

UNIVERSITY OF CALIFORNIA, RIVERSIDE

## **AUDIT & ADVISORY SERVICES**

AUDIT REPORT R2025-11

### **ANNUAL REPORT ON EXECUTIVE COMPENSATION**

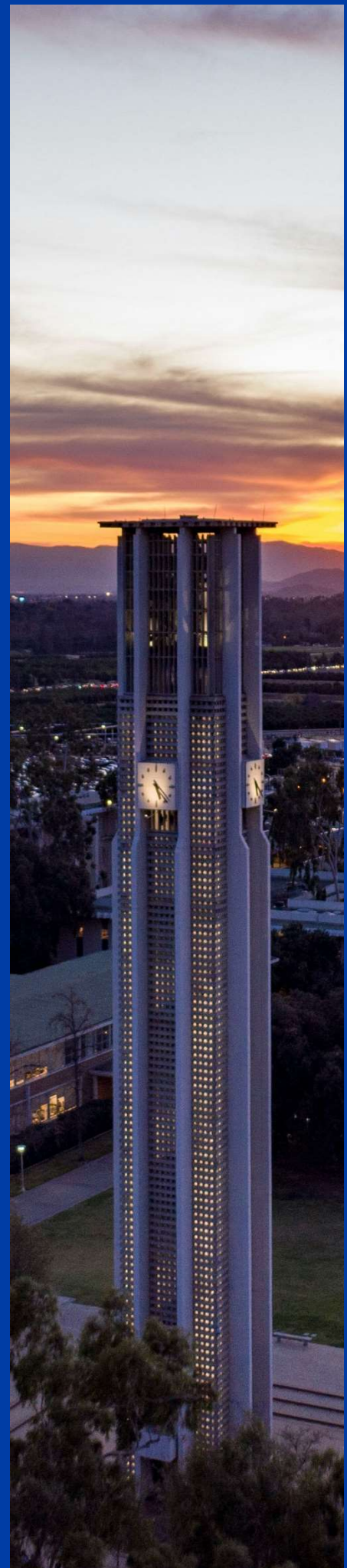
October 4, 2024

**Performed By:**

Todd Kucker, Senior Auditor

**Approved By:**

Gregory Moore, Director





October 4, 2024

To: Alex Najera, Associate Vice Chancellor  
Human Resources

Re: Annual Report of Executive Compensation  
Audit No. R2025-11

We have completed the audit of the Annual Report of Executive Compensation (AREC) for the calendar year 2023 in accordance with the University of California, Riverside Audit Plan. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Our report is attached for your review.

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.

We appreciate the cooperation and assistance provided by you and your staff. Should you have any questions concerning the report, please do not hesitate to contact me.

Respectfully,

Gregory Moore  
Director  
Audit & Advisory Services

cc: Ethics & Compliance Risk and Audit Controls Committee  
Senior Management Group Coordinator Page

## **Management Summary**

### **Purpose and Scope**

UC Riverside Audit & Advisory Services performed a review of the process for the preparation of the 2023 Annual Report of Executive Compensation (AREC). The purpose of the review is to evaluate whether control activities and operating procedures to manage the process are adequate and effective to ensure the completeness and accuracy of the 2023 AREC.

### **Results**

Based on the results of work performed within the scope of the audit, it is our opinion that, overall, the system of internal controls over the process for the preparation of the AREC for Calendar Year 2023 is operating effectively and reasonably assures the completeness and accuracy of information reported on the 2023 AREC in compliance with University policies and procedures.

### **Background**

The AREC fulfills legal obligations for reporting to the California Legislature and to the public on the compensation of University of California senior managers. The report is presented to the Regents, and includes compensation data for active University employees as of December 31 that meet the following criteria:

- All incumbents in the Senior Management Group (SMG) personnel program during 2023 regardless of total cash compensation, including employees in acting and interim SMG positions.
- All “Officers of the University” regardless of total cash compensation.
- All policy covered staff whose total compensation exceeds the reporting threshold, which is \$387,700 for 2023.
- Other specified employees, which include Athletic Directors, Coaches, and other Athletic positions whose total cash compensation exceeds the reporting threshold, which is \$387,700 for 2023.

Locations are required to submit a final campus AREC with signed certification, and individuals in the reportable population must submit a signed, completed *Individual Certification* document, including a *Questionnaire on Potentially Compensable Transactions*. SMG Coordinators are responsible for preparing the AREC, individual certifications and questionnaires, and submitting the complete and certified AREC, along with the signed certifications and questionnaires, to the UC Office of the President.

### **Appendix – Objective, Scope, and Methodology**

The objective of the audit was to evaluate whether control activities and operating procedures to manage the process are adequate and effective to ensure the completeness and accuracy of the 2023 AREC. This AREC review is required by the UC Regents and is completed every few years at each UC campus.

#### **Audit Testing Completed**

We selected pertinent activities, obtained certain records in connection with the preparation of the 2023 AREC, and performed the following procedures.

- Reviewed communications, instructions, timelines, and guidelines relevant to the 2023 AREC process. Evaluated the availability, completeness, sufficiency, and clarity of directions, resources and materials to inform SMG Coordinators and ensure compliance with salient AREC and UC requirements.
- Reviewed the accuracy of compensation included in the 2023 AREC.
  - Ascertained that the 2023 Actual Base Salary Received and Total Cash Compensation amounts in the draft report are accurate. Independently computed correct amounts using the 2023 earnings data in the UCPath system.
  - Established Annual Base Salaries as of December 31, 2023. Examined employment offer letters, appointment letters, decision memos, and/or salary action records, as deemed necessary.
  - Obtained corroboration of all other elements of executive compensation reported in the 2023 AREC.
- Reviewed final UCR campus 2023 AREC and individual certifications.
  - Ascertained consistency of information between 2023 AREC and individual certifications.
  - Checked that the 2023 AREC was duly certified by the SMG Coordinator and Chancellor and reportable employees signed their respective individual certifications and questionnaires.
  - Confirmed that the 2023 AREC, individual certifications, and questionnaires were submitted timely as required by the UC Office of the President.

Based on the timing of procedures in completing the 2023 AREC, substantive audit procedures were performed during August through September 2024.

#### **Evaluation of Internal Controls**

Internal control is a process by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of the entity will be achieved. These objectives and related risks can be broadly classified into one or more of the following three categories:

- Effectiveness and efficiency of operations
- Reliability of reporting information
- Compliance with applicable laws and regulations

We obtained an understanding of internal controls relevant to preparing the AREC. Based on our audit testing, we concluded that internal controls are properly designed and operating effectively.