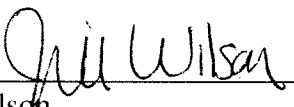


**UNIVERSITY OF CALIFORNIA, IRVINE
ADMINISTRATIVE AND BUSINESS SERVICES
INTERNAL AUDIT SERVICES**

**CHANCELLOR'S EXPENSES
Report No. 2011-110B**

March 31, 2011

Prepared by:




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Reviewed by:



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Campus Audit Manager

Reviewed by:



Bent Nielsen
Director

March 31, 2011

**SHERYL VACCA
SENIOR VICE PRESIDENT - COMPLIANCE AND AUDIT
OFFICE OF THE PRESIDENT**

**RE: Chancellor's Expenses
Report No. 2011-110B**

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

Please let me know if you have any questions regarding this document.



Bent Nielsen
Director
UC Irvine Internal Audit Services

Attachment

C: Michael Drake
Michael Gottfredson
Audit Committee

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BACKGROUND AND PURPOSE

University of California, Irvine (UCI), Internal Audit Services (IAS) conducted a review of expenses incurred in support of the responsibilities of the UCI Chancellor for compliance with University of California Office of the President (UCOP) policy Number G-45: Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors (G-45). G-45 clarifies procedures for identifying and reporting expenses of the President and the Chancellor associated with their official residences. It also describes allowable expenses incurred by the officer, such as travel, entertainment, and gift expenses. The review was performed at all UC campuses at the request of UCOP.

The purpose of the review was to evaluate the Chancellor's expense activity to assess compliance with UCOP policies and local procedures. Specifically, the Annual Report of Fiscal Year Expenses (Appendix A) and the Annual Report of Taxable Expenses (Appendix B), both appendices to G-45, were reviewed for compliance with G-45 policy. In addition, we performed a review of selected travel and entertainment expenditures for the Chancellor. The review was also conducted to determine if Chancellor Funds were properly administered and expenses were accurately recorded in the University accounting system.

SCOPE OF WORK AND PROCEDURES

The review included the Chancellor's Administrative Funds (CAF) and Chancellor's Housing Maintenance (CHM) activity. We performed the following procedures:

1. Reviewed and evaluated fiscal year 2009-2010 Appendix A and November 1, 2009-October 31, 2010 Appendix B for reasonableness. Determined whether activity in support of the Chancellor was properly reported;
2. Reviewed transaction detail and supporting documentation for the largest 25 CAF expenditures;
3. Reviewed transaction detail and supporting documentation for 17 CAF expenditures that were paid to individuals, paid by campus recharge and Chancellor's travel and entertainment expenses;
4. Reviewed transaction detail and supporting documentation for 23 CHM expenditures selected to include items from all expense categories;

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5. Reviewed and evaluated entertainment activities held at the Chancellor's residence and evaluated cost and allocation.

CONCLUSION

The expenses recorded in the annual reports (Appendix A & B) as well as in the CAF and CHM that support the Chancellor and the residence were appropriate and used in accordance with University policies and procedures. Of the 42 CAF and 23 CFM expenditures reviewed, IAS noted a few minor issues related to proper supporting documentation. These issues were discussed with the individuals who approved the expenses, who were advised of the relevant University policies. No other issues were noted.