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November 22, 2021

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Vice Chancellor Sutton:

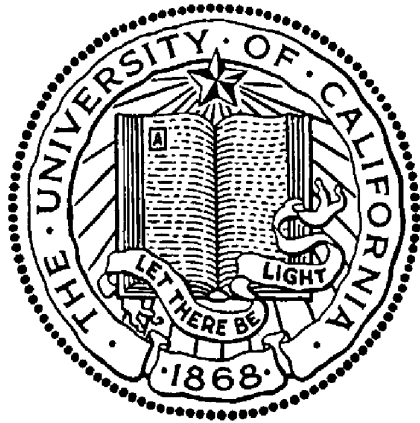
We have completed our audit of the LEAD Center as per our annual service plan in accordance with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* and the University of California Internal Audit Charter.

Our observations with management action plans are found in the accompanying report. Please destroy all copies of draft reports and related documents. Thank you to the staff of the LEAD Center for their cooperative efforts throughout the audit process. Please do not hesitate to call on Audit and Advisory Services if we can be of further assistance in this or other matters.

Respectfully reported,

Jaime Jue
Director

cc: Assistant Vice Chancellor Samuel Santos
Assistant Dean of Students Daniel Choi
Senior Vice President and Chief Compliance and Audit Officer Alexander Bustamante
Associate Chancellor Khira Griscavage
Associate Vice Chancellor and Controller Michael Riley



AUDIT AND ADVISORY SERVICES

LEAD Center
Audit
Project No. 21-751

November 22, 2021

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**University of California, Berkeley
Audit and Advisory Services
LEAD Center**

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OVERVIEW

Executive Summary

The purpose of the audit was to assess the effectiveness of the Leadership, Engagement, Advising & Development (LEAD) Center structure and processes to support student activities, manage resources efficiently, and minimize financial, compliance and operating risks.

Our audit scope included inquiry with management and staff from campus units, including the LEAD Center, ASUC Student Union, Student Affairs Finance, the Office of Risk Services, and the Office of Legal Affairs. Additionally, we reviewed various administrative processes as well as a review of key policies, procedures, and historical documents pertaining to the LEAD Center.

Based upon the results of the audit work performed we identified the following opportunities to strengthen strategies and practices to support the effectiveness and efficiency of the LEAD Center's operations and functional areas:

- *Advising Goals, Strategies, Processes, and Metrics:* There have been a number of changes in the unit reporting structure and management in recent years, and although LEAD Center staff appear focused on the student advising mission, we observed that unit-specific goals, strategies, and metrics had not been established to guide activities. As a result, neither management nor internal audit is able to adequately assess the design or effectiveness of the department nor its alignment with leadership priorities. We recommend that management assess and affirm overarching goals for the LEAD Center, formally delineate specific strategies and process for delivering services, and establish key operational and performance metrics to allow for meaningful monitoring of the function.
- *Funding Model for LEAD Center Activities:* Funding sources that were historically relied on to fund certain LEAD Center programs (primarily commercial revenues from ASUC Student Union operations provided for under the ASUC Commercial Activities and Student Services Agreement [CASSA]) have declined in recent years and have not been sufficient to sustain operations. As a result, management recently initiated an assessment of alternative funding sources. At the time of our audit, however, funding for these LEAD Center programs was still being determined on a year-by-year basis and a larger sustainable long-term funding model for the unit had not yet been established. We recommend that management prioritize the continuation of their earlier undertaking to develop a longer term funding strategy for the LEAD Center as a whole. We also note that there may be an opportunity for the campus to recoup additional funding under the CASSA, which stipulates that student services (including potentially those within LEAD Center) are to be covered and that levels of funding can be increased commensurate with cost; we recommend that management further explore this question to the extent they determine that some level of continuing student funding is warranted.

Source and Purpose of the Audit

The purpose of the audit was to assess the effectiveness of LEAD Center structure and processes to support student activities, manage resources efficiently, and minimize financial, compliance and operating risks. The audit was performed as part of our fiscal year 2021 audit plan.

Scope of the Audit

The audit scope included

- Strategic planning
- Program management
- Financial management
- Staff training and oversight
- Event coordination/insurance requirements
- Policies and procedures

Audit procedures entailed inquiry with management and staff from various units, including the LEAD Center, ASUC Student Union, Student Affairs Finance, the Office of Risk Services, and the Office of Legal Affairs as well as a review of key policies, procedures, and historical documents pertaining to the LEAD Center.

Background Information

Commercial Activities Agreement

On March 19, 1998, the campus and the ASUC entered into the ASUC Commercial Activities Agreement (CAA). The revenue generating services of the Associated Students of the University of California (ASUC) were subsumed by the campus through the ASUC Commercial Activities Auxiliary. Documented in Exhibit C of the CAA is the settlement agreement entered into between the campus and the ASUC stating that the ASUC was indebted to the campus in the amount in excess of \$2.3M of which the repayment was in default. Under the agreement, the ASUC Commercial Activities Auxiliary became the new administrative and accounting unit that provided accounting services for the ASUC and the ASUC commercial activities.

In 2014, the revised ASUC Commercial Activities and Student Services Agreement (CASSA) was created naming the ASUC Student Union Administration as the successor campus unit to the ASUC Auxiliary. The Student Union Administration would then provide accounting services for the Graduate Assembly and ASUC commercial activities.

LEAD Center

For several decades prior to 2012, undergraduate student group advising and leadership development programs existed to some extent in parallel structures both within the campus Dean of Students organization as well as in the ASUC organization. The Dean of Students organization had responsibility for registered student organizations, campus fraternities and sororities, and certain leadership, academic, cultural, recreational and multicultural programs. The ASUC had responsibility for undergraduate student government, the student union, certain other leadership,

academic, cultural, recreational and multicultural programs, and also provided funding to ASUC-sponsored student groups. In August 2012, the new LEAD Center was created bringing together the functions and staff formerly provided separately by the Dean of Students' Center for Student Leadership (also previously known as Student Activities and Services), the ASUC's Office of Student Affairs as well as adding the Graduate Assembly business office. At that time, the LEAD Center Director reported directly to the ASUC Auxiliary Executive Director.

The new LEAD Center's goal was to deliver more efficient leadership training and development and student-group advising than was performed separately by the Dean of Students and ASUC organizations previously. The center provided advising to the undergraduate and graduate-student government organizations, *bridges* Multicultural Resource Center, Cal Debate, the Committee on Student Fees, campus fraternities and sororities, registered student organizations, student publication groups, the Student Union Program, Entertainment, and Recreation Board (SUPERB), and The Green Initiative Fund.

In 2015 there was another change in reporting structure with the LEAD Center becoming part of the ASUC Student Union and directly reporting to the ASUC Student Union Executive Director.

Since 2019 the LEAD Center has been a unit in the Assistant Vice Chancellors and Dean of Students organization, within the Division of Student Affairs, in part returning to its historical origins as a Dean of Students unit. The center's mission has remained the same since then, supporting student-centered development through its leadership training as well as offering student-group advising services to, for example, the over 1,000 registered student organizations and 3,400 individuals involved in Cal fraternities and sororities and their 60 local, national, and international chapters.

Prior to the commencement of our audit in July 2020, a new permanent Director was named. Our audit fieldwork concluded in spring 2021.

Summary Conclusion

Based upon the results of the audit work performed, we identified the following opportunities to strengthen strategies and practices to support the effectiveness and efficiency of the LEAD Center's operations and functional areas:

- *Advising Goals, Strategies, Processes, and Metrics:* There have been a number of changes in the unit reporting structure and management in recent years, and although LEAD Center staff appear focused on the student advising mission, we observed that unit-specific goals, strategies, and metrics had not been established to guide activities. As a result, neither management nor internal audit is able to adequately assess the design or effectiveness of the department nor its alignment with leadership priorities. We recommend that management assess and affirm overarching goals for the LEAD Center, formally delineate specific strategies and process for delivering services, and establish key operational and performance metrics to allow for meaningful monitoring of the function.
- *Funding Model for LEAD Center Activities:* Funding sources that were historically relied on to fund certain LEAD Center programs (primarily commercial revenues from ASUC Student Union operations provided for under the ASUC Commercial Activities and Student Services Agreement [CASSA]) have declined in recent years and have not been

sufficient to sustain operations. As a result, management recently initiated an assessment of alternative funding sources. At the time of our audit, however, funding for these LEAD Center programs was still being determined on a year-by-year basis and a larger sustainable long-term funding model for the unit had not yet been established. We recommend that management prioritize the continuation of their earlier undertaking to develop a longer term funding strategy for the LEAD Center as a whole. We also note that there may be an opportunity for the campus to recoup additional funding under the CASSA, which stipulates that student services (including potentially those within LEAD Center) are to be covered and that levels of funding can be increased commensurate with cost; we recommend that management further explore this question to the extent they determine that some level of continuing student funding is warranted.

SUMMARY OF OBSERVATIONS & MANAGEMENT RESPONSE AND ACTION PLAN

Advising Goals, Strategies, Processes, and Metrics

Observation

In August 2012, the Leadership, Engagement, Advising and Development (LEAD) Center was created in the Vice Chancellor of Student Affairs organization, bringing together a number of student advising functions and staff formerly housed separately across various campus and ASUC units, including, but not limited to, the Center for Student Leadership (within the Dean of Students organization), the Office of Student Affairs (within the ASUC) and the Graduate Assembly business office. A rationale for the LEAD Center was articulated by Student Affairs leadership at the time of the center creation; however, there have been a number of changes in the unit reporting structure and management in recent years, and although LEAD Center staff appear focused on the student advising mission, we observed that unit-specific goals, strategies, and metrics had not been established to guide activities. As a result neither management nor internal audit is able to adequately assess the design or effectiveness of the department, nor its alignment with leadership priorities. In addition, we note that advising processes are not clearly delineated to help ensure their appropriateness across advisors and functional areas.

A new LEAD Center Director was hired in July 2020, and as a foundational step in this leadership transition, we recommend that management assess and affirm overarching goals for the LEAD Center, formally delineate specific strategies and process for delivering services, and establish key operational and performance metrics to allow for meaningful monitoring of the function. As part of this, management should take into account and address the differing funding, risk profiles, and operational demands of each of the different functional areas.

Management Response and Action Plan

The observations provided by Audit and Advisory Services highlighted areas that the LEAD Center has been challenged with as they evolved the past few years while additionally being challenged by the COVID pandemic. However, the actions to address areas they have illuminated in the report provides an opportunity to focus on areas that will give direction to the future of the operations of the LEAD Center.

The first will be to review the advising approach and services for each of the functional units within the LEAD Center. Having a diverse array of programs and services (*bridges* Multicultural Resource Center, Cal Debate, Fraternity and Sorority Life, Queer Alliance Resource Center (QARC), Student Government Advising, and Student Organization Advising) it will be important to charge each Director to examine and establish an advising model that would fit with the unique student constituencies they serve. Understanding that a one-size-fits-all advising philosophy will not be able to accommodate each of the areas, the LEAD Center Director will work with each of the unit's Directors to articulate the appropriate approach when working with students involved in their area of oversight. The advising philosophy would connect with the set of services and support that is provided in order for operations and student engagement to be a match in the operational needs required of the areas and the students they serve.

This will begin with one-on-one conversations about assessment, year in-review, and the development of more robust assessment opportunities.

Funding Model for LEAD Center Activities

Observation

The LEAD Center is comprised of six main functional areas, each with its own funding structures, that have evolved over time from predecessor organizations and structures within the Division of Student Affairs as well as the ASUC. Long-term funding exists for one program, the *bridges* Multicultural Resource Center, through a student fee referendum passed in 2018, and Cal Debate has historically been considered and treated as self-supporting. However, funding sources that were historically relied on to fund other LEAD Center programs (primarily commercial revenues from ASUC Student Union operations provided for under the ASUC Commercial Activities and Student Services Agreement [CASSA]) have declined in recent years and have not been sufficient to sustain operations. As a result, management recently initiated an assessment of alternative funding sources. At the time of our audit, however, funding for these LEAD Center programs was still being determined on a year-by-year basis and a larger coherent long-term funding model for the unit had not yet been established.

We recommend that management prioritize the continuation of their earlier undertaking to develop a longer term funding strategy for the LEAD Center as a whole. We acknowledge the challenges associated with identifying stable funding sources; however, a funding model is critical not only to ensure the stability of services, but also to enable organizational planning and an appropriate consideration of trade-offs in decision-making to align with larger strategic goals. One foundational question for management to consider in evaluating potential funding models is whether LEAD Center activities are most appropriately funded by campus sources, student sources (whether directly through student fees or indirectly through the ASUC), or a hybrid model. Whichever approach is selected, it is critical that it align with management's larger view of the strategy and governance for the LEAD Center and that any potential misalignments in interests across stakeholders are understood and addressed. In addition, as with the setting of goals for the unit, the funding model should take into consideration management's risk tolerance level to ensure alignment with staffing and resource needs to adequately mitigate compliance and operational risks associated with the advising function.

Additionally, we note that there may be an opportunity for the campus to recoup additional funding under the CASSA agreement, which stipulates that student services (including potentially those within the LEAD Center) are to be covered and that levels of funding can be increased commensurate with cost; we recommend that management further explore this question to the extent they determine that some level of continuing student funding is warranted.

Management Response and Action Plan

There is no denying the findings related to the LEAD Center and the uncertain financial stability. Due to its fiscal volatility and reliance on unreliable sources of support, it will be imperative that campus work with LEAD Center leadership to identify the most ideal funding sources. At this time, the approach is to continue to apply for on-going support from the Chancellor's Advisory

Committee on Student Services and Fees (CACSSF). Currently, the focus will be to maintain support the steadiness of services and to permit organizational planning for the future. The LEAD Center is a central unit that has the potential to enhance and redefine the student experience, a strategic priority of the Division of Student Affairs. However, with the reduction of staff to support the large portfolio of student constituents, it has limited ability to sustain and support the innovation needed for this goal. Instead, the staff has been maintaining operations in a limited capacity with the priority being baseline advising tending to immediate needs that arise.

With the current financial reality of the institution and the LEAD Center's currently complex hybrid financial model, it would make sense for management to continue a mixture of funding sources. In addition to moving forward with CACSSF support, it is agreed that management examine and further explore recouping funding under the CASSA agreement as well as discover the possibility of the ASUC providing support. This would entail a series of conversations with a variety of stakeholders including ASUC student leaders and financial executives within the Vice Chancellor of Student Affairs immediate office.