

The logo for UCI Irvine, featuring the letters 'UCI' in a large, bold, serif font, followed by 'IRVINE' in a smaller, all-caps, serif font. A vertical line separates the two parts of the name.

UCI IRVINE

The logo for Internal Audit Services, featuring the words 'INTERNAL' and 'AUDIT SERVICES' stacked vertically in an all-caps, serif font.

INTERNAL  
AUDIT SERVICES

## Chancellor's Expenses

*Internal Audit Report No. I2022-105*

July 5, 2022

***Prepared By***

Bhavna Nakum, Senior Auditor

***Reviewed By***

Helen Templin

***Approved By***

Mike Bathke, Director

July 5, 2022

**LARS WALTON  
ASSOCIATE CHANCELLOR AND CHIEF OF STAFF  
THE CHANCELLOR'S OFFICE**

RE: Chancellor's Expenses Audit  
Report No. I2022-105

Internal Audit Services has completed the limited review of the Annual Report of Fiscal Year Expenses of the Chancellor and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Sincerely,



Mike Bathke  
Director

Attachment

C: Audit Committee  
Kim Sadler Abbey, Director of Financial Operations – The Chancellor's Office  
Jennifer Otero, Principal Financial Analyst – The Chancellor's Office

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**I. BACKGROUND**

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In accordance with the fiscal year (FY) 2021-2022 audit plan, Internal Audit Services (IAS) conducted a limited review of expenses incurred in support of the responsibilities of the UCI Chancellor for compliance with the University of California Office of the President (UCOP) policy 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 expense of the President and the Chancellors associated with their official residences. It also describes allowable expenses incurred by the officer, such as travel, entertainment, and gift expenses.

A review of the Associate of the Chancellor's reported expenses is also included to determine whether the appropriate approvals were granted in accordance with the Regents Policy 7106: "Policy on the Associate of the President and the Associate of the Chancellor" for expenses incurred. The review consisted mainly of determining the reasonableness and appropriateness of the FY20-21 amounts and comparing them to that of the previous years.

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**II. PURPOSE, SCOPE, AND OBJECTIVES**

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The purpose of this review was to determine whether the reportable activity of the Chancellor's expenses complies with G-45 for FY20-21.

IAS performed the following procedures:

1. Reviewed local and systemwide policies related to Chancellor's expenses;
2. Reviewed and evaluated compliance with the approval of expenditures for the Associate of the Chancellor;
3. Perform a fluctuation analysis of the Chancellor's expenses to analyze and document any changes from FY 19-20 to FY 20-21; and
4. Determined whether activity in support of the Chancellor was reasonable and properly reported through the appendices in G-45: Annual Report of Fiscal Year Expenses of the Chancellor (Appendix A) and the Annual Report of Taxable Expenses of the Chancellor (Appendix B – Reporting Period: November 1, 2020 - October 31, 2021).

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**III. CONCLUSION**

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Based on the limited review performed, the expenses recorded in Appendices A & B that support the Chancellor and the residence appear to be appropriate and reported in accordance with University policies and procedures.

Total overall spending from FY19-20 to FY20-21 decreased by approximately 25% (\$126,000) due directly to COVID-19 stay-at-home orders and campus telecommuting requirements. Specifically, the expenses for the general household, entertainment both inside and outside the residence, and travel decreased significantly due to event cancellations.

However, there was an increase in Capital Improvements expenses (\$41,000) for the installation of a new fire alarm system and the replacement of some furniture.

For FY20-21, the Associate of the Chancellor expended minimal funds. Her budget was approved for \$5,650 and she spent \$56 total. She did not receive any direct reimbursements and so did not need to abide by Regents Policy 7106 for any approvals.