

**UNIVERSITY OF CALIFORNIA, SAN FRANCISCO
AUDIT & ADVISORY SERVICES**

**Systemwide Review – Contracting Out
Project #23-016**

June 2023



University of California
San Francisco

Audit & Advisory Services

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SUBJECT: Contracting Out Systemwide Audit

UCSF Audit & Advisory Services (A&AS) conducted a review to evaluate processes and controls in place to facilitate compliance with contracting out for services requirements as part of a systemwide audit of this area. This review was performed under the direction of the Office of Ethics, Compliance and Audit Services (ECAS) within UC Office of the President, in coordination with the internal audit departments at all UC campuses and the Lawrence Berkeley National Laboratory, using a standard systemwide audit program.

Our services were performed in accordance with the applicable International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors (the "IIA Standards").

Our review was completed, and the preliminary draft report was provided to department management in March 2023. Management provided their final comments and responses to our observations in May 2023. The observations and corrective actions have been discussed and agreed upon with department management and it is management's responsibility to implement the corrective actions stated in the report. A&AS will periodically follow up to confirm that the agreed upon management corrective actions are completed within the dates specified in the final report.

This report is intended solely for the information and internal use of UCSF management and the Ethics, Compliance and Audit Board, and is not intended to be and should not be used by any other person or entity.

Sincerely,

Irene McGlynn
Chief Audit Officer
UCSF Audit & Advisory Services



EXECUTIVE SUMMARY

I. BACKGROUND

UCSF Audit & Advisory Services (A&AS) conducted a review to evaluate processes and controls in place to facilitate compliance with contracting out for services requirements as part of a systemwide audit of this area. This review was performed under the direction of the Office of Ethics, Compliance and Audit Services (ECAS) within UC Office of the President, in coordination with the internal audit departments at all UC campuses and the Lawrence Berkeley National Laboratory, using a standard systemwide audit program.

On November 14, 2019, the Regents approved Regents Policy 5402: *Regents Policy Generally Prohibiting Contracting for Services* (amended January 23, 2020). This policy prioritizes the use of UC employees over contract workers to provide covered services whenever possible. Contracting for Covered Services¹ should be used sparingly and treated as an option of last resort to address specified operational needs – not as a means to replace UC employees with lower-wage contract workers. In addition, the Regents have made clear that Article 5 of the two Collective Bargaining Agreements (CBAs) with AFSCME² (that address contracting for services and functions that can be performed by University staff) takes precedence over the Regents Policy.

Collectively, the requirements in Regents Policy 5402 and Article 5 include, but are not limited to:

- To the fullest extent possible, in-source covered service work. As part of insourcing, identify supplier employees who meet the criteria for becoming a Qualified Individual (QI), i.e., provided covered services to the university for 1000 hours in a rolling 12-month period or 35% time (~2,200 hours) over a rolling 36-month period. The University location must offer QIs career employment when insourcing covered service work.
- Contracting for covered services is permitted where contracting out is required by law, Federal requirement, contract or grant requirement, or court decisions or orders, or limited circumstances (carve outs) established in the policy.
- Contracts for covered services must include provisions requiring the contractor to provide its employees the equivalent of wages and benefits provided to University employees performing the same work. This requirement only applies to the contractor's employees who work at University locations under the covered service contract.
- Contracts for covered services must not displace University employees.
- University locations must provide notice to AFSCME prior to entering into, extending or renewing a contract that includes covered services valued at over \$100,000. Such notice shall specify the duration, scope of work, the wage and benefit parity information, dollar value, and work location(s), if known. Where a

¹ A Covered Service is work customarily performed by bargaining unit employees at the University, whether in whole or in part, including but not necessarily limited to the following services: cleaning, custodial, janitorial, or housekeeping services; food services; laundry services; grounds keeping; building maintenance (excluding skilled crafts); transportation and parking services; security services; billing and coding services; sterile processing; hospital or nursing assistant services; and medical imaging or other medical technician services.

² American Federation of State, County and Municipal Employees (AFSCME) is a labor union that represents two University bargaining units, the Service (SX) unit and the Patient Care Technical (EX) unit. AFSCME represented employees perform the majority Covered Services.

Request for Proposal (RFP) will be issued with covered services estimated to be over \$100,000, the University is required to provide a copy of the RFP to AFSCME at the time of issuance.

- Provide an opportunity to those affected employee organizations, upon receiving the notice, to request review of a proposed contract for covered services to determine whether the contract complies with policy requirements.
- Produce an annual report of all contracts for covered services, regardless of amount or duration, for the Regents and AFSCME. The medical centers and campuses provide information to UC Office of the President for reporting.

On February 15, 2020, the Office of the Chief Procurement Officer issued Implementation Guidelines for Regents Policy Generally Prohibiting Contracting for Services (Implementation Guidelines), which provide guidance to UC personnel on implementing Regents Policy 5402 and Article 5.

For calendar year 2021, UC reported 408 covered service contracts to AFSCME for the entire UC system. Of these, 25 service contracts were for UCSF (10 Campus and 15 for UCSF Health).

Compliance with Regents Policy and Article 5 requires multiple departments within UCSF to collaborate, actively communicate, and coordinate their efforts cross-functionally. These departments include: UCSF Health Procurement, Supply Chain Management, Human Resources, Labor and Employee Relations and departments requesting covered service contracts. At each local campus, a Responsible Executive is designated for ensuring compliance with the Regents policy and plays a key role in coordinating these efforts among the several departments.

Risks associated with non-compliance with Regents Policy 5402 and Article 5 include: potential increase in grievances from the union and litigation, appeal to the state legislature for increased regulation and diminished reputation.

II. AUDIT PURPOSE AND SCOPE

The purpose of this review was to evaluate processes and controls in place to facilitate compliance with the contracting out requirements of Regents Policy 5402 and Article 5. The areas of focus included:

- Procedures to identify contracts with covered services
- Processes to review and evaluate decision to contract out
- Process to monitor suppliers' compliance with wage and benefit parity requirements
- Procedures to track contractor hours and identify contract workers that meet the in-sourcing criteria
- Procedures to comply with employee displacement requirements
- Process by which QIs are provided options of UC career employment
- Provision of notice for contracting decisions
- Tracking and reporting contract information to affected employee organizations
- Mechanisms to facilitate the reporting of violations and responding to such reported violations
- Processes for handling grievances

Procedures to assess UCSF’s compliance with the requirements of Senate Bill 820³ were not included as part of this review.

For more detailed steps, please refer to Appendix B.

The scope of the review covered transactions and activities as follows:

- Covered services contracts included in the calendar year 2021 AFSCME report
- Active contracts that included services (whether or not those services were covered service) as of October 2022
- Tracking of supplier employee hours and requests by QIs for UC career employment as of October 2022
- Contracting out-related grievances as of December 2022 and hotline reports as of January 2023

Work performed was limited to the specific activities and procedures described above. As such, this report is not intended to, nor can it be relied upon to provide an assessment of compliance beyond those areas specifically reviewed. Fieldwork was completed in February 2023.

III. **SUMMARY**

Based on work performed, we found that documented justifications appropriately support the decisions to contract out for services and that appropriate notices were provided to affected employee organizations. Additionally, these notices included the elements required per the Implementation Guidelines.

UCSF Health has developed a dashboard, with a biweekly data feed, that tracks QI hours for the majority of supplier employees. Additionally, they have implemented a spreadsheet to track known QIs and their conversion status as well as those employees that approach QI status.

Under the direction of the Responsible Executive, UCSF has successfully implemented cross functional processes to facilitate compliance with the contracting out requirements of Regents Policy 5402 and Article 5. These processes include:

- Contracting for covered services, when permitted by policy, and documenting exception approvals
- Insourcing of work where possible
- Ensuring University employees were not demoted, laid off or had involuntary reductions in time due to entering a contract for covered services, and
- Providing advance notice to affected employee organizations prior to entering into, extending or renewing a contract for covered services over \$100,000

Also, existing processes for handling grievances, including those related to contracting out, were operating as intended.

³ Per Senate Bill 820: “Commencing January 1, 2021, the University of California may proceed with capital expenditures, ... only upon certification that during the subsequent fiscal year and at all times thereafter, all cleaning, maintenance, groundskeeping, food service, or other work traditionally performed by persons with University of California Service Unit (SX) job classifications, shall be performed only by employees of the University of California at each beneficially affected facility, building, or other property.”

Additionally, just as Article 5 was being implemented, COVID-19 presented UCSF with significant operational challenges including the following:

- Personnel responsible for Article 5 related compliance issues were redeployed to address urgent operational needs related to the pandemic.
- Staffing shortages resulted in the continued use of contractors.
- Efforts were delayed to amend existing contracts to meet wage and benefit parity.

The review identified opportunities for improvement in the areas of capturing and reporting covered services contracts, implementation of wage and benefit parity, and QI conversion.

The specific observations from this review are listed below.

Compliance with Article 5, Regents Policy 5402 and the Implementation Guidelines:

1. Not all contracts for covered services were reported as part of the calendar year 2021 annual report to AFSCME.
2. Incorrect wage and benefit parity rate was used for one contract.
3. Conversion to career UC employment was not performed timely for one Qualified Individual (QI) who submitted a request.
4. Suppliers were not provided with notices/posters of Regents Policy and Article 5 of the AFSCME requirements.

Process Gaps

5. A current contract is not in place for one vendor providing covered services.
6. Campus Supply Chain Management (SCM) does not have a process to monitor non-compliant transactions.
7. Practices for the tracking and monitoring of the covered service provider employee hours between Campus and UCSF Health are inconsistent.
8. The rationale for contracting out of covered services was not always appropriately documented for existing contracts that were extended beyond their original term.

Additionally, during the course of this review, opportunities for enhanced process efficiencies were identified. Old, inactive POs, remain open in the campus procurement system, making it more difficult to review open POs for items that should be reported on the AFSCME report.

As well as the observations listed above, recommendations for corrective actions applicable to local campus were identified in the systemwide report. These recommendations and the associated corrective actions for UCSF are further described in Appendix A, Systemwide Recommendations and Management Corrective Actions.

IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS (MCAs)

A. Compliance with Regents Policy 5402 and Article 5

No.	<u>Observation</u>	<u>Risk/Effect</u>	<u>Recommendation</u>	<u>MCA</u>
1	<p><i>Not all contracts for covered services were reported as part of the calendar year 2021 (CY 2021) annual report to AFSCME.</i></p> <p>Two service contracts (out of a sample of 30, 15 campus and 15 UCSF Health, contracts reviewed) were for covered services and had not been included on AFSCME CY 2021 report. (Note: Both were campus contracts and less than \$100k.)</p> <ul style="list-style-type: none"> One contract was for a temporary employee serving as Histotechnologist. This order was reviewed by a buyer who specialized in information technology spend and may not have had the understanding or knowledge of what the position was, or whether it was a covered service or not. Another contract was for coding services. The services were procured through an errant process by the department and therefore did not go through a buyer. Please refer to Observation #6 under Section B Process Gaps for the issue related to this. The department did not use the Professional Services/Independent Consulting Form, which would have been routed to a buyer regardless of the dollar amount. Once a contract is identified by the buyer as a covered service, Procurement is responsible for updating spreadsheets provided to UCOP for reporting to the union. <p>As per Section D of Article 5: The University at the Systemwide level shall produce an annual report of all contracts for covered services, regardless of amount or duration, and shall provide the report to AFSCME no later than February 15th of each year.</p>	<p>Non-compliance with the requirements of the Article 5 may lead to union grievances.</p>	<p>(a) Periodic review of active services contracts should be performed to help ensure all reportable contracts are identified.</p> <p>(b) Management should update the AFSCME report for the two missing reports.</p>	<p>(a) Campus and Health Procurement will re-review and annotate covered services categories in buyer training and escalate to HR for further review.</p> <p>(b) Health will update compliance section of Requisition form to further highlight covered services scoping disclosure.</p> <p>Responsible Parties: Campus: AVC Chief Procurement Officer & UCSF</p>

No.	Observation	Risk/Effect	Recommendation	MCA
				Health: VP Supply Chain Management Target Completion Date: 6/30/2023 (c) HR has updated the Smartsheet to include the two missing contracts. Action Completed
<p>2</p>	<p><i>Incorrect wage and benefit parity rate was used for one contract.</i></p> <p>One service provider (out of a sample of 10, five campus and five UCSF Health, covered service contracts reviewed) did not implement correct wage and benefit parity rates.</p> <p>Per the Wage and Benefit Parity (WBP) Appendices signed by the service provider, the wage and benefit parity rates for the Custodian Job Title was \$17.30/hour (WBP Appendix signed 8/2021) and 18.35/hour (WBP Appendix signed 6/2022). Implementation of the incorrect WBP rates was due to a human error in retrieving this information from the appropriate spreadsheet.</p> <p>Full wage and benefit parity rates (including amounts for hourly rates, pension parity and benefit parity) should have been \$26.63 (as of 6/2021) and \$28.55 (as of 6/2022). This was noted in the Step</p>	<p>Insufficient procedures to help ensure that correct rates are implemented by the service provider may lead to non-compliance with the requirements of the AFSCME agreement.</p>	<p>Management should revise its processes to review WBP Appendices to help ensure that the appropriate WBP rates are provided to the suppliers of covered services.</p>	<p>Campus Procurement will re-review methodology for looking up WBP rates in UCOP box folder.</p> <p>Responsible Party: AVC Chief Procurement Officer</p> <p>Target Completion Date: 6/30/2023</p>

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>2 Response from UCSF to the 2022-65-SX Grievance. The University has informed the vendor of this error and requested the difference be paid to the affected employees. Subsequently, the contract terminated on October 31, 2022, without opportunity to remedy the contract error.</p> <p>As per Section B of Article 5, “Those contracts that include Covered Services shall require the contractor to provide its service employees, and any contracted individuals, who work at University locations, ..., with wages and benefits of equivalent value to those provided to bargaining unit employees performing the same or similar work at the location where the work is being performed,”</p>			<p>Responsible Executive will request review of WBP rate distribution practices by UCOP. Suggestion: inclusion in TCS or other online system instead of Box folders.</p> <p>Responsible Party: VP/AVC Talent Management and Operations</p> <p>Target Completion Date: 6/30/2023</p>
3	<p><i>Conversion to career UC employment was not performed timely for one Qualified Individual (QI) who submitted a request.</i></p> <p>One UCSF Health QI conversion (out of five reviewed) was done more than 120 days after the written request was submitted. The QI conversion request was submitted on 4/2/2021 and the employment start date was 9/27/2021, which was 178 days after the written request was submitted. The delay was due to an oversight by an employee.</p> <p>Section F of Article 5 states, “The QI shall be placed in a career UC position no later than one hundred twenty (120) days from the time the application was received.”</p>	<p>Non-compliance with the requirements of the AFSCME agreement may lead to union grievances that could have been avoided.</p>	<p>Management should revise their procedures for tracking self-identified QIs to help ensure that the required deadlines are met, or justifications documented for exceeding these timelines.</p>	<p>Beginning January 2023 HR began entering “conversion by” date and “QI form submission” date into tracker to better prioritize conversion deadlines.</p> <p>Action Completed</p>

No.	Observation	Risk/Effect	Recommendation	MCA
4	<p>Suppliers were not provided with notices/posters of Regents Policy and Article 5 of the AFSCME requirements.</p> <p>Per discussion with management, we noted that they have not provided suppliers with the notices of Regents Policy and Article 5 requirements. Management was not aware of the requirement to provide suppliers with the notices, nor of the availability of systemwide templates.</p> <p>As per the Implementation Guidelines of Regents Policy 5402: Suppliers are required to post notices of Regents Policy and Article 5 of the AFSCME Collective Bargaining Agreement (CBA) requirements in prominent and accessible places (such as break rooms and lunch rooms) where they may be easily seen by the suppliers’ employees who perform covered services. UC will provide a template for the notice with a section for the wage and benefit parity agreed to in the service contract(s) as well as the hotline number and online complaint registration system UC has established to report violations of the Regents Policy and Article 5 of the AFSCME CBA.</p> <p>Guidelines require UC to provide the supplier a template for employee notices, though there is no contractual obligation for the supplier to post them.</p>	<p>Procedures that are insufficient to ensure that appropriate notices with the required information (i.e., wage and benefit parity, hotline number, and online violation reporting system) are provided to supplier so that they may post the notices where they may be easily seen by employees may lead to non-compliance with and, potentially, unreported violations of the requirements of the Regent Policy.</p>	<p>Management should obtain templates from UCOP for the required notices and provide these to suppliers for posting as prescribed in the Implementation Guidelines.</p>	<p>As part of the UCOP QI Project, AgileOne will work with suppliers to post the notice once it is provided by UCOP.</p> <p>Responsible Party: VP/AVC Talent Management and Operations</p> <p>Target Completion Date: 12/31/2023</p>

B. Process Gaps

No.	Observation	Risk/Effect	Recommendation	MCA
<p>5</p>	<p><i>A current contract is not in place for a vendor providing long-term covered services.</i></p> <p>Currently, UCSF Health, directly bills a vendor for covered services (security services) and does not have a contract in place. The contract with this vendor expired in 2016.</p> <p>A Request for Proposal was launched (February 2023) to select and contract with a vendor. This was noted in grievance 2022-56-SX.</p> <p>Per UC Business and Finance Bulletin BUS-43 Purchases of Goods and Services; Supply Chain Management (Section III, Part 1, A.6) Procurement contracts should be used for long term arrangements with suppliers. Procurement contracts may also be used for complex, highly sensitive procurements where risk must be minimized.</p>	<p>Without a current contract in place, agreement to terms and conditions, including rights and responsibilities are not captured.</p>	<p>Management should issue a Request for Proposal and select a vendor to award the contract.</p>	<p>(a) In February 2023, Health Procurement issued a Request for Proposal for selecting a vendor to which a contract will be awarded at the end of the process.</p> <p>Action Completed</p> <p>(b) Proposals received through the RFP process will be reviewed and the contract will be awarded to the selected vendor.</p> <p>Responsible Party: VP Supply Chain Management</p> <p>Target Completion Date: 9/30/2023</p>
<p>6</p>	<p><i>Campus Supply Chain Management (SCM) does not have a process to monitor non-compliant transactions.</i></p>	<p>UCSF’s efforts to comply with the requirements of the AFSCME agreements</p>	<p>Periodic review of active contract that include services should be</p>	<p>Campus procurement will run a report semi-annually to identify</p>

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>POs for general goods under \$10,000 are approved at the departmental level by the designated individual and are not routed to a buyer in campus SCM. One of the unreported covered services identified above (see Observation # A.1) under \$10,000 was mistakenly requested using a goods form, and therefore was not reviewed by a SCM buyer. Once a contract is identified by the buyer as a covered service, Procurement is responsible for updating spreadsheets provided to UCOP for reporting to the union.</p> <p>POs for services under \$10,000 are routed to the SCM buyer for review, however, this process can be by-passed if departments use the incorrect form.</p>	<p>may be less effective and efficient if all contracts that could potentially contain covered services are not reviewed for inclusion on the reporting.</p>	<p>performed to help ensure all reportable contracts are identified.</p>	<p>any non-compliant transactions and report these on the AFSME report. The criteria for running the report will be documented in the procedures.</p> <p>Responsible Party: AVC Chief Procurement Officer</p> <p>Target Completion Date: 6/30/2023</p>
<p>7</p>	<p><i>Practices for the tracking and monitoring of the covered service provider employee hours are inconsistent between Campus and UCSF Health; therefore, one practice may be deemed as less than best efforts in determining those employees who meet the criteria to become qualified individuals.</i></p> <p>Campus does not have processes to centrally track supplier employee hours. Human Resources and Labor Employee Relations are relying on the departments to identify and track QIs.</p> <p>In contrast, UCSF Health maintains a dashboard that tracks both QI and non-QI employees. Additionally, as employees approach QI status (i.e., within 4 pay periods from QI status), they are tracked on spreadsheet so that departments are able to forecast employee conversions. Campus QIs are added to the</p>	<p>The meaning of “best efforts” as used in the AFSCME agreement relating to the conversion of qualified individuals to UC employees is not well defined. As a result, if UCSF processes in this area are applied inconsistently, then it may be less compelling to convince others that we are effectively applying best efforts to comply with the guidelines.</p>	<p>Management should work toward aligning its processes to track supplier employee hours to help ensure that efforts to comply with Regents Policy and Article 5 is more effective and efficient.</p>	<p>Health and Campus HR will expand and standardize a practice introduced in June 2022 to work with the department and the vendor to obtain QI status reports from suppliers monthly.</p> <p>These “in-progress” QIs will be added to the Health/Campus tracker.</p> <p>Campus/Health HR will create a role-based RACI chart to</p>

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>spreadsheet after they convert – QI threshold for campus QIs is not tracked on the spreadsheet.</p> <p>Section F of Article 5 states, “The University will exercise its best efforts to determine employees who meet the criteria to become qualified individuals.”</p>			<p>clarify tracking responsibilities.</p> <p>Responsible Party: VP/AVC Talent Management and Operations</p> <p>Target Completion Date: 6/30/2023</p>
8	<p><i>The rationale for contracting out of covered services was not always appropriately documented for existing contracts that were extended beyond their original term.</i></p> <p>Two out of 10 covered service contracts reviewed (5 campus and 5 health) did not have the Contracting Out for Covered Services Exception Request form completed to document justification and support the decision to contract out for covered services.</p> <p>These contracts (both for campus) were discussed multiple times among the various parties. The missing documentation was an administrative oversight due to the changing understanding of the applicability of Regents Policy 5402 to these contracts. We noted that both covered services contracts were reported on the calendar year 2021 AFSCME report.</p> <p>The Implementation Guidelines for Regents Policy 5402 require that the rationale for contracting out must be documented including the specific carve out listed, the reason why the carve out applies, and details of efforts to in-source the service.</p>	<p>UCSF’s efforts to comply with the requirements of Regents Policy may be less effective and efficient if appropriate documentation of the decision to grant exceptions to contracts for covered services is not created.</p>	<p>Management should document the justification to contract out for the covered services contracts where this was missing.</p>	<p>HR/SCM will work together to secure formal exception for missing approval documentation. Moving forward, prior to submission of annual OP report, Campus and Health will perform an audit to re-confirm that all active contracts have supporting exception documentation</p> <p>Responsible Party: VP/AVC Talent Management and Operations</p> <p>Target Completion Date: 6/30/2023</p>

V. OPPORTUNITIES FOR IMPROVEMENTS

<u>No.</u>	<u>Observation</u>	<u>Risk/Effect</u>	<u>Recommendation</u>
1	<p>Campus does not have a process in place to close old, inactive Purchase Orders (POs)</p> <p>During the review of Campus active service contracts, we noted purchase orders dating back to 2011. Upon further inquiry we noted that these POs are no longer active and should have been closed. There has not been a process put in place to ensure that old, inactive POs are closed. Having old inactive POs may reduce the effectiveness of reviews in determining if any outstanding POs are for covered services and were not identified for reporting to the AFSCME</p>	<p>Not having a process to close old, inactive POs can increase the risk of payments being made against these POs since these POs are still open in the system.</p>	<p>Procedures should be developed to periodically review POs that remain open for a considerable period of time and close those that are inactive.</p> <p>Management Response: Efforts are already underway to close old POs.</p>

Appendix A

Systemwide Recommendations and Management Corrective Actions

Recommendation to UCOP	Recommendation to Locations	Management Corrective Action and Target Date
Procurement and Contracting Processes		
<p>1.a.1 Systemwide Procurement should issue guidance to provide clear direction to UC locations on the following contracting out compliance requirements related to procurement and contracting:</p> <ul style="list-style-type: none"> • Requirements for monitoring lower-value purchasing activity (such as purchase orders, automatic purchase orders, purchasing cards, and travel and entertainment reimbursements) to identify procurement of Covered Services • Acceptable practices for documenting Covered Services-related terms and conditions in supplier contracts and purchase orders. 	<p>1.a.2 Locations should implement the updated guidance provided by Systemwide Procurement on contracting out compliance requirements for procurement and contracting.</p>	<p>UCSF will develop and implement processes based on the updated guidelines on contracting out compliance requirements for procurement and contracting provided by Systemwide Procurement.</p> <p>Responsible Party: Campus: AVC Chief Procurement Officer & UCSF Health: VP Supply Chain Management</p> <p>Target Completion Date: December 31, 2023</p>
Tracking Supplier Employee Hours, Identifying QIs, and Providing QIs Options for UC Career Employment		
<p>1.b.1 Systemwide HR should complete the implementation of the systemwide QI tracking tool with the selected supplier identified in the RFP.</p>	<p>1.b.3 Locations should implement the updated guidance provided by Systemwide HR on contracting out compliance requirements related to Qualified Individuals and implement the QI tracking tool</p>	<p>a. UCSF will review the QI tracking tool and determine if the tool or other process will be implemented to meet the requirements of the QI guidance.</p> <p>Responsible Party: VP/AVC Talent Management and Operations</p> <p>Target Completion Date: March 31 2024</p> <p>b. UCSF will develop and implement processes based on the updated guidance provided by Systemwide HR on contracting out compliance requirements related to QI.</p>
<p>1.b.2 Systemwide HR should issue guidance to provide clear direction to UC locations on the following compliance requirements for QIs:</p> <ul style="list-style-type: none"> • QI monitoring and identification, including appropriate protocols for instances in which a location determines that a 		

Recommendation to UCOP	Recommendation to Locations	Management Corrective Action and Target Date
<p>supplier employee reached QI eligibility in the past but has since stopped providing services to the University for an extended period of time</p> <ul style="list-style-type: none"> • QI conversion to UC career employment, including the timeframe in which QIs must be notified of an option for employment and procedures for non-responsive QIs • Any allowable exceptions to required timeframes for QI conversion, such as certain categories of employees that require additional background checks • Posting notices to contract workers with the requirements for converting to a UC career employee, including the appropriate template(s) to be used 	<p>procured by UCOP.</p>	<p>Responsible Party: VP/AVC Talent Management and Operations</p> <p>Target Completion Date: April 30, 2024</p>
Compliance with Employee Displacement Requirements		
<p>1.c.1 Systemwide HR should issue guidance to provide clear direction to UC locations on required procedures to comply with employee displacement requirements when contracting out for covered services.</p>	<p>1.c.2 Locations should implement the updated guidance provided by Systemwide HR on contracting out compliance requirements related to employee displacement.</p>	<p>UCSF will develop and implement processes based on the updated guidance provided by Systemwide HR on contracting out compliance requirements related to employee displacement.</p> <p>Responsible Party: VP/AVC Talent Management and Operations</p> <p>Target Completion Date: December 31, 2024</p>
Article 5 Grievances		
<p>1.e.1 Systemwide Labor Relations should issue guidance to provide clear direction to UC</p>	<p>1.e.2 Locations should implement the</p>	<p>UCSF will develop and implement processes based on the updated guidance provided by Systemwide</p>

Recommendation to UCOP	Recommendation to Locations	Management Corrective Action and Target Date
<p>locations on the following compliance requirements related to administration of Article 5-related grievances:</p> <ul style="list-style-type: none"> • Requirements for recordkeeping • Roles and responsibilities of the locations and Systemwide Labor Relations for grievance administration • Criteria for notifying Systemwide Labor Relations regarding locally filed grievances • Procedures and documentation requirements for instances in which AFSCME is non-responsive during the grievance or appeals process 	<p>updated guidance provided by Systemwide Labor Relations on contracting out requirements for Article 5-related grievances.</p>	<p>Labor Relations on contracting out compliance requirements for to Article 5-related grievances.</p> <p>Responsible Party: VP/AVC Talent Management and Operations</p> <p>Target Completion Date: March 31, 2024</p>
Reporting Violations of Contracting Out Requirements		
<p>1.f.1 Systemwide HR should issue guidance to provide clear direction to UC locations on requirements for provision of required employee notices to suppliers, including the appropriate template(s) to be used.</p>	<p>1.f.2 Locations should implement the updated guidance provided by Systemwide HR on provision of employee notices to suppliers.</p>	<p>UCSF will develop and implement processes based on the updated guidance provided by Systemwide HR on provision of employee notices to suppliers.</p> <p>Responsible Party: Campus: AVC Chief Procurement Officer & UCSF Health: VP Supply Chain Management</p> <p>Target Completion Date: December 31, 2023</p>

APPENDIX B

To conduct our review the following procedures were performed for the areas in scope:

- Reviewed the following documents to gain an understanding of requirements relevant to the scope area:
 - Regents Policy 5402,
 - Implementation Guidelines for Regents Policy Generally Prohibiting Contracting for Services, and
 - Article 5 of the two AFSCME Collective Bargaining Agreements, for Service (SX) and Patient Care Technical (EX) units.
- Interviewed key department personnel in Supply Chain Management, UCSF Health Procurement, and Human Resources to gain an understanding of procedures and practices in place to facilitate compliance with contracting out requirements.
- Reviewed samples of the populations described below to assess effectiveness of the University's procedures:
 - Active contracts that include services,
 - Active covered service contracts reported to AFSCME,
 - Supplier employees who have been deemed and those who have not been deemed QIs,
 - AFSCME-represented individuals who perform covered services who have been involuntarily terminated
 - QIs who have submitted requests for UC career employment conversion,
 - Hotline and online reports of reported contracting out-related violations, and
 - Grievances related to contraction out.