

UCOP Audit FAQs

I've heard UCOP has \$175 million in a secret fund — is this true?

No, that's not true. First, UC's and the Office of the President's budgets are available online and routinely presented to and discussed with UC regents in open sessions that are livestreamed and available online. In her discussion with the regents at their May meeting, the auditor stated she found "nothing nefarious" about UC's practices. What the audit found is that UC can take additional steps to be even more transparent about how we are spending our money. President Napolitano agrees, which is why she has accepted and is implementing all of the auditor's recommendations.

Second, nearly 80 percent of the \$175 million is restricted by law or policy, or is committed by UC, for specific purposes such as funds for national laboratory-campus research partnerships, funds from donors for student scholarships, support for UC Merced's ongoing development, support services and financial aid for undocumented students, streamlining the transfer process to UC for California Community College students, and UC's Carbon Neutrality Initiative and associated investments in climate science research systemwide.

UC's true reserves are \$38 million, which is roughly 10 percent of UC's operating and administrative budget and a reasonable amount for unexpected needs such as addressing cybersecurity threats and augmenting UC's sexual assault training and prevention.

If there are no "hidden" funds, then why did the state audit report say the information was "undisclosed" or withheld?

UC's budgets are available online and routinely presented to and discussed with UC regents in public meetings that are streamed live and are available on our website. The auditor characterized funds that are not spent and are carried over from one year to the next as "undisclosed." While UC disagrees with the characterization, we welcome the auditor's suggested improvements and are working on ways to make UCOP's budgets even more transparent.

Why not use the unrestricted money to avoid tuition increases or for another academic purpose? In other words, why is UC spending money on things that are not related to educating students?

UC has a three-part mission: teaching, research and public service. While undergraduate education is one very important aspect of our teaching mission, we have a multitude of other needs and priorities, which also require funding – here are some examples:

- funds to help UC Merced recruit top-notch academic staff
- funds to support undocumented student services and financial aid
- programs to increase diversity in graduate and post-graduate programs, such as the Historically Black Colleges and University's Fellowships program

If UCOP didn't do anything wrong, why is UCOP implementing all of the auditor's recommendations?

UC is committed to continuous improvement. In fact, one of President Napolitano's first actions upon joining UC was to launch the UC Office of the President Efficiency Review, an effort aimed at identifying opportunities to reduce costs, streamline processes, eliminate duplication, improve services, increase transparency, and enhance the UCOP work environment. We welcome constructive suggestions from our own people and others outside of the university, including the state auditor. Most of the auditor's recommendations align with our ongoing efforts to operate efficiently, transparently and be responsible stewards of university resources.

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The auditor states that UCOP is overpaying certain employees – what’s UC’s response?

In order to maintain UC’s excellence and the caliber of our talent, UCOP must remain nationally competitive by ensuring our compensation and benefits practices align with the marketplace. We’ve agreed to take another look at our salary ranges to ensure they support these goals and are appropriate with respect to the markets we compete in and the public and private institutions we compete against.

UC’s view is that the report did not adequately account for substantial differences between our positions and the ones chosen for comparison. For example, UC administers its own pension plan, whereas the State relies on CalPERS, so some UC human resources and finance positions have much broader responsibilities and the compensation for our positions reflects those additional responsibilities.

Is it true UCOP interfered with the audit by influencing campus responses to audit surveys?

The way the audit surveys was administered created confusion and questions for campuses, so UCOP worked with campuses to clarify the purpose of the audit and help ensure relevant responses. In retrospect, it is clear that UCOP could have handled this better, such as encouraging the auditor’s staff to reach out to campuses to address their questions and confusion. To avoid future issues, we are adopting a policy to ensure campuses work directly with the auditor, and through campus internal auditors regarding any questions campuses have for UCOP.

Who will make sure UCOP does what it has promised to do?

The auditor and her team will certify UCOP’s work on every recommendation. The regents are also monitoring UCOP’s work and ensuring accountability in implementing the recommendations. Additionally, UCOP has created a [public website](#) and has been posting weekly updates.

I’ve heard that UC pays for regents’ dinners after their meetings – is this true?

Historically, UC has paid for regents’ dinners after their bimonthly board meetings because their positions are volunteer, time-intensive and require substantial personal commitment and travel. The dinners have been funded through a private endowment established many years ago for UC expenses that cannot be covered by other means; no state or tuition money is used. That said, to avoid any misperceptions about how money is spent, UC Board of Regents Chair Lozano has enacted a new policy whereby regents personally pay for future dinners.

What can I do as a UCOP employee to support the audit recommendations implementation?

You can support the implementation of the recommendations in a number of ways: making sure you understand the facts about the audit and recommendations, talking to your manager about questions you may have, staying focused on your work, and keeping abreast of the implementation process via [Link](#) and the [audit implementation website](#).

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