# UC RIVERSIDE: AUDIT & ADVISORY SERVICES

**Date:** July 11, 2017

**To:** Matthew Hicks, Systemwide Audit Director, UCOP

**Cc:** Kim A. Wilcox, Chancellor, UCR

John Lohse, Interim SVP Chief Compliance and Audit Officer, UCOP Jadie Lee, Associate Vice Chancellor, Human Resources, UCR

 John Stephen Henderson, Director of Total Compensation, UCR

**From:** Gregory Moore, Director, Audit & Advisory Services, UCR

 Rodolfo L. Jeturian, Jr., Assistant Director, Audit & Advisory Services, UCR

 Niloufar Alian, Principal Auditor, Audit & Advisory Services, UCR

**Re: Annual Report on Executive Compensation for Calendar Year 2016**

**(R2017-10)**

**Background**

As directed by the University of California (UC) Systemwide Audit Director, we reviewed the process for the preparation of the Annual Report on Executive Compensation for Calendar Year 2016 (AREC 2016) and examined supporting documentation on a judgmental basis.

**Scope**

We obtained the draft AREC 2016 prepared by the campus Human Resources (HR) Compensation Director and reviewed the accuracy of the amounts reflected, as follows:

* Annualized Base Salary as of December 31, 2016
* Actual Base Salary Received
* Other Compensation

In addition, we verified the following:

* The compensation of the reportable population
* Payroll/Personnel System and SuperDOPE
* Offer Letters
* 2016 AREC Project Timelines
* UCRFS Totals
* UCRFS Financial System
* Other supporting documents.

We shared our observations with the HR Compensation Director to ensure that proper compensation amounts were reflected in the AREC 2016.

**Observations and Comments**

Our limited review did not disclose any major observations. However, there were some minor observations that were discussed with the auditee that needed improvements:

* There were some inconsistencies between the addendum reports and the Draft Campus Certification, such as a missing notation of Annual Based Salary Received and Executive Life in the addendum reports, while it was noted in the Campus Certification Report. Per our conversation with the Director of Compensation, he confirmed with UCOP that only items which are included as comments are supposed to be included in the addendum reports. Since he was not aware of this process, he left previous comments in the AREC and as a result, there were some inconsistencies observed. Going forward, he will ensure to delete previous comments and only include those that specifically pertain to any current year exceptions/changes.
* The project deadlines to submit AREC was not met by HR. However, based on our conversation with the HR Associate Vice Chancellor, she requested an extension from UCOP in advance to inform them that the UCR AREC submission will be delayed due to the expected hiring of the new Director of Compensation.

Minor items that were not of a magnitude to warrant inclusion in the report were discussed verbally with the HR Compensation Director, and immediate corrective action was taken by the latter where warranted.

**Opinion**

Generally, the AREC preparation process was adequate and AREC 2016 was reasonably accurate.