

UC RIVERSIDE: AUDIT & ADVISORY SERVICES

Date: March 31, 2011

To: Matthew Hicks, Systemwide Audit Manager

Cc: Sheryl Vacca, SVP Chief Compliance and Audit Officer

From: Michael R. Jenson, Director
Rodolfo L. Jeturian, Jr., Assistant Director
Agnes S. Rañosa, Auditor

Re: **Annual Report on Executive Compensation for Calendar Year 2010 – R2011-10**

Background

As directed by the Systemwide Audit Manager, we reviewed the process for the Annual Report on Executive Compensation for calendar year 2010 (AREC 2010) and examined supporting documentation on a judgmental basis.

Scope

We met with the Assistant Vice Chancellor, Principal Analyst and Manager, Human Resources to update our understanding of the AREC process. We also met with the Director for Payroll/Travel/Accounts Payable to discuss the scope of our review and our initial audit requirements. Further, we coordinated with the UCLA Payroll Director and Payroll Assistant on the performance of the W-2 reconciliation for UCR's former Senior Management Group (SMG) employee with a joint appointment with UCLA .

We performed minimal accuracy tests of certain selected information appearing in the AREC 2010 by reviewing the following: a) Appointment letter for a new hire in 2010; b) Payroll Personnel System and SuperDope data; and c) other supporting documentation.

Further, we generally discussed our observations with the Principal Analyst, Human Resources to ensure proper interpretation and presentation of the compensation for selected senior management employees.

Observations & Comments

The 2010 W2 reconciliation worksheet for former Acting Vice Chancellor and Dean Phyllis Guze was prepared by the UCLA Payroll Department at UCR Audit & Advisory Services' (A&AS') request. Guze has joint appointments with UCR and her home campus, UCLA. A copy of the W2 reconciliation worksheet was sent to A&AS for reference purposes only.

Our limited review did not disclose any major observations. Minor items that were not of a magnitude to warrant inclusion in the report were discussed verbally with the Associate Vice Chancellor, Human Resources (also the Senior Management Group Coordinator), and immediate corrective measures were taken by the latter.

Opinion

Generally, the AREC preparation process was adequate and AREC 2010 was reasonably prepared.