

**UNIVERSITY OF CALIFORNIA, DAVIS
AUDIT AND MANAGEMENT ADVISORY SERVICES**

**Office of Graduate Studies Administrative Review
Audit and Management Advisory Services Project #15-11**

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MANAGEMENT SUMMARY

Background

As part of the Audit and Management Advisory Services (AMAS) audit plan for fiscal year (FY) 2015, AMAS conducted an administrative review of the Office of Graduate Studies (OGS).

OGS is an administrative unit. The Dean of Graduate Studies also serves as the Vice Provost of Graduate Education, reporting to the Provost. Its mission is to advocate on behalf of graduate students and postdoctoral scholars, to support the faculty and staff engaged in delivering graduate education, and to administer academic and administrative policies affecting graduate students and postdoctoral scholars to foster a culturally and intellectually diverse environment characterized by high academic standards.

OGS has several programs designed to enhance graduate education at UC Davis, including an annual week of orientation programming, and professional development programs such as Grad Pathways and Professors of the Future. Additionally, OGS has hired two Graduate Diversity Officers (GDOs) to encourage and support a diverse graduate student population. The GDOs travel to colleges and universities to attract a more diverse applicant pool, and offer programming designed to retain these students by creating an inclusive, supportive environment for all members of the diverse graduate student population.

OGS maintains the web-based admissions software that prospective students use to apply to all UC Davis graduate programs, a product of the education software company Hobsons. OGS manages the applications and sends them to the applicable graduate program for review and consideration. The individual programs make admission recommendations; the role of OGS is to verify that a potential student meets the minimum criteria for admission and to issue formal letters of admission. Students and prospective students use the same website to apply for internal fellowships.

There are several forms of financial support available to graduate students – external fellowships, internal fellowships, academic employment such as Teaching Assistant and Graduate Student Researcher positions, and loans. With the exception of a few external fellowships and departmentally-funded fellowships, OGS manages the distribution of fellowship funding for graduate students. Support awards are decided by the graduate programs. OGS collects and submits the applications, verifies applicants' eligibility and oversees any necessary reporting. Academic employment offers are made by the graduate programs, and OGS verifies the eligibility of the students for the position.

In May 2011, the Provost appointed the Task Force on Graduate Education at UC Davis (the Task Force) to provide advice and recommendations on the state of graduate education at UC Davis, and envision what it should be to best position UC Davis as one of the top five public research universities in the country. The Task Force submitted its report in May 2012. In response to that report, in 2013 the Provost established the Provost's Implementation Advisory Committee for Graduate Education (PIACGE), charging it with providing advice on the best ways to implement the recommendations of the Task Force. PIACGE was chaired by the Vice Provost and Dean, and its members were faculty from the University's graduate programs and other representatives from campus. PIACGE released its final report and recommendations to the Provost in November 2014. In March 2015, after the completion of this audit, the Provost issued instructions and a plan for undertaking the recommendations.

OGS total operating expenses in FY2014 were approximately \$28.9 million, including \$23.6 million in scholarships and fellowships. Excluding scholarships and fellowships, operating expenses were \$5.3 million, with \$4.5 million from salaries and benefits. Total expenditures in FY2014 exceeded total sources excluding carryforward balances by approximately \$817,000. As of June 30, 2014, total funds available were \$6.2 million. Of that amount, \$5.7 million was carryforward of student support funds and not available for other purposes. The remaining \$449,000 was carryforward in the OGS administrative budget. The latter represents a 70% decrease in administrative carryforward over FY2013. These figures exclude contracts and grants and agency funds, to reconcile with the budget presentations and reporting from Budget and Institutional Analysis (BIA).

Purpose and Scope

The objectives for this review were to assess:

- The financial performance of OGS over the five fiscal years ended June 30, 2014;
- The internal controls over accounting and administrative processes within OGS;
- The key operating metrics for OGS;
- The current state of operations within OGS, through interviews with administrative personnel; and
- OGS' efforts in support of the campus diversity goals.

Our review included an analysis of OGS financial activity, an assessment of applicable business processes and controls, and interviews with personnel from the OGS Dean's Office, BIA, Office of the Provost, and Staff Development and Professional Services. We also sent surveys to chairs and faculty members from each graduate program. We reviewed statistics and data about graduate student enrollment and demographics and analyzed OGS and BIA financial reports. The scope of our review covered the five fiscal years ending June 30, 2014, including an understanding of the projected activity in FY15 & FY16.

Conclusion

OGS plays an important role in attracting and retaining a highly-qualified, diverse graduate student body. It has developed a wide variety of programming to address the needs of graduate students and graduate programs, including a successful professional development program and new unit which promotes graduate programs to a diverse community of potential applicants, in support of campus goals. OGS has been successful in its efforts. Applications to graduate programs at UC Davis have increased over 40% since 2009, and the percentage of graduate students coming from other countries has increased from 20% to 25%.

Our review did indicate areas where operations and processes could be strengthened.

1. Management of student support funds:

The method OGS uses to distribute and monitor internal fellowship funds (formerly called Block Grants) is complex. The graduate programs have the spending authority for the funds, but OGS retains custody of the funds until they are expended. OGS carried forward a total of \$5.7 million of unused support funds into FY15. This total carryforward includes approximately \$1.8 million of internal fellowship funding, yet not all graduate students may be receiving University financial support, which can impact their enrolling or continuing their studies. Additionally, financial reporting of support awards could be improved. The support allocations were calculated at the beginning of the academic year, yet the obligations were not entered in the general ledger as BIA instructed. OGS did enter the obligations after audit fieldwork had concluded in March. The Provost's direction to develop multi-year offers will require OGS and the graduate programs to take a more active role in projecting and allocating future funding, and monitoring unspent balances of student support funds.

2. Budgeting, financial monitoring and reporting:

Planning and oversight of OGS finances could be strengthened. The lack of strong controls over financial activities, combined with increased payroll costs, has contributed to a 70% decrease in Administration carryforward funds since FY2013. Due to the steep reduction in its administrative carryforward funds, OGS received a one-time allocation from the Provost in FY2015 to maintain its staffing levels and cover an operating deficit and potential shortfall in its FY2015 Administration budget. OGS preliminarily expects a larger operating deficit in FY2016. See the tables in the next section for a summary of the financial position of OGS.

3. Transition planning and program evaluation:

OGS is in the midst of significant transition. Several key management positions, including the Vice Provost and Dean, will be empty or recently filled at the end of the fiscal year. Since the audit, OGS has started some transition planning, but the planning could be more detailed and formal. OGS also lacks a formal process for reviewing and evaluating its programs against established metrics. The University has recently undergone an extensive process to create a strategic vision for graduate education at UC Davis. OGS will need to design a framework to accomplish this vision and carry out the Provost's instructions in collaboration with its stakeholders in accordance with the principles of shared governance.

4. Other Opportunities:

OGS has undertaken some functions which are duplicative of services performed by other units. Additionally, Graduate Diversity Officers may benefit from enhanced communications with Campus Counsel regarding new initiatives and publications.

Since the completion of the audit work, OGS has undertaken or completed many of the actions mentioned here. For these items, the observation will note the situation at the time of the audit and what OGS has subsequently done.

Our observations and recommendations are presented in the body of this report along with corresponding management corrective actions.

I. FINANCIAL AND OPERATIONAL OVERVIEW

OGS has two main units – Administration and Student Support. The units have separate budgets, and different financial issues, so we have discussed them separately below. The projected FY15 figures in the charts were taken from an updated budget summary prepared by OGS after the second quarter of FY15.

ADMINISTRATION (*in Thousands*)

	FY10	FY11	FY12	FY13	FY14	Projected FY15	%Variance FY10-15
Carryforward	1,175	1,186	1,287	1,495	1,062	449	(62%)
July 1 Base Budget	3,064	2,809	2,761	3,345	3,365	3,440	12%
Current Year Adjustments	(433)	2	318	(405)	(330)	68	116%
Total Revenue	349	352	618	498	590	712	104%
(2) Total Sources	4,155	4,349	4,984	4,933	4,687	4,669	12%
Salaries & Benefits	2,480	2,638	2,802	3,143	3,489	3,951	59%
Scholarships & Fellowships	-	-	27	39	37	30	
Other Expenditures	489	424	660	688	712	580	19%
(3) Total Expenditures	2,969	3,061	3,489	3,870	4,238	4,561	54%
(4) Total Funds Available	1,186	1,287	1,495	1,062	449	107	(91%)
Sources less Carryforwards	2,980	3,162	3,696	3,438	3,625	4,219	42%
Oper. gain/(loss) less carryforwards	11	101	207	(432)	(613)	(342)	(3158%)

The above chart excludes amounts for Contracts and Grants, to reconcile with reports from BIA. Please see Appendix A for more detailed information.

All OGS activities other than Student Support are paid from the Administration budget. In the 2013 budget talks, OGS Administration presented a plan to decrease its carryforward over three years to bring it within the percentages recommended by BIA. OGS spent down its carryforward faster than it originally planned, and received a one-time budget allocation from the Provost of \$325,000 in FY2015 to maintain its staffing levels.

The chart above shows that the funds from operational sources (Sources of Funds Excluding Carryforwards) have increased 42% since 2010. This increase is offset by a 62% decrease in Carryforward funds, so total funds from all sources have increased by only 12% since FY2010. At the same time, OGS Administration expenditures have increased 54%, mainly driven by the 59% increase in salaries and benefits. In FY14, OGS used its carryforward to add 1.5 permanent positions in addition to its planned support for the hiring of two Diversity Officers. In June 2014, OGS presented the Provost a FY15 plan which included an additional \$444,000 in payroll expenses for new positions. OGS operated at a loss in FY13 and FY14, and also projects a loss from operations for FY15. Higher personnel expenses, coupled with the losses from operations, have substantially depleted its carryforward, and OGS must now carefully scrutinize programs and spending to avoid placing the department in an overall deficit position. Please see Observation B.

STUDENT SUPPORT (in Thousands)

	FY10	FY11	FY12	FY13	FY14	Projected FY15	%Variance FY10-15
Carryforward (including restricted funds)	1,499	2,380	3,341	5,615	5,907	5,703	281%
July 1 Base Budget	12,226	12,210	12,086	12,198	12,089	24,220	98%
Current Year Adjustments	4,192	5,574	8,607	10,317	12,256	970	(77%)
Total Sources	17,917	20,165	24,034	28,131	30,252	30,894	72%
Salaries & Benefits	757	840	620	763	889	672	(11%)
Scholarships/Fellowships & Other ⁽¹⁾	14,779	15,984	17,799	21,461	23,660	26,058	76%
Total Expenditures	15,536	16,824	18,419	22,224	24,549	26,730	72%
Total Funds Available	2,380	3,341	5,615	5,907	5,703	4,163	75%
Sources less Carryforwards	16,418	17,785	20,693	22,516	24,345	25,191	53%
Total expenditures	15,536	16,824	18,419	22,224	24,549	26,730	72%
Oper. gain/(loss) less carryforwards	881	961	2,275	291	(204)	(1,540)	(275%)

The above chart excludes amounts for Contracts and Grants, to reconcile with reports from BIA.

(1) Scholarships and Fellowships were categorized as "Supplies and Services" in FY2010 and FY2011 in the financial system, and so are combined here with Other Expenditures for an accurate comparison.

Student Support funds are to be used to attract and support well-qualified graduate students. Unspent funds can represent a missed opportunity to carry out this mission. Therefore, carryforward funds in the Student Support budget are a concern for BIA and have been a focus of the OGS budget presentations to the Provost. Of the \$5.7 million Student Support FY15 carryforward, approximately \$1.8 million were unrestricted internal fellowship funds. The remainder were funds with restrictions on their use. In total, the carryforward was 24% of the total FY14 expenditures for Scholarships and Fellowships. In part to decrease this large carryforward, in FY15 the Provost repurposed \$1.3 million of Dean's Commitment funds to finance some of the commitments made under the new graduate budget model.

Graduate Program Fellowship Allocation funds, (GPFA, formerly known as Block Grants) made up 56% of total student support in FY2014. These funds are allocated to the programs to award, but tracked and reported in OGS accounts until expended. To encourage the programs to spend, not carryover, GPFA funds, OGS has changed its guidance to the programs. Programs may now carryover only 5% of their allocation, and may make offers of up to 105% of their allocation (any overage to come out of next year's allocation.) Total Student Support funding has increased 76% since FY10, while the Student Support carryforward has increased more sharply at 281% in the same period. Please see Observation A.

II. OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT CORRECTIVE ACTIONS

A. Management of Internal Fellowship Funds

The process used to allocate internal fellowship funds to departments is complex, separating spending authority from custody of the funds. Obligations for allocated funds have only recently been recorded in the financial system, and programs do not use all of the available funding to support and attract graduate students.

1. Recording Obligations in the Financial System:

Each year, OGS uses a formula based on enrollment to allocate internal fellowship funding to graduate programs, which in turn give support awards to qualified graduate students. The programs are responsible for entering the award information into the OGS database, GradTrack\$. The funds remain in OGS accounts until they are disbursed, as OGS believes retaining the student support funds provides it the most flexibility in meeting the University's obligations to graduate students.

Neither the allocations to the individual graduate programs nor the amounts obligated as awards were recorded in the financial system in the past. Information on graduate student support was therefore not available for financial reports and analysis until the funds were dispersed and the related expenditures were recorded. New campus guidance for managing carryforwards and reserves requires units to record committed and known obligations in the financial system.

In 2014 OGS agreed to record the FY15 allocations in Quali by program after they were calculated in July so the obligations would be included in the financial system. OGS recorded the obligations in March 2015, after audit fieldwork was complete. The amounts committed to students for the many support awards, which change frequently, were not recorded as individual obligations.

The OGS Dean also has discretionary funds which he uses to provide matching funds for external awards. As of March 2015, the OGS Dean had committed funding totaling approximately \$1.8 million to over 30 separate projects and grants. Many of the Dean's commitments are for multi-year funding. OGS has tracked the commitments themselves and have not recorded the obligations in the financial system because of the difficulty of recording a multi-year obligation in the University's previous financial system, DaFIS.

The University's commitment to financial accountability and transparency calls for accurate tracking and reporting of all commitments and available resources to ensure that funds are spent efficiently and effectively, and as intended.

2. Communication with Graduate Programs

The current system separates spending authority over internal fellowships funds from custody of the funds. To best manage these funds for the benefit of graduate students, it is essential that both OGS and the graduate programs have accurate, up to date information on allocations, awards, expenditures and balances. With the funds in OGS accounts and no record of awards in Quali, graduate programs cannot use financial system reports to manage awards and allocate balances. The only way to determine what awards have been made, and the amount of support funding remaining for awards, is to generate a report in GradTrack\$. Graduate programs can generate ad-hoc reports in GradTrack\$ to determine the balance of support funds available. Other University decision makers must rely on OGS to produce the reports.

OGS notifies the graduate programs of the amount of their internal fellowship funds after the start of the fiscal year, once the allocations have been calculated. OGS has previously provided only one other report to the programs - a spring update report on balances. OGS relies on the programs to use GradTrack\$ reports to manage their award funds. Without more active oversight by OGS, not all graduate programs have the up to date information on awards and balances they need to optimally manage their allocations and grant all of the support awards possible.

To help the programs better administer their allocations, OGS agreed to generate quarterly expense and balance statements for each graduate program starting in FY15. OGS did not fulfill this agreement and provided only two written reports to the graduate programs during FY15 - one in the summer to notify them of their allocation, and a second in the spring. During the audit fieldwork OGS stated it had plans to add a winter report in FY16. That would be three reports annually, and not fulfill the agreement for quarterly reporting.

Total student support funding available University-wide can change after the beginning of the academic year, should there be changes to the anticipated tuition and budget. Therefore, OGS has used a conservative total when making the allocations to the graduate programs, to minimize the chances of a shortfall. OGS is reluctant to give the programs additional allocations if the available funds increase, believing the award money is not useful to the programs after the start of the academic year, and additional awards complicate the programs' efforts to manage the funds. Graduate programs, also concerned about a shortfall, frequently carry over as much of their allocation as possible for the next academic year. The carryforward of internal fellowship funds available to the programs, combined with restrictions on other award funds, has resulted in a large overall carryforward balance of student support funds, totaling \$5.9 million at the beginning of FY14 and \$5.7 million at the beginning of FY15.

Student support funding is money designated for assisting graduate students, and is separate from the administrative budget discussed below. It is part of the mission of OGS to ensure that Student Support funds are used to attract and retain a student body. Carryover of unawarded funds is counter to this mission and could impact the ability of graduate students to enroll or continue their studies if not supported. To reduce this carryforward, in FY15 OGS changed its guidelines on the amounts of support funds a graduate program may retain. Graduate programs are now directed that they may award their entire allocation +/- 5%. OGS allows graduate programs to carryforward up to 5% of the program's total allocation the next academic year, but will rescind allocation balances over that amount.

The complexity of the allocation and reporting of internal fellowship funds and awards may be impeding efforts to best support graduate students. With more frequent communication, OGS can provide information and expertise to help the programs develop attractive support packages and maximize their use of fellowship funds to attract and retain highly qualified graduate students, including the possibility of using unawarded balances for a second round of internal fellowships during the academic year.

Recommendations

1. OGS Student Support division should work with BIA to ensure that FY15 allocations are recorded in the financial system.
2. OGS should work with BIA to ensure that all obligations are recorded appropriately in the financial system.
3. OGS should work with the graduate programs and BIA to explore alternate models for managing internal fellowship funds, including an assessment of whether it would be beneficial to transfer funds to the accounts of the graduate programs once the allocations are calculated. Issues to be considered are the ease and transparency of reporting on support funds available and spent, the recording of the obligations for allocations and awards in the financial system, and the number of new accounts that may be needed should the funds be transferred.
4. Regardless of the determination on custody of the internal fellowship funds, the Student Support unit in OGS should take a more active role in overseeing their use.
 - a. OGS should ensure that going forward all allocations are included as obligations in the financial system and the balances updated on a quarterly basis.
 - b. OGS should contact each graduate program at least quarterly to report on the unawarded balance of support funds.
 - c. As part of its mission to foster and retain a diverse graduate student body with high academic standards, OGS should consider making unawarded internal scholarship funds available through additional internal scholarships to enrolled graduate students receiving limited or no financial support.
5. OGS should work with Accounting & Financial Services to investigate the possibility of programming a link between GradTrack\$/Banner and Quali through which information on student support awards, encumbrances and balances could be automatically fed into the financial system.

Management Corrective Actions

- a. As of March 15, 2015 OGS has entered all FY15 allocations into the financial system.
- b. OGS will work with BIA and Accounting and Financial Services to ensure that all commitments, including multi-year funding agreements, are entered appropriately into the financial system by October 15, 2015.
- c. OGS, in concert with the graduate programs and BIA, will explore the possibility of transferring internal fellowship funds to graduate program accounts once the allocations have been made. By October 15, 2015, OGS will develop a process for transferring allocated funds or an alternate method to ensure that:
 - All allocated and awarded funds are reported in the financial system as obligations;
 - Each graduate program receives regular reports detailing its allocation, awards and remaining balances;
 - The use of funds to support new and continuing graduate students is optimized.
- d. If it is decided to keep the student support funds in OGS' accounts:
 - OGS Student Support will develop a process and record the obligations for allocations and awards by program as obligations in the financial system, with quarterly updates, by October 15, 2015.
 - OGS Student Support will provide quarterly expense and balance reports to each graduate program, as it started in FY15.
- e. Per Accounting & Financial Services, it is possible for Banner to feed Kualu. OGS will work with Accounting & Financial Services to evaluate the costs and benefits of programming a feed between Banner and Kualu and make a determination on the project by October 15, 2015.

B. Financial Management and Reporting

The financial processes and controls of OGS are not sufficient to ensure that budgets are balanced, financial reports are consistently correct and all obligations are recorded in the financial system.

OGS does not have a strategy to match projected and requested program expenses with expected revenues. The budget development method OGS uses relies heavily on the Chief Administrative Officer, who reviews historical spending and known obligations, projects revenues, allocates funds and communicates the results to the unit managers, Assistant Dean and the Dean. The process does not include an evaluation of program results or priorities and the unit managers do not make budget requests. When new initiatives are undertaken, such as the hiring of new staff or adjusting the salaries of current personnel as in FY14, the allocations to other programs are typically not adjusted to balance the additional expense.

OGS ended FY13 and FY14 with operational deficits, which it funded with its carryforward of administrative funds. Carryforward for the OGS Administration budget was \$1.5 million on July 1, 2012, or 42% of expenses. To comply with new BIA guidance, in 2013 OGS received approval for an investment and hiring plan which would reduce its carryforward slowly, to below 10% by June 30, 2016. However, due to personnel costs in excess of those listed in the spending plan, the OGS administrative carryforward decreased more rapidly, to \$1.06 million on July 1, 2013 and \$449,000 on July 1, 2014, depleting the carryforward in two years rather than the planned four years.

With increased personnel costs and a shrinking carryforward, OGS projected a shortfall in its FY15 Administration budget and received a \$325,000 allocation from the Provost in FY15 to maintain its administrative staffing levels. Although this was one-time money, OGS used these funds to hire additional permanent personnel.

OGS is facing a larger operating deficit in its administrative budget for FY16. Although they have subsequently begun to work with BIA, at the time of the audit OGS had not developed a formal plan to eliminate or mitigate the operating deficit and instead was hoping for salary savings and another allocation from the Provost.

The *Administrative Responsibilities Handbook* charges all administrators of any University unit or program with establishing and maintaining a sound financial plan, including keeping positive fund balances. The Handbook specifically instructs that units must operate within their current year operating budget or develop a plan to eliminate deficit balances. To help with strategic decision making and funds management, Budget and Institution Analysis has directed that units record their committed or known obligations in the financial system using the COBL/KOBL objects.

The budgeting and spending practices of OGS have resulted in several years of operating deficits in its Administration budget, and with another operating deficit projected for FY16. Without an established procedure to review expenses and obligations and balance competing needs, OGS may continue to operate at a deficit, creating an unsustainable situation that violates sound financial and management principles.

Recommendations

1. OGS should work with BIA to develop a balanced budget for FY15-16, or a plan to balance the budget within three years.
2. For FY15-16 and beyond, OGS should develop a periodic financial review process that includes written justifications from unit managers for any budget overages.
3. For FY16-17, OGS should develop a more robust budgeting and financial forecasting process that incorporates input from managers and the use of metrics in annual evaluations of the cost and effectiveness of its units and programs. This process should include identifying the necessary resources before planning any additional hiring or new initiatives.

Management Corrective Actions

- a. By January 15, 2016 OGS management will work with BIA to develop a plan to balance the OGS Administration budget by FY2018.
- b. For the FY15-16 budget, OGS management will work with each unit manager to develop a budget request and appropriate metrics to evaluate the unit. These budgets will be complete by August 15, 2015.
- c. OGS management will develop a quarterly process, beginning on January 15, 2016, that requires financial reporting from each direct reporting unit on:
 - Current year-to-date activity.
 - Comparison to annual budget and any anticipated changes.
 - Detailed explanations of any surplus/deficits over 15% and any other concerns regarding financial and operational stability.
- d. OGS management will develop a process by January 15, 2016 to forecast three years of financial activity for each direct reporting unit on an annual basis. The forecast will include:
 - Any request for additional funds and rationale.
 - Address growing surplus/deficit over 15%.
 - Any concerns regarding financial and operational stability.
- e. Considering the current operating deficit, OGS management will consult with the Provost and Chief Financial Officer (CFO) and develop guidelines for review and approval of OGS hiring decisions by the Provost and CFO by September 15, 2015.

C. Strategic Coordination and Transition Planning**OGS could benefit from coordination of the implementation of the University's strategic vision for graduate education and by planning for personnel transitions.**

In May 2011 the Joint Administration / Academic Senate Special Task Force on Graduate Education at UC Davis (the Task Force) was appointed by the Provost and charged with examining how UC Davis supports graduate education, and creating a vision of graduate education at UC Davis. The Task Force produced its report in May 2012, and in 2013 the Provost established the Provost's Implementation Advisory Committee for Graduate Education (PIACGE) to provide advice on the most appropriate ways to implement the strategic vision. OGS had been waiting for guidance from PIACGE and the Provost before creating any new formal processes. The Provost sent out that guidance at the end of March, after audit field work was completed.

The Provost, PIACGE and the Task Force have laid out a strategic plan for graduate education at UC Davis. Executing the plan and carrying out the Provost's recent instructions will require coordination with stakeholders in accordance with the principles of shared governance. The process should include the development of objective metrics to judge success and allocate resources.

OGS is in the midst of a significant transition; three of its five senior management positions will be open or recently filled at the end of the fiscal year, including the position of Vice Provost and Dean. At the time of the audit, OGS had not undertaken any formal transition planning, but has since begun to plan. Overlooking the necessity to plan for a transition, or any omissions in planning for collection of information from departing personnel could result in the loss of valuable expertise and significantly complicate efforts to continue operations.

The *UC Davis Administrative Responsibilities Handbook* directs management to perform planning and budgeting that includes “A thorough process for identifying, prioritizing, implementing and evaluating activities required to achieve the university’s objectives and goals, and an annual budget process aimed at reevaluating current and future budget sources and use.”

Recommendations

1. OGS should implement transition planning in anticipation of staff turnover. Each outgoing staff member should be asked to create a document that outlines their thoughts on the future of OGS and the position being vacated.
2. Assisted by these documents, the new Dean should undertake to create a framework and evaluation metrics to guide OGS programming and operations, collaborating with stakeholders in accordance with the principles of shared governance, to implement the Provost’s instructions and fulfill the goals of OGS and UC Davis.

Management Corrective Actions

- a. In anticipation of staffing changes, each of the outgoing managers will create an outline of their job covering the duties and initiatives currently assigned to that position and any plans or programs the staff member feels would benefit OGS by October 15, 2015.
- b. Within six months of the start of a new Vice Provost and Dean, he or she will work with other stakeholders to develop a framework to fulfill the Provost’s expectations and guide OGS in its efforts to support and improve graduate education at UC Davis.

D. Creating Efficiencies through Leveraging Resources in Other Departments

Some of the administrative responsibilities of OGS might be more efficiently centralized at other University units.

OGS has hired staff and expanded its functions to perform several processes which are duplicative of the efforts of other University units. For example:

- OGS has its own Information Technology unit and until June 30, 2015 employed a Banner specialist, duplicative of what is done by Information and Educational Technology.
- OGS performs pre-award and post-award processing of fellowship agreements with post-doctoral scholars and graduate students, including negotiating the awards and other pre-award processing. The Office of Research is responsible for pre-award processing of other types of extramurally-funded projects at the University and has the necessary expertise and resources to process these agreements for OGS.

OGS has undertaken these duties as part of its mission when the solutions offered by other departments did not meet the specialized needs of graduate students and post-doctoral scholars. The *Administrative Responsibilities Handbook* requires administrative officials to manage resources in an efficient and cost-effective manner. The Chancellor listed improved efficiencies and continued streamlining of operations as priorities in her goals for FY14 and FY15. To accomplish this goal, it will be necessary to consolidate responsibilities wherever possible.

It should be noted that OGS approached Office of Research in response to an earlier audit which recommended shifting the responsibility for all contracts and grants to that office. At the time, Office of Research lacked the resources to take over the responsibility.

OGS is a small unit, with limited resources to perform a wide variety of services for University graduate students and graduate programs. Shifting tasks to the other units also providing those services would allow OGS to concentrate its resources on its core responsibility: to recruit and retain an outstanding graduate student body. The University would also benefit by centralizing functions in units with a wider knowledge base and more subject matter experts, delivering the services efficiently at a lower cost.

Recommendation

1. Graduate Studies should consult with the appropriate units and the Administrative Reorganization and Transformation unit to review its operations and determine whether some of its responsibilities could be more efficiently performed by other units.

Management Corrective Action

- a. By January 15, 2016, OGS will consult with the Administrative Reorganization and Transformation unit and determine whether some of the tasks currently performed by OGS personnel could be more efficiently centralized in other University units.

E. Communication with Office of Campus Counsel

Graduate Diversity Officers operate in a legally sensitive area and may benefit from vetting language of publications with Campus Counsel.

In an effort to attract, retain and graduate a more diverse population of graduate students, in 2013 OGS created the Graduate Office of Diversity and hired two people to serve as Graduate Diversity Officers.

California State Proposition 209, passed in 1996, amended the State Constitution to instruct that "The state shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting." The Graduate Diversity Officers have rapidly created a dynamic program with several distinct initiatives and published documentation to introduce and explain the programs. The Associate Campus Counsel noted some language that could be improved in a document AMAS brought to her attention.

The Diversity Officers report that they receive training on complying with state and federal law from the Office of Campus Counsel. Although Campus Counsel is available should the Diversity Officers have a question, there is no formal schedule of trainings nor does Campus Counsel review the documentation created by the OGS Diversity Program.

Recommendation

1. A policy or practice should be instituted whereby OGS and Campus Counsel have periodic meetings and keep in contact about proposed new efforts, including new publications.

Management Corrective Actions

- a. By October 15, 2015, the Graduate Diversity Officers will work with the Office of Campus Counsel and establish a schedule of periodic discussions between the two offices where the Graduate Diversity Officers can inform Campus Counsel of any new efforts and documentation they have produced.
