

**UNIVERSITY OF CALIFORNIA, IRVINE
ADMINISTRATIVE AND BUSINESS SERVICES
INTERNAL AUDIT SERVICES**

**ANNUAL REPORT ON EXECUTIVE COMPENSATION (AREC)
CHANCELLOR'S EXPENSES
Report No. 2012-107**

May 9, 2012

Prepared by:
Helen Templin
Senior Auditor

Reviewed by:
Mike Bathke
Audit Manager

Reviewed by:
Bent Nielsen
Director

May 9, 2012

**RAMONA AGRELA
ASSOCIATE CHANCELLOR
CHANCELLOR'S OFFICE**

**RE: Annual Report on Executive Compensation (AREC)
Chancellor's Expenses
Report No. 2012-107**

Internal Audit Services has completed the limited review of AREC and Chancellor's Expenses and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.



Bent Nielsen
Director
UC Irvine Internal Audit Services

Attachment

C: Audit Committee
Michael Drake, Chancellor
Michael Gottfredson, Executive Vice Chancellor/Provost
Desiree Von Haag, Operations Manager – Chancellor's Office

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I. BACKGROUND

University of California, Irvine (UCI) Internal Audit Services (IAS) conducted a limited review of UCI executive compensation and expenses incurred in support of the responsibilities of the UCI Chancellor for 2011. The review consisted mainly of determining the reasonableness of 2011 amounts and comparing them to the 2010 amounts.

II. PURPOSE, SCOPE OF WORK, AND PROCEDURES

The purpose of the review was to determine whether the executive compensation for the Senior Management Group (SMG), including reportable Other Specified Employees (OSE), complies with University of California Office of the President (UCOP) and UCI policies and procedures and whether the reportable activity of the Chancellor's expenses complies with UCOP policy G-45: "Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors" (G-45).

We performed the following procedures:

1. Reviewed local and systemwide policies related to executive compensation and Chancellor's expenses;
2. Performed a fluctuation analysis on AREC and Chancellor's expenses to analyze and document any changes from last year to this year;
3. Validated population and compensation data and assessed compliance with University policies related to SMG compensation;
4. Determined whether activity in support of the Chancellor was reasonable and properly reported through the appendices in G-45: Annual Report of Fiscal Year Expenses (Appendix A) and the Annual Report of Taxable Expenses (Appendix B).

III. CONCLUSION

Based on the limited procedures performed for the 2011 AREC and Chancellor's expenses, nothing came to our attention to cause us to believe that they are not in compliance with policy requirements.

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AREC

Based upon the limited procedures, the information reported in AREC appears to accurately reflect the total compensation and perquisites given to reportable executives at UCI during calendar year 2011. UCOP made some modifications to the 2011 report format that reflects the new reporting parameters.

Chancellor's Expenses

Based upon the limited procedures, the expenses recorded in the annual reports of Appendices A and B in G-45 that support the Chancellor appear to be appropriate and reported in accordance with University policies and procedures. IAS noted a few expenses that were not appropriately categorized, which were subsequently corrected by the Chancellor's Operations Manager in a revised report.