



AUDIT AND ADVISORY SERVICES
(510) 642-8292

611 UNIVERSITY HALL MC 1170
BERKELEY, CALIFORNIA 94720-1170

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Andrea Lambert
Chief of Staff
Office of the Executive Vice Chancellor and Provost

Chief of Staff Lambert:

We have completed our assessment of the design and implementation of the process to gather and submit compensation information to the University of California Office of the President (UCOP) to facilitate their preparation of the Annual Report of Executive Compensation (AREC) for calendar year 2019.

Objective and Scope

The Office of Ethics, Compliance and Audit Services (ECAS) at UCOP requested that audit functions at each campus assist management by evaluating the completeness of campus disclosures and compliance with reporting requirements related to the systemwide Annual Report of Executive Compensation.

Our scope included obtaining an understanding of management's processes of collecting reportable data and internal processes and controls that assure the completeness and accuracy of reported cash and non-cash compensation under the AREC.

Procedures Performed

In addition to obtaining an understanding of management's processes and control activities, we performed testwork to evaluate and assess the adequacy of these processes including, but not limited to,

- review of management questionnaires for disclosure of potentially compensable transactions;
- discussions with management regarding such disclosures and steps management undertook to determine whether to include the transactions on the AREC;
- analysis of information documented on the Senior Leadership Information System (SLIS) reports;
- review of W-2 taxable income reporting calculations for a sample of the AREC population; and
- analysis of general ledger detail for categories of transactions that have historically contained transactions that are potentially treated as compensable and taxable.

Conclusion

In planning and performing our assessment, we considered the internal controls related to the processes of gathering and reporting cash and non-cash compensation information under the AREC. Our consideration of these internal controls were limited in scope and was not designed to identify all potential deficiencies in internal controls over reporting compensation.

Based on our procedures performed and the testing of the completeness and accuracy of sampled cash and non-cash compensation data, the design and implementation of procedures and controls related to collecting reportable cash and non-cash compensation for the AREC appeared to be adequate to assure the completeness of the 2019 report.

Thank you for the opportunity to serve you.

Respectfully reported,

Jaime Jue
Director

Jennifer Jones
Associate Director

Robert Asato
Principal Auditor

cc: Executive Vice Chancellor and Provost Paul Alivisatos
Associate Chancellor Khira Griscavage
Interim Controller Elizabeth Chavez
Senior Vice President and Chief Compliance and Audit Officer Alexander Bustamante