion in this report were discussed verbally with management.

II. INTRODUCTION

A. PURPOSE

UCR Audit & Advisory Services (A&AS), as part of its Audit Plan, performed an audit to evaluate budget transparency by assessing the adequacy and accessibility of budget-related information and communication provided primarily by RPB to the campus.

B. BACKGROUND

RPB endeavors to provide objective, accurate, and timely information and analysis to every level of campus leadership, thereby supporting the effective management of all campus resources. The responsibilities of RPB include:

- Developing and implementing policies and procedures related to the management of campus financial resources.
- Administering the annual campus-wide budget process;
- Managing the campus budget, the staffing system, and unallocated resources.
- Allocating campus-level funding.
- Administering the annual Auxiliary and Self-Supporting Enterprise budget and rate review process.

- Monitoring campus debt ratios and reviewing capital budget appropriation requests.
- Acting as a liaison with the Office of the President and others.

RPB is managed by the Associate Vice Chancellor, Resource Management and Analysis who reports to the campus Executive Vice Chancellor and Provost. The Director and Assistant Director of Budget Administration, five Budget Analysts, and an Executive Assistant comprise RPB.

C. **SCOPE**

A&AS reviewed the adequacy, completeness and timeliness of budget-related information and communication provided primarily by RPB through the following procedures:

- Interviewed the Associate Vice Chancellor, Resource Management and Analysis.
- Obtained comments from the various Senior Management Group members via the annual Risk Assessment interviews.
- Reviewed the RPB website, budget-related documents, correspondence, electronic mail (email) messages and announcements, Planning and Budget documents and presentations of select Organizational units as well as applicable policies and procedures.
- Reviewed the draft UC Riverside Budget Vista (Budget Manual/Handbook) prepared by RPB.

Our substantive audit procedures were performed primarily in June 2013. Accordingly, this evaluation is based on our knowledge as of that time and should be read with that understanding.

III. **COMMENTS, RECOMMENDATIONS AND MANAGEMENT RESPONSE**

Budget Information

Generally, relevant budget information is adequately and timely provided primarily by RPB, although improvements to the RPB website, finalization of and accessibility to the UCR Budget Vista document (Budget Manual/Handbook), as well as additional budget-related training should enhance disclosure and transparency.

COMMENTS

It appears that there remains some lack of understanding on campus regarding the budget process in general, and the roles and responsibilities of individuals and organizational units, such as RPB, in the process. We noted that especially during times of budgetary challenges, campus management and staff seek detailed and timely budget information on the process and allocation methods as well as easy access to budget and financial data to adequately plan for their operations.

In addition to campus-wide electronic mail messages and announcements via Sharepoint documents (e.g. UCR Scotmail), the primary source of budget information that UCR management and staff could access is the RPB website. Although, there is a wealth of relevant budget-related information, we noted some opportunities for improvement to enhance the website's completeness, organization, user-friendliness and utility.

Some helpful information such as narratives or detailed descriptions are not presently available on the RPB website is as follows:

- Flow chart or an overview narrative of the entire planning and budget process including the annual State budget cycle and allocation methodologies.
- Narrative overview of UCR funding sources and the Operating Budget.
- Description how and where UCR funding is used.
- Description of RPB's role and responsibilities specifically in the budget process.
- Description of roles and responsibilities and membership of the Campus Budget Committee.
- Updated Frequently Asked Questions section that could quickly address the more common questions campus employees have about the budget process and tools, without requiring RPB time.

Most of the desirable information noted above is available in the UC Riverside Budget Vista draft document prepared by RPB. Such document has not been finalized nor made accessible to the campus.

Links to some useful and important budget information are either not easily accessible, that is "buried" under multiple headings (e.g. link to Campus Budget News), or not in the appropriate heading (e.g. 2013-14 Staffing and Permanent Budget Process under the Policies, Procedures and Forms).

In addition, RPB management currently offers training sessions in Budget Establishment and Adjustment (BEA) and Staffing. No live or online training on UCR Budget Basics or Overview has been developed.

RECOMMENDATIONS

RPB management should review the RPB website to ensure its completeness, organization, user-friendliness and utility. Management should consider:

- Including the suggested helpful information such as narratives and detailed descriptions summarized in the Observation section (or include the final UC Riverside Budget Vista draft document).
- Re-organizing the website format to make it more user-friendly.

Also, management should continue to review, enhance and eventually finalize and make accessible the UC Riverside Budget Vista draft document.

In addition, management should consider developing training sessions (live or online) on the basics of UCR Budgeting.

RPB should continue to identify campus budget process information requirements and needs, develop useful materials, and improve records management systems for accessibility.

MANAGEMENT RESPONSE

RPB generally concurs with the recommendations and agrees that publication of the UCR Budget Vista would address many of the recommendations. However, pending publication of that document, RPB has already implemented many of the recommendations. Specific actions include the following:

1. A direct link to the UCR Budget News website has been added to the RPB home page.
2. A Budget Process Information section has been added to the RPB home page. This section contains flow charts and information on the State Budget process as well as UCR's. A link has also been added to the Chancellor's Budget Advisory Council Website.
3. A UCR Budget and Financial Snapshot section has been added to the Budget, Staffing and Financial Information section available at the RPB Home page. This new section contains narratives and charts providing an overview of UCR's budget and funding sources and on UCR's spend.
4. The labeling of 2013-14 Staffing and Permanent Budget Process documents provided under the Policies, Procedures and Forms section of the RPB web site has been updated to more accurately reflect the intended purpose of those documents. Those documents are technical instructions for financial staff and not truly campus process documents to be widely disseminated. Thus, management feels with the update labeling they are in the correct web page location.
5. RPB has initiated the process to secure a mail-group e-mail address that will be made available on several sections of the RPB website to assist in the process of securing feedback and positioning the office to better respond to questions. RPB will use this information to develop a FAQ section to add to its website. E-mails will be routed to the Budget Director

and Assistant Director to assign an appropriate member of the RPB staff to respond to each inquiry.

RPB will work with Campus Executive management to secure permission to publish an updated version of the UCR Budget Vista in Fall of 2013.

RPB will continue its efforts to organize the website to make it more user-friendly. It should be noted that while RPB is constantly updating data presented in its website, developing and adding useful materials (e.g., Budget Vista), however RPB does not have any dedicated staff for this express purpose.

With respect to training, RPB has moved from in-person training to on-line as a more effective (costs, RPB staff time, and flexibility for those desiring the training) means of delivering training program. However, RPB was forced to eliminate our primary training development position in the last round of budget reductions and Computing & Communications eliminated its capacity to deliver on-line training modules. RPB had plans to develop an on-line “Budget 101” module but given that RPB’s on-line Staffing Training module was never completed due to C&C’s elimination of this functionality, RPB did not move forward developing any additional training modules. If campus support can be provided for this need, RPB would want to complete the Staffing Module and move on to the development of its planned “Budget 101” module.