

University of California
San Francisco



Audit Services

March 22, 2011

JOHN ELLIS

Assistant Vice Chancellor/Controller
Controller's Office

KEITH FARMER

Controller
Medical Center

**SUBJECT: Executive Travel & Entertainment
Audit Services Project 11-061**

As a planned audit for fiscal year 2010-2011, Audit Services completed a limited scope review of travel and entertainment reimbursements for UCSF senior executives included in the Annual Reporting of Executive Compensation¹ to the Office of the President. The travel and entertainment reimbursement for the senior executives totaled \$140,469.

The purpose of this review was to assess adherence to University policies related to travel and entertainment reimbursements for senior executives. In conducting this review, University and Medical Center travel and entertainment policies and procedures were reviewed to determine compliance requirements.² Non-statistical sample of 30 travel (18 for Campus and 12 for Medical Center) and 8 entertainment (6 Campus and 2 Medical Center) expense reimbursements in calendar year 2010 were selected for substantive testing. Records supporting the travel and entertainment reimbursements were examined and reimbursement approvals verified against delegations of authority.

¹ Per UCOP, senior executives earning more than \$218,000 in 2010 are included in the Annual Report of Executive Compensation (AREC).

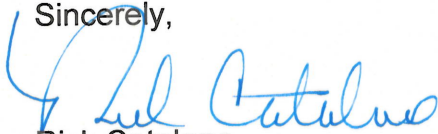
² UC policies that address travel and entertainment are G-28, Policy and Regulations Governing Travel and BUS-79, Expenditures for Business Meetings, Entertainment, and Other Occasions.

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 conducted from January to February 2011.

All the travel and entertainment reimbursements examined were generally in compliance with University policies and were approved appropriately. The current implementation of the on-line travel and entertainment expense reimbursement system will provide further assurance that payments will be accurate and in compliance with University policies. This system has built-in logic that electronically routes reimbursement requests for approval to the designated authorized official and for confirming expenditures meet established policy (e.g. per person meal amounts) requirements.

I would like to thank you, and your staffs, for your assistance and cooperation during this review. If you have any questions or require further information, please do not hesitate to contact me at 502-2238.

Sincerely,



Rick Catalano
Director

c: Assistant Controller Cotterman
Chancellor Desmond-Hellmann
Chief Executive Officer Laret
UCSF Audit Committee members