

**UNIVERSITY OF CALIFORNIA, DAVIS
AUDIT AND MANAGEMENT ADVISORY SERVICES**

**UC Davis
Chancellor's Expenses – G-45
Audit & Management Advisory Services Project #19-04**

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MANAGEMENT SUMMARY

Background

As part of the fiscal year (FY) 2019 audit plan, AMAS reviewed all of the Chancellor and Interim Chancellor's expenses associated with the official residence.

The Business and Finance Bulletin (BFB) G-45, "*Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors*," is intended to promote compliance with Internal Revenue Service (IRS) regulations. Because Chancellors play a unique role in representing the University, BFB G-45 establishes special accounting and reporting requirements for each campus. Specifically, campuses must prepare two annual reports that summarize the Chancellors' expenses in categories that are outlined in BFB G-45. These reports are known as the Annual Report of Fiscal Year Expenses of the Chancellor (Fiscal Year Report) and the Annual Report of Taxable Expenses of the Chancellor (Taxable Year Report). Per BFB G-45, the Fiscal Year Report covers the period from July 1 through June 30 and the Taxable Year Report covers the period from November 1 through October 31.

Due to the transition in the Chancellor's Office in 2017, the following reports were filed:

- Fiscal Year Report for Interim Chancellor Ralph Hexter
- Fiscal Year Report for Chancellor Gary May
- Taxable Year Report for Chancellor Gary May

Purpose and Scope

The Offices of the Chancellor and Provost (OCP) is responsible for compiling the reports in compliance with BFB G-45. The purpose of this audit was to determine if these reports were accurate, complete, and prepared in compliance with the requirements of BFB G-45.

In order to accomplish these objectives, AMAS examined BFB G-45 and OCP Implementation Guidelines. We analyzed financial records, travel claims, and other relevant documents. We also interviewed OCP staff to determine the methodology they used when preparing the reports. Additionally, we reviewed a sample of travel and entertainment (T&E) expenses for the Interim Chancellor, the current Chancellor, and the Associate of the current Chancellor.

The timeframe under review was July 1, 2017 through June 30, 2018 for the Fiscal Year Report, and November 1, 2017 through October 31, 2018 for the Taxable Year Report.

Conclusion

We were able to verify that the reports were complete and accurate in all material aspects. Total expenses recorded in the University's financial ledgers matched the total amounts stated in the G-45 reports. We also found that the sample of T&E expenses incurred were in support of the official responsibilities of the Chancellor.