

April 21, 2017

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Director
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0014

**Subject: *Delegations of Authority
Report 2017-03***

The final report for the above referenced review is attached. We would like to thank all members of the department for their cooperation and assistance during the review.

Because we were able to reach agreement regarding management action plans in response to the audit recommendations, a formal response to the report is not requested. The findings included in this report have been addressed during our review and do not require follow up.

UC wide policy requires that all draft reports be destroyed after the final report is issued. We also request that draft reports not be photocopied or otherwise redistributed.

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Attachment

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UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Delegations of Authority
Report No. 2017-03
April 2017

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Project Number: 2017-03

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ATTACHMENT A – UC Principles of Delegation of Authority and Protocol

I. Background

Audit & Management Advisory Services (AMAS) has completed a review of practices for managing delegations of authority as part of the approved audit plan for Fiscal Year 2016-17. This report summarizes the results of our review.

Delegations of Authority (DA) provide a way for allocating authority to certain individuals for specific tasks or responsibilities. The authority for making decisions at the University is communicated through various means, such as DA letters or within policy statements. The Regents have delegated certain authorities to the President and to other University of California (UC) Officers through the Standing Orders and Bylaws. The UC President provides formal written statements granting broad or limited authority for specific matters through a DA. *The UC Principles of Delegation of Authority and Protocol* (UC Principles) provided in **Attachment A**, state that:

- Authority is delegated to a position title, not to an individual and the delegation should be addressed accordingly; and
- Delegations “flow down” through the chain of command to a direct report, which may be redelegated if permitted.

University officials are not authorized to execute contracts without a formal written DA except as a result of administrative responsibilities outlined in University policies, such as the UC Facilities Manual and Business Finance Bulletins. University officials who enter into agreements that are not within the scope of their delegated authority may be personally liable for the unauthorized commitment.

The Delegation Process

DAs are organized in a parent-child structure and originate from University of California Office of the President (UCOP) to the University of California, San Diego (UCSD) Chancellor. DAs are intended to provide clear, unambiguous statements of action that may be taken by the delegatee or assign administrative responsibility within specified parameters. The UC Principles state that DAs should include the source of the authority; a description of the authority that is being delegated; any limitations imposed, including restrictions on redelegations; and a reference to existing delegations that will be modified by the action.

UCSD Policy & Records Administration (PRA) manages UCSD DAs and coordinates issuance of all DAs with the delegator and his or her staff. A delegator is the UCSD official who issues a DA, and they are responsible for drafting the DA and ensuring that appropriate DA letters are issued to delegatees for the performance of their duties. As appropriate, the delegator and his or her staff will consult with other campus units in

addition to PRA before and during the drafting process. PRA may assist in the drafting of delegations to ensure consistency with applicable delegations and adherence to standards established by UCOP. Upon request by a delegator, PRA will also draft a new DA letter. UCSD practice has been to issue delegations to individuals within a position. The delegator signs the final document prior to issuance and publication. Some delegations may be redelegated and the process would be replicated for each redelegation. The delegator is responsible for periodically reviewing and maintaining any delegations and/or redelegations. Delegates are responsible for carrying out the authority given to them by the delegator.

PRA maintains a database that functions as a campus record of all current and historical delegation letters. The database also serves as an online reference for the campus community to determine who has authority to take actions on behalf of UCSD. The database is password protected and requires permission from PRA to access.

Delegations are assigned a status within the DA database. Status categories are active, under review, superseded, and retired. According to the Protocol for Issuing San Diego Delegations of Authority on the PRA website, DAs “may contain individual names, but authority always remains with the position title.” Therefore, they remain active for the position associated with the delegation until the DA is retired or superseded.

Certain University policies contain restrictions of authority and part of the review process performed by PRA includes evaluating whether the DA is administered in accordance with specified policy. Examples of these types of restrictions include:

- Extramural contract and grant authority, *Contracts and Grants Manual, Chapter 13-710*; and
- Delegations and limitations contained in the *UC Facilities Manual, Delegations and Limitations of Authority Table*.

PRA Organization and Responsibilities

PRA consists of seven staff members and reports to the Vice Chancellor of Resource Management & Planning. PRA provides information management and advisory services to the campus¹, including:

- Maintaining the Chancellor’s correspondence records and processing Chancellor’s signature requests,
- Publishing Campus Notices and Flyers,
- Developing and coordinating UC San Diego’s Policy & Procedure Manual,

¹ <http://blink.ucsd.edu/sponsor/pr/index.html>

- Facilitating UC San Diego's Notary Program,
- Updating and publishing campus Organizational Charts,
- Responding to requests for Public Records and privacy compliance,
- Managing the campus DA process,
- Coordinating the campus Records & Information Management Program, and
- Acting as campus liaison for the Regents agenda.

II. Audit Objective, Scope, and Procedures

The objective of our review was to assess practices and the current levels of authority in light of University policy and associated criteria. In order to achieve our objective, we performed the following:

- Reviewed the UC and UCSD DA process, guidance, and policies;
- Interviewed the following:
 - PRA Director and key staff;
 - Associate Chancellor, Chancellor's Office;
 - Assistant Vice Chancellor, Office of Contract & Grant Administration; and
 - Assistant Vice Chancellor, Research Affairs;
- Reviewed the DA audit report performed by UC Berkley, 13-599;
- Reviewed a sample of DA matrices at other universities;
- Evaluated PRA DA database content, features, and reporting;
- Evaluated a small judgmental sample of DAs and reviewed the supporting documentation;
- Surveyed other UC campuses regarding their DA practices; and
- Performed a comparison of select DAs across position titles.

The audit scope included DA's with active or under review status as designated in the DA database. Primary focus was placed on DA's for the Chancellor's cabinet level positions, to include the following DA types: agreements, alumni and development, contracts and grants, finance, research, and purchasing.

III. Conclusion

The DA database was implemented in 2004. As of 2012, PRA has worked diligently to improve the DA population and database records in addition to performing their other responsibilities. When these efforts began there were approximately 1,500 records within the database. As of July 2016, there were approximately 650 records, a decrease of 57%, which represents a significant improvement in the number of DAs being managed.

We concluded that for the DAs tested the current levels of authority were consistent with University policy and associated criteria for dollar thresholds. However, the local practice of delegating to individuals rather than position titles was not consistent with UC Principles, or other UC locations. The activities for managing the campus DA process appear too granular and complex to ensure that delegations are appropriately managed. In addition, centralized access and enhancements to the DA database may be beneficial to ensure that delegations are managed efficiently and in accordance with the UC Principles. These observations are discussed in detail in the balance of this report.

IV. Observations Requiring Management Action

A. Delegation Process Improvement

Activities for managing the campus DA process appear unnecessarily granular and complex to ensure that delegations are appropriately managed.

The practice of delegating to individuals rather than the position title is inconsistent with the UC Principles, which states, "Authority is delegated to a position title, not to an individual and the delegation should be addressed accordingly." We noted that if a delegation was not officially delegated to the new person, PRA interpreted that the new person inherits the delegation from the previous person in this position. This practice makes the delegation by person unnecessary and inefficient. The survey results we obtained from other UC campuses showed that a consistent practice system wide is to delegate to the position titles. Concerns have also been identified regarding the delegation to position title and the amounts that are allowed at various levels. A UCSD delegation for bid solicitation and execution of construction contracts was recently redelegated with a limited approval authority at a lower threshold, resulting in contracts above the threshold requiring Chancellor approval. This example could serve as a model for how delegations could be scoped based on dollar amount.

By simplifying the delegation process, UCSD may be able to more efficiently manage and evaluate consistency for delegations as a whole. For example, in 2012, the dollar threshold for the DA from UCOP to the Chancellor to solicit and accept or execute certain extramural grants and contracts was doubled (from \$5,000,000 to \$10,000,000 in direct costs in any one project year) for specified contract and grant types. Because UCSD's practice has been to delegate to an individual, UCSD submitted a DA request to solicit and accept or execute certain extramural grants and contracts for the new Vice Chancellor (VC) Marine Sciences in the transition. As part of that submission, the VC Marine Sciences request was set at the new threshold of \$10,000,000 for these specified contract and grant

types. Similar delegations made for other individuals had not yet been updated to reflect the change in DA to the Chancellor. As a result, the DA request was not signed. However, per PRA, the VC Marine Sciences retained the DA to solicit and accept or execute certain extramural grants and contracts with the \$5,000,000 threshold from the prior VC Marine Sciences, per policy.

By delegating to the position rather than an individual and consolidating DA letters to multiple positions in one letter, it would be possible to update the delegation to solicit and accept or execute certain extramural grants and contracts across all holders of that delegation efficiently and consistently. We evaluated delegation types and position titles and determined that if delegations were performed at the consolidated position title (e.g. Vice Chancellor, Dean, Director, etc.); delegations could be reduced by 183, representing 24% of active delegations.

Management Action Plan:

PRA will:

1. Consider the practice of aligning delegations with position title, and consolidating delegation letters for similar delegations to ensure consistency. (i.e., to all Vice Chancellors);
2. Consult with the Chancellor to determine the dollar value of authority to be delegated to appropriate positions.

B. Database Access and Maintenance

Activities for accessing and managing the DA database are not streamlined to ensure that information is easily accessed, accurate and appropriately linked.

During our review of DA database content and comparison of select DAs across position titles we observed that continued review and improvement of the database content is necessary to ensure that the information is accurate and appropriately linked.

We evaluated 30 DAs with an “under review” status as of July 8, 2016 and September 21, 2016. We determined that:

- 26 (87%) were under review for over 300 days;
- Two (7%) were active employees;
- Ten (33%) were employed and separated prior to June 1996;

- 15 (50%) had separated prior to June 2016; and
- Three (10%) had separated in June 2016.

As a result, it appeared that processes did not ensure that delegations remained current, were appropriate, and were administered in a consistent and timely manner. Annual reporting to the Chancellor on DA status may assist in ensuring appropriate actions are taken by delegators facilitated by PRA. In addition, we noted that DA responsibilities for PRA are one of several other primary responsibilities. As a result, resource constraints may also contribute to PRAs timely updating of DAs and implementation of an updated DA database.

We also noted that access to the database is protected by a username and password combination, coordinated through PRA. At the time of our review, the requirement for accessing the database is having an affiliation with the UC system, such as a valid University email address. However, PRA is considering publishing a more simplified DA listing and further restricting access to the DA database based on need. While PRA has a plan to update the current DA database, consideration should be given to implementing a single-sign-on² interface for easy campus access and to alleviate the assessment needed to provide authorization. Consideration should also be given to the database structure to ensure that data fields are sufficient and search functions are dynamic for database inquiry and maintenance. In addition, reporting features should be identified and incorporated to provide periodic reports to UCSD leadership.

Management Action Plan:

PRA will:

1. Coordinate with Information Technology Services (ITS) to provide a single-sign-on interface for access to the DA database as appropriate, and publish a limited listing of DAs for campus use to include an annual summary document;
2. Consider the implementation of future database enhancements to ensure that data fields are sufficient and search functions are dynamic for database inquiry and maintenance;
3. Consider reporting features for providing periodic reports to UCSD leadership and annual reporting on actions taken; and
4. Consider resources and priorities in the budget cycle by fiscal year end.

² Single-sign-on is a session and user authentication service that permits a user to use one set of login credentials (e.g., name and password) to access multiple applications.

ATTACHMENT A

UC principles of Delegation of Authority and Protocol

Principles of Delegation of Authority and Protocol

What is a "Formal Delegation of Authority"?

Authority for making decisions at the University is communicated through various means. The Board of Regents is granted ". . . full powers of organization and government . . ." of the University by the Constitution of the State of California, Article IX Section 9. The Regents have delegated certain authorities to the President and to other University of California Officers in the Standing Orders and Bylaws. The President promulgates formal written statements granting broad or limited authority for specified matters.

A formal delegation of authority should include the following statements: the source of the authority; a description of the authority that is being delegated; any limitations imposed, including restrictions on redelegation; and a reference to existing delegations that will be modified (amended or superseded) by the action.

Principles Regarding Delegation of Authority and Redelegation of Authority

- Authority for matters that require specific approval of the Board of Regents may not be redelegated.
- Authority is delegated to a position title, not to an individual. Delegations of authority should be addressed accordingly. It is not necessary to issue a new delegation when individual position incumbents change, unless the duties of the position also change. Likewise, it is not necessary to issue a delegation for routine office management and/or administrative responsibilities.
- By longstanding custom, delegations of authority "flow down" through the chain of command. The President delegates authority to a direct report, who then (if allowed) may redelegate that authority to a direct report, and so on. The same principle applies for delegations and redelegations within a campus.
- If further redelegation is not permitted or if the redelegation carries limitations, the delegation or redelegation should so state. If a written delegation does not contain a statement disallowing or limiting redelegation, the presumption is that the authority may be redelegated, except where redelegation would violate one of the Principles.
- Delegation or redelegation is prohibited if the position to receive the delegation holds an inherent conflict of interest or the appearance of a conflict, or if a conflict or the appearance of a conflict develops or occurs. If a conflict of interest arises once a delegation or redelegation is in place, the individual in the position or the person to whom that individual reports must determine how to manage the conflict of interest. The delegation or redelegation should be withdrawn if there is an ongoing conflict or the perception of a conflict.
- Redelegated authority must be granted and exercised consistent with the terms and conditions of the original delegation and with applicable laws, regulations, and University policies.

ATTACHMENT A

UC principles of Delegation of Authority and Protocol

Protocol for Issuing Delegations of Authority and Redelegations of Authority

The office with functional responsibility over the matter being delegated is responsible for working with the Universitywide Policy Office to draft a delegation for the President's consideration. The draft delegation must be accompanied by a cover sheet documenting appropriate approvals within the Division. The Universitywide Policy Office will coordinate required approval by the Office of General Counsel. The Policy Office prepares the official issuance for transmittal to the President for signature, and publishes the approved version. The Universitywide Policy Office also manages and is the office of record for redelegations of authority within the Office of the President.

Campus Management of Delegations and Redelegations of Authority

Each Chancellor has designated a unit with responsibility for managing campus delegations and redelegations of authority. That unit transmits required copies of campus redelegations of Presidential authority to the Universitywide Policy Office, which routes copies to cognizant Office of the President units, including the Office of the General Counsel.