# RIVERSIDE: AUDIT & ADVISORY SERVICES

April 1, 2020

To: Karim Zahedi, Executive Officer

 Strategic Executive Administrative Team

Subject: UCR Chancellor Housing Expenses

Ref: R2020-08A

We have completed our review of UCR Chancellor Housing Expenses.

Our report is attached for your review.

We appreciate the cooperation and assistance provided by you, as well as your staff. Should you have any questions concerning the report, please do not hesitate to contact me.

 Gregory Moore

 Director

cc: Ethics & Compliance Risk and Audit Controls (ECRAC) Committee

UNIVERSITY OF CALIFORNIA AT RIVERSIDE

AUDIT & ADVISORY SERVICES

MEMBER OF ASSOCIATION OF COLLEGE & UNIVERSITY AUDITORS

INTERNAL AUDIT REPORT R2020-08A

UCR CHANCELLOR HOUSING EXPENSES

APRIL 2020

 Approved by:

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Noahn Montemayor Rodolfo Jeturian

Principal Auditor Assistant Director

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 Gregory Moore

 Director

**UC RIVERSIDE**

**UCR CHANCELLOR’S HOUSING EXPENSES**

**INTERNAL AUDIT REPORT R2020-08A**

**APRIL 2020**

1. **MANAGEMENT SUMMARY**

Based upon the results of our review, it is our opinion that, overall, the expenses incurred by UCR for University-provided housing for the Chancellor do not represent additional elements of compensation, are in compliance with applicable University policies and procedures, and are appropriate.

Our review did not disclose any exceptions.

**II. INTRODUCTION**

 **A. PURPOSE**

UC Riverside Audit & Advisory Services, as part of a systemwide effort, performed a review of UCR Chancellor housing expenses to ensure that the expenditures did not represent elements of compensation, and to determine appropriateness and general compliance with applicable University policies and procedures.

1. **BACKGROUND**

In recognition of the unique roles of the President and Chancellors (Executive Officers) in representing the University, the Regents of the University of California require Executive Officers, as a condition of their employment, to live in residences suitable for carrying out their roles and required official duties. As part of their official duties, Executive Officers are responsible for extending official hospitality to important visitors and guests in conjunction with official functions (i.e. campus activities, alumni and development events, etc.). The UCR Chancellor lives in such a University-owned residence.

1. **SCOPE**

Audit & Advisory Services reviewed selected records supporting the Chancellor’s housing expenses for calendar year (CY) 2019 and performed the following procedures.

* + Performed review procedures and tests of accounting records of Chancellor housing expenses to determine if the expenditures represented elements of compensation, and for appropriateness and general compliance with University Policies Business Finance Bulletin G-45 “Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors’ (G-45), Regents Policy 7708 “University-Provided Housing”, and adequacy of internal controls.
	+ Performed a financial analytic review of housing expenditures for CYs 2017 through 2019. This included identifying unusual trends or fluctuations and evaluating the reasons for any variances.
	+ Reviewed the UCR Annual Report of Fiscal Year (FY) Expenses of the Chancellor for FY 2018-19 to evaluate timeliness of preparation and submission, reasonableness of reported amounts, and compliance with G-45.

**D. INTERNAL CONTROLS AND COMPLIANCE**

As part of the review, internal controls were examined within the scope of the audit.

Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories:

\* effectiveness and efficiency of operations

\* reliability of financial reporting

\* compliance with applicable laws and regulations

Substantive audit procedures were performed during January to March 2020. Accordingly, this evaluation of internal controls is based on our knowledge as of that time and should be read with that understanding.

**III. OBSERVATIONS AND COMMENTS**

* + 1. **Summary**

Controls and procedures over the Chancellor housing expenses were found to be adequate, in compliance with the University Policies BFB G-45 and Regents Policy 7708, and selected expenditures reviewed were deemed appropriate.

* + 1. **Review of Accounting Records**

Based on results of our review of selected CY 2019 Chancellor housing expenditure transactions, controls and procedures over housing expenditures were deemed adequate.

Judgmentally selected and reviewed expenditure items representing $41,182 (52%) of $79,219 total housing expenditures during CY 2019, verified amounts and traced entries to accounting records including interdepartmental recharges, work orders, and supporting documents to determine validity, reasonableness, and appropriateness of expense classifications and recorded costs.

No exceptions noted.

There was no capital improvement project (over $25,000) during CY 2019 that required prior approval of the University President.

* + 1. **Financial Analytic Review**

UCR Chancellor housing expenses for CYs 2017 to 2019 were as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2019** |  | **2018** |  | **2017** |
|  |  |  |  |  |  |
| Chancellor Housing Expenses | $79,219 |  | $70,410 |  | $50,138 |

Overall, analytical review of total executive housing expenditures did not disclose any unusual trends in expenditures that could not be satisfactorily explained.

* + 1. **Review of Annual Report of Fiscal Year Expenses of the Chancellor**

Based on results of our review, we determined that the UCR Annual Report of Fiscal Year Expenses of the Chancellor for FY 2018-19 was timely prepared and submitted and properly reported expenses of the Chancellor in compliance with G-45.