University of California
San Francisco

UCSF

Audit & Advisory Services

April 26, 2018

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Associate Vice Chancellor/Senior Vice President-Human Resources

SUBJECT: **Annual Report on Executive Compensation**
Project #18-044

As a planned project for Fiscal Year 2017-2018, Audit and Advisory Services (A&AS) conducted a review surrounding the Annual Report on Executive Compensation (AREC) reporting process at UCSF. The scope of the review included the process to gather compensation data for the University's senior-most administrators, Senior Management Group (SMG) members, and officers of the University regardless of compensation amount, as well as that of certain highly compensated non-SMG employees who met reporting criteria. Additionally, a substantive review of the population was performed to assess the accuracy and completeness of the UCSF data being reported for inclusion in the AREC. Our services were performed in accordance with the applicable International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors (the "IIA Standards"). This report is intended solely for the information and internal use of UCSF management and the Ethics, Compliance and Audit Board, and is not intended to be and should not be used by another person or entity.

The AREC is published by the University of California, Office of the President (UCOP) on an annual basis for each UC campus, medical center, and laboratory. The AREC is produced using data collected by each campus from a variety of sources, including payroll, accounts payable, and personnel records. Each campus populates the Senior Leadership Information System (SLIS) data warehouse with the data for their reportable population. A quality review of the data is performed at various levels, including reviews by UCOP and by the individuals included within the reported population prior to the publishing of the AREC.

For calendar year 2017, UCSF submitted compensation and benefits data on 60 UCSF senior executives for inclusion in the AREC. UCSF's reportable population includes the following:

- All employees in the SMG regardless of total cash compensation;

- All "Officers of the University" as defined by Standing Order 100.1 on the Regents website, regardless of total cash compensation; and

- All "Administrators" that are in the Management and Senior Professional (MSP) group whose total compensation exceeds $310,000 in 2017; this threshold is established annually by UCOP.

As this review was conducted concurrently with the annual data submission to SLIS, all information was validated based on the AREC final draft provided by the UCSF SMG/Executive Compensation Specialist to A&AS on March 29, 2018. UCSF was required to submit corrections to the Office of the President no later than May 1, 2018.

The scope of the review encompassed:

- Verifying the accuracy of total compensation for employees included in UCSF's reportable population.

In conducting this review, the following specific procedures were performed:

- Assessed the process to populate SLIS and its effectiveness to determine the completeness and accuracy of the reporting;

- Reviewed the individuals included on the AREC and independently validated that the eligible population was complete;

- Validated compensation data for all 60 employees included on the AREC including salary, and bonuses to the Payroll Personnel System (PPS), Operational Data Store (ODS)[1] , and certification letters for accuracy and completeness;

- We examined offer letters for six new hires who were included in the 2017 reportable population.

The scope of this review was limited to the procedures described above and related to transactions and activities occurring during the calendar year 2017. As such, work completed is not intended nor can it be relied upon to identify all instances of potential irregularities, errors, and control weaknesses that may occur in areas not covered in this review. Fieldwork was completed in March 2018.

Based on procedures performed, the 2017 preliminary AREC report submitted for our review included all eligible senior executives in the report and the process in place to identify SMG and MSP population appears appropriate.

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[1] Operational Data Store (ODS) is the database that houses data from certain tables within PeopleSoft.

If you have any questions or require further information, please do not hesitate to contact me at Irene.McGlynn@ucsf.edu or 415-502-2238.

Sincerely,
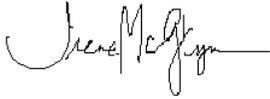
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