



AUDIT AND ADVISORY SERVICES
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August 14, 2023

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Senior Vice President and Chief Compliance and Audit Officer
Ethics, Compliance and Audit Services
University of California Office of the President

Carol Christ
Chancellor
University of California, Berkeley

Senior Vice President Bustamante and Chancellor Christ:

We have completed our audit of annual reporting on Chancellor's expenses as required by university policy Business and Finance Bulletin (BFB) G-45 and 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.

The accompanying report describes the audit work performed and audit results. Please destroy all copies of draft reports and related documents. Thank you to the staff of the Office of the Chancellor 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

cc: Associate Chancellor and Chief of Staff Khira Griscavage
Interim Associate Chief of Staff Erin McDevitt
Associate Vice Chancellor and Controller Michael Riley
Director Tim O'Connor
Director Dan Parnas



AUDIT AND ADVISORY SERVICES

Chancellor's Expenses (BFB-G-45)

Audit

Project No. 23-780

August 14, 2023

Prepared by:

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**University of California, Berkeley
Audit and Advisory Services
Chancellor’s Expenses (BFB-G-45)**

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OVERVIEW

Executive Summary

The purpose of our audit was to review the campus' Annual Report of Fiscal Year Expenses for the President/Chancellor for fiscal year July 1, 2021 through June 30, 2022 and the Annual Report of Taxable Expenses for the President/Chancellor for the period of November 1, 2021 through October 31, 2022, both of which are required by university policy BFB-G-45, *Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors*. The annual reports were reviewed for completeness and accuracy relative to amounts recorded in the campus general ledger and supporting documentation.

Based on our audit procedures performed, we observe the preparation, review, and approval of the Annual Report of Fiscal Year Expenses (Appendix A) appear overall to be operating effectively for the fiscal year 2022 reporting period for ensuring the completeness and accuracy of reporting.

With respect to the Annual Report of Taxable Expenses (Appendix B), the processes for preparing, reviewing, and approving the report appear to be generally operating effectively for the 2022 reporting period. However, we found that the fiscal year reporting period of July 1, 2021 through June 30, 2022 was incorrectly used instead of the November 1, 2021 through October 31, 2022 reporting period specified in policy. As of the conclusion of audit fieldwork, management provided the auditor a copy of the amended Appendix B that was resubmitted to UCOP with the correct reporting period for this year's submission.

Source and Purpose of the Audit

The purpose of our audit was to review the campus' Annual Report of Fiscal Year Expenses for the President/Chancellor for fiscal year July 1, 2021 through June 30, 2022 and the Annual Report of Taxable Expenses for the President/Chancellor for the period of November 1, 2021 through October 31, 2022, both of which are required by university policy BFB-G-45, *Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors*. The annual reports were reviewed for completeness and accuracy relative to amounts recorded in the campus general ledger and supporting documentation.

Scope of the Audit

The scope of our review included reportable expenses associated with the official duties of the Chancellor that are required to be tracked and reported according to BFB-G-45. The reporting period for the Annual Report of Fiscal Year Expenses is the university fiscal year, whereas the reporting period for the Annual Report of Taxable Expenses covers the twelve months from November to October.

Our audit procedures included, but were not necessarily limited to, the following:

- obtaining copies of the 2022 reports and attachments;
- obtaining an understanding of management's process to collect and record amounts reported on the 2022 reports;
- independently extracting expense information from the general ledger related to reportable categories;
- comparing expense information from the general ledger with that reported on the 2022 reports and inquiring with management on any differences; and
- assessing the overall accuracy and completeness of the amounts reported on the 2022 reports.
- assessing whether reportable deficiencies or significant deficiencies existed in management's process and internal controls related to the preparation, review, approval, and submission of the 2022 reports.

Our fieldwork was conducted during January through June 2023.

Background Information

University policy BFB-G-45 states that the university intends "to comply with Internal Revenue Service regulations concerning the provision of housing and payment of expenses associated with the official duties of the President and Chancellors." The policy requires each campus to use standardized expense categories in their general ledger to track expenses related to these reportable categories. The campus has a range of Chartfield 2 values in the campus general ledger system to track reportable expenses by category. Each campus must prepare an Annual Report of Fiscal Year Expenses and Annual Report of Taxable Expenses using templates provided in the policy.

Summary Conclusion

Based on our audit procedures performed, we observe the preparation, review, and approval of the Annual Report of Fiscal Year Expenses (Appendix A) appear overall to be operating effectively for the fiscal year 2022 reporting period for ensuring the completeness and accuracy of reporting.

With respect to the Annual Report of Taxable Expenses (Appendix B), the processes for preparing, reviewing, and approving the report appear to be generally operating effectively for the 2022 reporting period. However, we noted that while the proper documentation was collected for covered support staff and equipment expenses, the reporting period for this annual report was for July 1, 2021 through June 30, 2022 instead of the November 1, 2021 through October 31, 2022 timeframe required by the G-45 policy. Management has since amended the report to align with the appropriate reporting period.