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December 15, 2022

Benjamin E. Hermalin  
Executive Vice Chancellor and Provost

Dear Executive Vice Chancellor and Provost Hermalin:

We have completed our audit of the UC Berkeley Extension (UNEX) 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 presented in the accompanying report. Please destroy all copies of draft reports and related documents. Thank you to the staff of UNEX 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*

Jaime Jue  
Director  
Audit and Advisory Services

cc: Dean Richard Russo  
Associate Chancellor Khira Griscavage  
Senior Vice President and Chief Compliance and Audit Officer Alexander Bustamante



UC Berkeley Extension (UNEX)  
Audit  
Project No. 22-765

December 15, 2022

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**University of California, Berkeley  
Audit and Advisory Services  
UC Berkeley Extension (UNEX)**

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# OVERVIEW

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## Executive Summary

The purpose of the audit was to assess internal controls in place to ensure effective administrative practices and risk mitigation related to selected core UC Berkeley Extension (UNEX) operations. The review covered selected key areas, including academic programs and certificates, instructor hiring and assessment, revenue contracts, selected student services, and data security. Our audit procedures included the identification and walkthrough of management's processes, review of related documentation, testing of process administration, and interviews with key individuals within UNEX and other campus units. Fieldwork was conducted during February 2022 through July 2022. The content and implementation of individual UNEX programs and courses were outside the scope of our review.

Based on our work performed, we did not note any significant internal control deficiencies. However, we did identify opportunities for UNEX to enhance internal procedures and controls to better support the achievement of management's objectives and priorities and to further mitigate potential reputational, financial, and compliance risks in the following areas:

- *UNEX Objectives, Goals, and Strategies.* There is an opportunity to formally develop and document long-term operational objectives, goals, and strategies that incorporate and reflect its current mission and management's strategic priorities.
- *Revenue Contract Management.* There is an opportunity to formalize processes, procedures, and tools to identify, track, and manage revenue contracts to support centralized monitoring and holistic portfolio management. There is also an opportunity to better ensure consistency in contract structure and language across like types of agreements.
- *Certificate Programs.* There is an opportunity to better ensure that endorsed provider confirmations are up-to-date and maintained so that they can be produced upon request.
- *Instructor Appointment and Reappointment.* There is an opportunity to strengthen controls related to instructor appointment and reappointment to reduce the risk of accidental or inappropriate payroll payment for periods when they are not teaching.
- *Program Decision Support.* There is an opportunity to study, design, and implement improvements to internal financial reporting capabilities to ensure that both program and senior management have adequate and timely access to consistent information to support both individual programmatic and unit-wide strategic decision making.
- *Data Access Security.* There is an opportunity to strengthen controls related to managing user access for the Destiny student information system. There is a similar opportunity to better ensure UNEX student records are maintained consistent with the internal record retention and external data privacy requirements.

Management has provided action plans that, if appropriately designed and effectively implemented, should address the process improvement opportunities identified in our report.

## **Source and Purpose of the Audit**

The purpose of the audit was to assess internal controls in place to ensure effective administrative practices and risk mitigation related to selected core Berkeley Extension (UNEX) operations.

## **Scope of the Audit**

The scope of the audit included UNEX governance and operations, with a focus on administration. The review covered selected key areas, including academic programs and certificates, instructor hiring and assessment, revenue contracts, selected student services, and data security and retention. Our audit procedures included the identification and walkthrough of management's processes, review of related documentation, testing of process administration, and interviews with key individuals within UNEX and other campus units. Fieldwork was conducted during February 2022 through July 2022. The content and appropriateness of individual UNEX programs and courses were outside the scope of our review. New Academic Ventures – Berkeley (NAV-B), while part of the UNEX organization, was not part of the primary scope of this review given our separate audit of it completed in 2018.

## **Background Information**

UC Berkeley Extension is a division of UC Berkeley that provides academic and non-academic education to non-matriculated students. Rick Russo was appointed Dean of UC Berkeley Extension effective July 1, 2021. Since that time, he has initiated reorganization to consolidate administrative functions of UNEX with the previously separate Summer Sessions, Study Abroad, and Life-Long Learning organization into a combined structure called SALLEX (Summer Sessions, Study Abroad, Life-Long Learning, and University Extension).

UNEX enrolls approximately 20,000 non-matriculated students annually, including both professionals and non-professionals, and employs more than 500 active instructors, consisting of both independent instructors and some instructors with faculty appointments on campus. At present, UNEX maintains 148 programs of which 35 are certificate programs. Programs cover a wide range of academic, non-academic, and business topics from art, humanities, engineering, and science to mathematics, economics and business. UNEX is an *approved certified provider* of several key certificate programs, as designated by certificate sponsors such as the Project Management Institute (PMI) and the California Consortium of Addiction Programs and Professionals (CCAPP). UNEX classes are primarily held either on-line or in person at a limited number of locations in the Berkeley and San Francisco area. UNEX also participates in custom programs and third-party arrangements, whereby students receive education either locally or internationally, through a variety of means.

## **Summary Conclusion**

UNEX maintains a unique position within the UC Berkeley environment that enables it to both engage with and supplement the campus' traditional operations. Based on the results of the audit work performed, we observed opportunities to strengthen internal controls and administrative practices associated with UNEX.

### ***UNEX Objectives, Goals, and Strategies***

While we were able to broadly identify UNEX's contributions and potential contributions, we recommend that UNEX consider developing long-term operational objectives, goals, and strategies that incorporate and reflect its potential.

### ***Revenue Contract Management***

We recommend that UNEX consider developing a formal means or tool to identify, track, and manage its revenue contracts as well as to support centralized monitoring and holistic portfolio management. In addition, we recommend that UNEX consider developing criteria and a structured approach to mapping revenue contracts to ensure consistency and appropriateness in the structure and application of key language and clauses across like types of agreements.

### ***Certificate Programs***

At the time of our review, a small number of endorsed provider confirmations were not current or current confirmations could not be readily provided. Up-to-date endorsed provider confirmations are important to maintain in order to ensure that programs continue to meet the standards/criteria set forth by the respective external certification Boards, Associations, or Institutes. We recommend that UNEX enhance procedures around maintaining up-to-date endorsed provider confirmations (or other appropriate external support).

### ***UNEX Instructors***

UNEX program teams informally instruct UNEX Payroll to either review or terminate an instructor's appointment in UC Path every two years. We recommend that UNEX strengthen controls to reduce the risk of potentially inappropriate or invalid instructor payments by implementing a process that requires a more formal approval for the continuation of appointments. All instructors currently classified as active in UC Path but not paid for more than two years, should be specifically reviewed for possible termination. Consideration should also be given to reducing the two-year renewal period to six months or possibly one year. We also recommend that all instructor contracts (Scope of Work) be verified and then signed by UNEX management.

### ***Program Decision Support***

We noted opportunities for UNEX to assess and strengthen its approach to program financial reporting to better ensure that the financial information needs of its users are appropriately met. An effort is currently in progress to create a financial data warehouse. In addition, other efforts by various UNEX personnel are also being explored or are underway to improve financial reporting, however, these efforts have been fragmented. Building upon the various efforts already underway, we recommend that management develop an overall program financial reporting design solution that addresses identified user requirements and formulates a singular direction that has been agreed upon by management and the users of the information. The design should ensure both that the reporting structure accurately accumulates data into meaningful groupings, and that the approach to direct and indirect cost assignment facilitates and supports decision making. We also recommend that UNEX develop a formal project plan to implement the design solution, including project phases, target dates, deliverables, status reporting, required resources, and oversight. Users of the data should be represented on the implementation team.

### ***Data Access Security – Destiny System***

We recommend that UNEX consider strengthening internal controls associated with the user access management process for the Destiny student information system. The process is currently

managed by one person, a practice that by design presents inherent risk that errors, omissions, or unauthorized changes to access may not be detected.

***Data Retention***

We recommend that UNEX reexamine practices associated with its retention of both international student and non-international student data (both within and external to the Destiny system) to ensure compliance with the UC Records Retention Schedule. We also recommend that UNEX ensure it has a workable means to parse student data efficiently and that it continues to partner with relevant campus offices to identify and address emerging data requirements.

Management agrees with the observations, and has provided management responses that we believe will adequately address the risks and issues noted.

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# SUMMARY OF OBSERVATIONS & MANAGEMENT RESPONSE AND ACTION PLAN

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## UNEX Objectives, Goals, and Strategies

### Observation

UNEX maintains a unique position within the UC Berkeley environment and shares many common areas of application and interest with the campus, including but not limited to academic instruction, student services, joint revenue generation, privacy and data security considerations, and foreign influence concerns. Its unique position enables UNEX to both interact with and augment the campus' traditional operations. Through its programs and certificates, it provides the campus with the means of reaching non-matriculated students. In addition, it has the potential to supplement the campus' profitability, most notably through revenue generation opportunities in areas that are beyond the campus' core academic operations. It also has the potential to add valuable perspective to campus issues and bring targeted business skills to the campus' portfolio of administrative skill sets. In today's environment, these represent important elements of a campus' success and can allow a campus to move beyond traditional academic operations and adopt new perspectives involving current business applications and practices.

Although we were able to broadly identify UNEX's contributions and potential contributions, we found that UNEX has not fully developed long-term operational objectives, goals, and associated strategies that both incorporate and reflect its potential. Since the recent reorganization, attention has been placed primarily on structural reorganization and short-term planning and budgeting. However, going forward, a planning framework incorporating a long-term perspective and direction is needed to fully realize UNEX's potential.

We recommend that UNEX consider developing a long-term planning framework that includes well-defined long-term operational objectives, strategies, and goals. For UNEX to realize its full potential and to effectively contribute its unique skills and perspectives to the campus, UNEX must have a clear understanding and acknowledgement of its purpose and role within the UC Berkeley environment. We recommend that UNEX continue to work with the campus to develop this clarity.

### Management Response and Action Plan

SSALLEX leadership will launch a long-term strategic planning process to further identify and incorporate opportunities and goals in support of maximizing UNEX's full potential as a unique partner and contributor to campus. Estimated launch date is by March 2024.

Since the consolidation of UNEX and SSALL, the combined leadership team has focused on the important tasks of bringing the two units together in order to fully leverage the core competencies of the respective divisions with the goal of realizing a strong and optimal extended education arm of the campus. Building this foundation is crucial as a first step in providing additional partnership and added value to campus. Bringing our enrollment/revenue to pre-pandemic levels continues to remain a key priority as well. We anticipate that continued focus in these areas is critical in the coming 12-18 months.



As articulated in our FY2023 Budget discussion, leveraging the synergetic potential of the combined division, we construct the vision and strategy for the “One Berkeley” experience with cohesive branding and programming, high-quality and consistent services and student experience in all opportunities created for access and excellence. SSALLEX leadership will partner with campus leadership to achieve this vision and beyond.

## Revenue Contract Management

### Observation

Revenue and partnership contracts representing various types of revenue transactions are an important component of UNEX operations. We identified two areas for improvement related to these contracts:

#### *Management of Revenue and Partnership Contracts*

Business Contracts and Business Protection (BCBP) state on their website, that each campus department is responsible to ensure that performance obligations under its contracts are met.

Within UNEX, each program team is responsible to monitor and manage revenue contracts within its area of responsibility and to adhere to contract terms. However, a formal and consistent means or tool is not used by UNEX program teams to identify, track, and monitor revenue contracts. In addition, there is no formal means or tool to support centralized monitoring and holistic portfolio management of all UNEX revenue contracts. Effective individual management of UNEX's revenue contracts is critical to maintain the contracting relationship and to ensure the ultimate success of each contract, while holistic portfolio management is needed to support UNEX's overall success in managing its various contract revenue streams.

We encourage UNEX to consider implementing a formal and consistent means or tool to identify, track, and manage its revenue contracts as well as to support centralized monitoring and holistic portfolio management of its revenue contracts. UNEX may wish to consider implementing a revenue contract management system or, alternatively, UNEX may prefer to work in cooperation with other campus departments, to implement a campus-wide revenue contract management system for use by all campus departments.

#### *Structure and Use of Revenue Contract Clauses*

UNEX uses contracts to document agreements associated with their revenue and partnership transactions. To support the integrity of these transactions, it is critical that each contract contains terms appropriate for the specific type and complexity of the transaction, and ideally, that there is consistency in usage of clauses between similar transactions. During our limited review of UNEX revenue and partnership contracts, we found inconsistency in the structure and application of certain contract clauses among contracts of a similar transactional type and complexity. We also found that the use of one clause requires re-examination.

- *Revenue and Partnership Contract Data Security Clauses.* UNEX revenue transactions can be complex and can differ in each party's obligations as well as the specific data held by each party. Variations in revenue contracts can range from UNEX performing all key functions (marketing, administration, student services, instruction, etc.) to the other party performing all of these functions. The complexities and variations in revenue transactions create a wide middle ground between maximum and minimum data security risks. Above and beyond these inherent variations, we found that UNEX revenue and partnership contracts appear to also vary in the extent and depth of required data security requirements and controls among similar transactions (for example, whether cybersecurity insurance is required or how often a data security plan is required to be

updated). We noted that UNEX has not developed standard criteria for use in mapping revenue contract obligations to the data (held or exchanged) then to pre-defined data security requirements. UNEX does not use this criteria and mapping process to ensure that data security requirements in new revenue contracts are consistent with similar existing contracts. Without the above criteria and mapping, there is risk that data security may be inadequate or inappropriate, and at a minimum, inconsistent between contracts. This could result in possible inappropriate exposure and usage of UNEX's data.

- *Right-to-Audit Clause.* A right-to-audit clause is not consistently used in UNEX revenue and partnership contracts. Inclusion of a right-to-audit clause is considered a key preventive control in data security where the outside party has access to information owned by UC Berkeley.
- *Automatic Renewal Clause.* An automatic contract renewal clause was used in one of the UNEX revenue agreements included in our sample. With this type of clause, the contract does not expire and must be formally terminated to end the contract. An automatic renewal clause in UNEX revenue and partnership contracts puts the campus at risk that a contract may be renewed without intent or continued advantage and that the campus loses its leverage to renegotiate.

We recommend that UNEX, working with relevant campus partners, including BCBP and the Information Security Office, consider:

- Developing standard criteria for use in mapping obligations to data then to pre-defined data security requirements, then using this criteria and mapping process to ensure that data security requirements are consistently addressed among similar contracts, regardless of the person developing the contract.
- Developing standard criteria for use of the right to audit clause, or obtaining other third-party assurance reports.
- Assessing and possibly eliminating the automatic renewal clause in future contracts.

Once a determination of the above has been made, UNEX should ensure that its revenue and partnership contracts contain adequate and consistent application of these clauses.

### **Management Response and Action Plan**

We have identified Salesforce as the tool to centrally manage and track all revenue generating contracts. Salesforce is already tracking many of these contracts for Extension programs, and enhanced features will be added to streamline the monitoring process of the lifecycle of these contracts. This project will also include adding the rest of revenue-generating contracts or MOUs currently not tracked in Salesforce, along with the creation, documentation and implementation of related operational processes. Estimated completion is by June 2023.

Working with BCBP and the Information Security Office, we are in the process of developing standard data security criteria and clauses for similar contracts across all UNEX contracts to be incorporated into the various contract templates. We will also include standard criteria for use of the right to audit clause or obtaining other third-party assurance reports in addition to assessing and possibly eliminating the automatic renewal clause in the revised templates. Estimated

completion is by June 2023.

We will complete the implementation as a normal part of the revision and approval process for all our contract templates, a collaborative process with campus Risk Services and BCBP.

## Program Decision Support

### Observation

Over the past several years, UNEX has made progress toward capturing data related to its operations. Dashboards have been created that focus on various information; some of which include demographic data, admission data, enrollment data, course availability data, direct revenue, and instructor costs. The data is extracted from existing systems, primarily the Destiny system (a third-party vendor student services system) and a Google query solution. While the dashboards have improved the availability of information useful in decision making, as they currently exist, they provide limited financial information. As a result, an effort is underway to augment the existing data warehouse, populated with information from the campus general ledger system (Berkeley Financial System - BFS) and other sources, to generate the dashboards and supplemental reporting. Additional ad hoc efforts by various UNEX personnel are also being explored or are underway to improve program financial reporting, however, these efforts have been fragmented. One such effort is exploring the use of budget pages at the course level within the Destiny system, in lieu of actual expense information.

Related to these efforts, we note opportunities for management to further assess and strengthen its project and change management approach to ensure that project goals are achieved and that the program financial information needs of all users are appropriately met.

*Planning and Design.* While some planning has been performed, there is no overall design solution and corresponding design plan that addresses identified user requirements and formulates a complete singular direction that has been agreed upon by management and the users of the financial information. As a result, ad hoc efforts are being undertaken. An overall design plan should be based on a feasibility analysis that considers previous efforts, identified options, and user requirements. We recommend that UNEX consider developing an overall financial reporting design solution and corresponding design plan that is realistic and incorporates the above points. The solution should address both the organization of data and the depth of data reported as discussed below.

- *Organization of Data.* The current structure of revenue streams, programs, and costing units may not accumulate data in a manner that best reflects and supports existing and future financial reporting needs; the number and configuration of existing revenue streams and programs may not be optimal, while specific costing units may not be assigned to the most appropriate program. Redefinition of programs and revenue streams as well as an appropriate assignment of costing units to programs, and programs to revenue streams, is needed to ensure that the structure accurately accumulates data into meaningful groupings that facilitate and support decision making going forward. In addition, for UNEX to make optimal operating decisions, full financial reporting of revenue streams is critical, with the sum of all revenue streams tied to the general ledger. We recommend that UNEX consider redefining its data organization structure to consider the above elements.
- *Depth of Data.* For UNEX decision makers to make sound operating decisions, reliable, useful, and full financial information should be conveniently available to them. Although improvement has been made over the past several months, current tools and processes do

not allow for the capture of full financial information. While revenue is captured by costing unit (course, certificate, contract) the associated full costs are not similarly available. Assigning not only direct costs but also assigning indirect costs and allocating overhead will enable decision makers to see the relative profitability of each revenue component. Of course, the balance between the benefits of having this expanded information versus the likely non-trivial incremental costs associated with obtaining it must be weighed and considered. We recommend that UNEX consider a more full reporting of financial information based on redefining the depth of information captured to include direct costs, assigned indirect costs, and allocated overhead tied to the general ledger. We recognize that UNEX finance has recently begun exploring expansion of its reported costs.

*Implementation.* Once an overall financial reporting design solution has been identified, we recommend that UNEX consider developing a formal plan to implement the design solution. The implementation plan should adopt the key elements of sound project management, including the identification of project phases, target dates, deliverables, status reporting, required resources, and an oversight group. Users of the data should be represented on the implementation team and UNEX management should be kept fully apprised of the implementation status.

It is key that UNEX's financial reporting not only meets program management needs and executive needs but also addresses finance requirements, specifically for budgeting and forecasting purposes. Reporting financial information in the above manner supports UNEX's ability to make sound operating decisions associated with managing revenue and costs, to plan the overall direction of the business, and to successfully grow it.

### **Management Response and Action Plan**

Management will convene a working group(s) by March 2023, to review and assess the program data and decision support needs across the organization, including the academic, marketing and operation teams. Once an overall design solution and plan has been developed and agreed upon, a formal project plan will be formulated. Management shall serve as the steering committee for the purpose of reviewing and approving the scope, resource needs, and recommendations set forth by the working group(s).

Phase 1: Working group to assess needs and provide conclusion/recommendations. Target completion by December 2023.

Phase 2: Form project team immediately after Phase 1 by March 2024, to implement approved project plan and to provide project timeline.

## Certificate Programs

### Observation

As part of its instructional curriculum, UNEX offers a wide range of certificate programs to its students. We identified two areas for improvement related to certificates:

#### ***Certificate Endorsed Provider Documentation***

For a limited number of certificates, UNEX is an endorsed provider for that certificate's Board, Association, or Institute. In these cases, UNEX holds itself out to students and the public as able to provide a certificate program that meets the standards/criteria set forth by the external certificate sponsor. During our review of certificates, we found that of the three endorsed providers in our sample, only two endorsed provider certificates were either included in the most recent five-year review for that certificate or were otherwise provided by UNEX. We also found that one of the endorsed provider confirmations examined had expired prior to the audit testing period. The lack of up-to-date endorsed provider confirmations (or other external support) creates a reputational risk for the campus; the risk is that UNEX certificate programs may not actually meet the standards/criteria set forth by the external certification Boards, Associations, or Institutes. We recommend that UNEX ensure endorsed provider confirmations (or other external support) be obtained and maintained. Requiring inclusion of this information in the respective five-year reviews may ensure that endorsed provider confirmations are up to date.

#### ***Periodic Certificate Program Reviews***

The *UC Berkeley Extension Curricula Manual* requires that Type A certificate programs be reviewed every five years. However, five of the thirteen Type A certificate programs sampled had scheduled review dates that were prior to 2022 (from 2019 to 2021) but the five-year review had not yet been performed as of audit fieldwork (spring 2022). UNEX indicated that delays were due in part to the COVID pandemic. Without up-to-date five-year reviews, there is risk that a certificate may become obsolete in terms of content, rationale, and/or continued need. We recommend UNEX consider bringing current its five-year certificate reviews.

### Management Response and Action Plan

Management will review the certificate endorsed provider documentation and ensure that all needed confirmations are obtained and maintained. Certificate endorsed provider documentation will be completed by March 2023.

Five-year program reviews are currently underway and progress will continue. The review committee will collaborate with the academic departments to determine the priority (list) for Type A program reviews. A minimum of five programs will be reviewed by December 2023, and the remainder will be completed by December 2024. Type B and other programs past due will also be reviewed for completion by December 2024.

## UNEX Instructors

### Observation

#### *Instructor Appointments*

Instructor appointments are required to be renewed every two years. The program teams can instruct UNEX Payroll to either renew or terminate the instructor appointment in UC Path. If the instructor's appointment is renewed, the instructor remains active in UC Path whether or not the instructor teaches a class during the renewal period. Technically, an instructor can be renewed in UC Path in this manner continually, without actually teaching a course. We found from a small sample of instructors classified as active in UC Path that nearly half had not been paid for a period exceeding two years. Instructors with appointments renewed in the above manner and left active in UC Path without actually teaching a course may go unnoticed for the period between appointment renewals. This increases the exposure risk of inappropriate activity associated with that instructor. In addition, a lengthy renewal period of two years further increases exposure risk.

We recommend that UNEX consider strengthening controls to lessen the exposure risk in this area. UNEX should consider implementing a more formal process to renew instructor appointments; perhaps creating an appointment request document that must be approved not only by the program director, but also by the respective assistant dean and/or associate dean. In addition, the two-year renewal period could be reduced to six months or possibly one year. We also recommend that all instructors classified as active in UC Path, but not paid for more than two years, be reviewed for possible termination in the system.

#### *Instructor Agreements*

There are three types of instructor agreements; an instructor agreement (either for a fixed fee or a variable fee), content-developer agreement, and guest-speaker agreement. Both the content-developer agreements and the guest-speaker agreements are prepared outside the Destiny system and are signed by the instructor and UNEX management. However, the instructor agreements (called Scope of Work) are automatically generated within the Destiny system as part of a multi-page form, once the *course approval page* has been electronically approved by designated approvers. After being created, we understand that the Scope of Work can be modified. The Scope of Work is not further verified to ensure that its contents (instructor, course and fee) are accurate as approved in the AP Recruit system. The Scope of Work is not signed by UNEX management, except that the fixed instructor contracts are signed by UNEX's Dean if the stated value of the contract exceeds \$6,000. The variable instructor contracts are not signed regardless of the expected amount. The Scope of Work page is then emailed to the instructor for signature.

Later, when instructor payables are processed for payment within UC Path, UNEX Payroll references the Scope of Work to verify that the amount being processed for payment in UC Path agrees with the Scope of Work. However, since the contents of the Scope of Work have not been verified and frozen, there is risk that the contents may have been inappropriately modified, potentially resulting in an incorrect amount being paid. Since Scope of Work documents are legal agreements, we recommend that UNEX consider implementing a process whereby all Scope of Work agreements are verified and then signed by UNEX management.



## **Management Response and Action Plan**

We have begun the review of all instructor appointments in UC Path with the goal of updating as necessary and anticipate completion by June 2023. Management is also planning to review the entire instructor hiring, appointment and payment process to streamline and optimize it using a centralized system that manages the overall workflow and provides systemized checks and verifications, as required and needed. This includes the review of the renewal process for instructor appointments encompassing the appropriate reviews and approvals.

The documentation of the full workflow and the creation of the team to support and manage this process is estimated to be completed by March 2023. The full system implementation of the workflow management process is estimated to be completed by December 2023.

## **Data Access Security – Destiny System**

### **Observation**

The Destiny system is used by UNEX primarily to administer programs and student enrollment. Within Destiny, the UNEX IT Director has sole responsibility for administering user access based on input from the respective user's supervisor. Along with this concentration of responsibility, we found that a) an independent review is not periodically performed that looks at the reasonableness of user access changes, including new employees, changes to access security, and terminations, and b) there is limited documentation (and audit trail) of user access changes. This lack of review and documentation heightens the risk of inappropriate or unauthorized change without detection. This could allow inappropriate access by users to Destiny system information.

We recommend that all changes to Destiny access security be documented and that the documentation be retained. All changes should be periodically reviewed by an appropriate person who is not otherwise involved in processing user access changes. The review should include all related documentation. UNEX should determine whether the Destiny system has the ability to log and retain all user access changes for reference during the recommended periodic review. In addition, a back-up to the IT Director should be identified and trained.

### **Management Response and Action Plan**

Management will review the current user access list, make updates as necessary, and ensure Destiny access security process documentation is in place by February 2023. A periodic review process encompassing the documentation, which will include a review of the current user access list, will be conducted by an additional reviewer. Back up plans for user access administration will be included. Estimated completion is by June 2023.

## **Data Retention**

### **Observation**

The Destiny system was implemented in 2013 and is the primary means of storing data related to Extension students. Student data accumulated prior to implementation of the Destiny system is maintained in microfiche, microfilm, or hard copy within UNEX's Registrar office. Effort is being made to move this information to Destiny. We understand that the Destiny system has the capacity to maintain information for ninety-nine years and that UNEX intends to maintain student data within the Destiny system for the maximum period available. This information includes the student name and ID, dates of attendance, grades, personal information, financial data, and other related information.

Per University policy RMP-1 (University Records Management Program), campuses are required to maintain all administrative data, including student data (except as superseded by federal laws and regulations, and university contract) in accordance with the University of California Records Retention Schedule. The Records Retention Schedule requires that student academic transcripts, final grades, and grade changes (0011A5 data) are to be permanently maintained. Other student data (0011A-0011C and 0011E2-0011H data) is to be retained for three to five years after the individual student no longer attends the University, then destroyed or written over. Also, certain student data (0011E1) related to student conduct or dismissal is to be retained for fifty years.

In addition, the Records Retention Schedule specifically calls for the official records of non-matriculated international students (0011D1-0011D3) to be maintained for three years after the end of the student's last academic year, then deleted or destroyed. In the past, it was UNEX practice to destroy the official records of non-matriculated international students after three years, in accordance with records retention requirements. However, over the past several years, UNEX began transferring the official records of non-matriculated international students to the Destiny system and as noted above, student information within the Destiny system is being retained for ninety-nine years. Based on the above, we recommend that UNEX reexamine its retention practices for the retention of both international student data and non-international student data (both within and outside of the Destiny system) to ensure compliance with the UC Records Retention Schedule.

In addition, information security and privacy requirements, especially those of foreign countries, are changing rapidly and are becoming an emerging area of concern. Privacy requirements will most likely be imposed on student data for students of specific countries. This may require universities to be able to parse specific student data and destroy it on an individual student basis. We recommend that UNEX ensure that it has a workable means to accomplish this parsing efficiently and that it continue to partner with relevant campus offices to identify the emerging requirements.

### **Management Response and Action Plan**

Management will reexamine the data retention practices of our student records, both international and domestic, and will make the necessary process and/or system changes to ensure

compliance with the University of California Records Retention Schedule. Management will also consult with the Campus Privacy Officer as well as the Chief Information Security Office to assess and make any necessary changes to comply with other data handling rules and regulations, as deemed necessary. Retention policy will be documented, published, reviewed, and updated periodically as we partner with relevant campus offices to stay current with the latest requirements. Estimated completion is by December 2023.