



UNIVERSITY OF CALIFORNIA, MERCED  
AUDIT AND ADVISORY SERVICES

June 10, 2021

To: Charles Nies, Vice Chancellor of Student Affairs  
E. Edward Klotzbier, Vice Chancellor, Chief External Relations Officer

Re: Systemwide Donations Review Audit, UC Merced Report No. M21A006

Vice Chancellor Nies and Vice Chancellor Klotzbier:

Our UC Merced Donations Review Audit conducted as part of the University of California systemwide audit is completed. The audit was conducted in accordance with the fiscal year 2020-21 UC Merced audit plan.

The University of California Office of Ethics, Compliance and Audit Services (ECAS) oversaw the systemwide audit and a common audit program was used across all campuses.

Our audit work was conducted in accordance with the Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing and the University of California Internal Audit Charter.

Thank you to staff from Philanthropy & Strategic Relationships and Admissions for their cooperative efforts throughout the audit. 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,

Sheryl Ireland  
Internal Audit Director

Cc: Senior Vice President and Chief Audit and Compliance Officer Alex Bustamante  
Chancellor Juan Muñoz  
Associate Chancellor and Chief of Staff to the Chancellor Luanna Putney  
Associate Vice Chancellor for Enrollment Management Jill Orcutt  
Associate Vice Chancellor, Philanthropy & Strategic Partnerships Lisa Pollard



## **UNIVERSITY OF CALIFORNIA, MERCED AUDIT AND ADVISORY SERVICES**

### **Donation Review Audit Report No. M21A006**

June 10, 2021

Work completed by:  
Shelton Autry – Senior Internal Auditor  
Sheryl Ireland – Internal Audit Director

# Donations Review Audit

## Report No. M21A006

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### INTRODUCTION AND BACKGROUND

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As part of the annual fiscal year 2020-2021 audit plan, Internal Audit completed a retrospective review of donations to UC Merced to identify undergraduate admissions decisions that could have been influenced by these donations. These reviews were initiated in response to a recommendation from the June 2019 systemwide internal audit of undergraduate admissions.

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### OBJECTIVES AND SCOPE

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The overall objective for this project was to review donations to UC Merced to identify undergraduate admissions decisions that could have been influenced by these donations.

The scope of the review included the following:

- Donations received by UC Merced during the period January 1, 2017 through October 31, 2020.
  - Applications for undergraduate admission submitted from November 1, 2017 through March 31, 2020 for the 2018-19 and 2019-20 academic years (date range includes both the regular and late application periods).
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### APPROACH

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To conduct this review, Internal Audit performed the following procedures:

- Obtained a dataset of donations received during the audit period.
- Obtained a dataset of applications for undergraduate admission submitted during the audit period.
- Performed data analysis to identify admissions of applicants who may be related to donors from the donations dataset. The analysis was limited to cumulative matching donations of \$10,000 or more received during the audit period. Data fields compared across datasets to identify “matches” included all or a subset of the following:
  - names of donors and donors’ spouses,
  - names of admitted students and parents,
  - addresses, email addresses, phone numbers,
  - foundations or businesses with the same name as the admitted student, and
  - campus ID number.

- Reviewed data trends and other available information to assess the risk of questionable admissions decisions (i.e., those at risk of being influenced by donations) for the “matches” identified. Criteria/factors considered as part of this assessment included all or a subset of the following:
  - Dollar amount of the donation
  - Pattern or timing of giving
  - Applicants admitted by exception
  - Applicants admitted to a school with impacted majors
  - Applicants who were recommended for admission on basis of special talent
  - Lack of participation in special talent for which the application was recommended
  - Low application review scores/ratings

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## **OVERALL CONCLUSION**

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Internal Audit’s analysis based on the review criteria did not identify any undergraduate admissions decisions that could have been influenced by donations. Internal Audit identified 201 donors who gave a cumulative amount in excess of \$10,000 during the audit period. Of those donors, however, Internal Audit did not identify any admissions of applicants who may be related or need further investigation.