

Report 2016-122 All Recommendation Responses

Report 2016-122: California State University: Stronger Oversight Is Needed for Hiring and Compensating Management Personnel and for Monitoring Campus Budgets (Release Date: April 2017)

Recommendation #1 To: University, California State

To improve the oversight of CSU's management personnel, the Chancellor's Office should develop a policy that requires its own divisions and departments and campuses to prepare written justifications for both the purpose and specific number of proposed additional management positions. As appropriate, these should justify the number of management personnel positions to be hired based on a workload staffing analysis and the number of people to be supervised. The Chancellor's Office should also require human resources units to maintain these justifications and make them publicly available to stakeholders when requested. No later than one year following the issuance of this new policy, the Chancellor's Office should begin monitoring its own divisions and departments and campuses to ensure that they are properly justifying all new management personnel hires.

Agency Response*

The Chancellor's Office is developing a policy that requires written justifications for both the purpose and specific number of proposed additional management positions. As appropriate, the justifications should include the number of management personnel positions to be hired based on a workload staffing analysis and the number of people to be supervised. The policy will address required archiving of the justification documents. We estimate the policy will be issued by January 2018.

In addition, we are developing a methodology to ensure appropriate monitoring by the Chancellor's Office is in place. We expect to begin monitoring within one year following the issuance of the new policy.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** January 2019
- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

Recommendation #2 To: University, California State

To improve the oversight of CSU's management personnel, the Chancellor's Office should ensure that its own divisions and departments and campuses create, implement, and adhere to a written merit evaluation plan for management personnel in accordance with state regulations. Furthermore, the Chancellor's Office should monitor its own divisions and departments and campuses to ensure that they are complying with their merit evaluation plans and are granting raises to management personnel only based on merit as evidenced by current, documented performance evaluations.

Agency Response*

The Chancellor's Office will direct the campuses to create, implement, and adhere to a written merit evaluation plan for management personnel. In addition, we are developing a methodology to ensure appropriate monitoring by the Chancellor's Office is in place.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** March 2018
- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

Recommendation #3 To: University, California State

To improve the oversight of CSU's management personnel, the Chancellor's Office should work with campuses, bargaining unit representatives, the Public Employment Relations Board, and others as necessary to come to an agreement on the appropriate classification of coaches. The Chancellor's Office should take into account the concerns that San Diego State has raised about the labor market for these employees.

Agency Response*

The CSU has initiated discussions with the relevant collective bargaining unit and is making progress to implement changes to accommodate classification and compensation needs for athletic coaches.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** July 2018
- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

Recommendation for Legislative Action

To improve its budget oversight of CSU, the Legislature should require CSU to submit an annual report that provides information on specific activities that CSU engaged in during the previous year to meet the State's goals for student success.

Recommendation #5 To: University, California State

To ensure effective, consistent budget oversight at CSU campuses, the Chancellor's Office should require campuses to develop and implement budget oversight policies that define the minimum level and frequency of reviews that budget managers are required to perform, including the periodic comparison of budgets to actual spending levels, the types of corrective actions to take when they identify budget anomalies, and the retention of appropriate records of those reviews.

Agency Response*

The Chancellor's Office is developing additional guidance regarding best practices for campus budget oversight.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** November 2017
- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

Recommendation #6 To: University, California State

To minimize concerns regarding possible conflicts of interest, the Chancellor's Office should work with the board to develop, approve, and implement an executive compensation policy that expressly prohibits the use of foundation funds to pay campus presidents.

Agency Response*

The Chancellor's Office is in the process of revising the existing executive compensation policy to reflect the current practice prohibiting the use of foundation funds to pay campus presidents.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** November 2017
- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

Recommendation #7 To: University, California State

To better ensure the reasonability of the reimbursements CSU pays for relocation and moving expenses, the Chancellor's Office should, by October 2017, place an appropriate cap on the amount it will reimburse CSU executives for relocation and moving expenses, based on either a dollar amount or a percentage of base salary. If the chancellor authorizes a reimbursement amount greater than this cap, the chancellor should submit a written explanation to the board to justify the payment.

Agency Response*

The Chancellor's Office is establishing a reasonable cap on the amount the CSU will reimburse for moving and relocation expenses, with the possibility of exception as noted in the recommendation. The policy will include an accountability mechanism to document compliance.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2017
- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

Recommendation #8 To: University, California State

To better ensure the reasonability of the reimbursements CSU pays for relocation and moving expenses, the Chancellor's Office should, by October 2017, revise its policy to require campuses to place an appropriate cap on the amount they will reimburse campus staff for relocation and moving expenses, based on either a dollar amount or a percentage of base salary. If the campus president authorizes a reimbursement amount greater than this cap, the president should submit a written explanation to the chancellor to justify the payment.

Agency Response*

The Chancellor's Office is establishing a reasonable cap on the amount the CSU will reimburse for moving and relocation expenses, with the possibility of exception as noted in the recommendation. The policy will include an accountability mechanism to document compliance.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2017

- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

Recommendation #9 To: University, California State

To better ensure the reasonability of the reimbursements CSU pays for relocation and moving expenses, the Chancellor's Office should, by October 2017, follow up with the campuses to ensure that they have sufficiently complied with its policy regarding the adoption of thresholds and caps for reimbursing staff for relocation and moving expenses and that those thresholds and caps are reasonable. If necessary, the Chancellor's Office should provide more exact guidance to the campuses on how to establish these thresholds and caps.

Agency Response*

The Chancellor's Office is establishing a reasonable cap on the amount the CSU will reimburse for moving and relocation expenses, with the possibility of exception as noted in the recommendation. The policy will include an accountability mechanism to document compliance.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2017
- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

Recommendation #10 To: University, California State

The Chancellor's Office should finish developing the Common Human Resources System and implement it as scheduled by December 2019.

Agency Response*

The Chancellor's Office is continuing its efforts to finish development and implementation of the Common Human Resources System.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** December 2019
- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

Recommendation #11 To: University, California State

Once it receives the results of its consultant's study on executive compensation, the Chancellor's Office should collaborate as soon as possible with interested parties, such as the LAO, to develop methodologies for future compensation comparisons that consider total compensation.

Agency Response*

The Chancellor's Office is continuing to gather the data required for consideration of institutions for compensation comparisons. As noted in our initial response, once the data is available, we will collaborate with relevant parties to consider institutions for total compensation comparisons.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** March 2018
- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

Recommendation #12 To: University, California State

Within six months, the Chancellor's Office should revise its policy to clarify when campuses need to obtain indemnifications from management personnel who will be on paid administrative leave and should begin monitoring campuses to ensure that they are adhering to its policy.

Agency Response*

The Chancellor's Office is revising the existing policy to clarify when campuses need to obtain indemnifications. We are also in the process of developing a methodology to ensure appropriate monitoring by the Chancellor's Office is in place.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2017
- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

Recommendation #13 To: University, California State

Within six months, the Chancellor's Office should begin monitoring campuses to ensure that they are complying with the faculty bargaining unit requirements for disclosing outside employment.

Agency Response*

The Chancellor's Office is working on a training program designed to ensure that campus faculty follow outside employment reporting requirements. We are also in the process of developing a methodology to ensure appropriate monitoring by the Chancellor's Office is in place.

- **Response Type†:** 60-Day
- **Estimated Completion Date:** October 2017
- **Response Date:** June 2017

California State Auditor's Assessment of Status: Pending

All Recommendations in 2016-122

†**Response Type** refers to the interval in which the auditee is providing the State Auditor with their status in implementing recommendations made in an audit report. Auditees must submit a response regarding their

progress in implementing recommendations from our reports at three intervals from the release of the report: 60 days, six months, and one year or subsequent to one year.

*Agency responses received after June 2013 are posted verbatim.