

# UCLA AUDIT & ADVISORY SERVICES

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May 14, 2025

SENIOR VICE PRESIDENT/CHIEF COMPLIANCE & AUDIT OFFICER ALEX BUSTAMANTE  
EXECUTIVE VICE CHANCELLOR AND PROVOST DARNELL M. HUNT:

Re: #25-4009 - Chancellor's Expenses (G-45) Final Audit Report

The above-referenced audit is complete. UCLA Audit & Advisory Services (A&AS) performed a review of the Annual Report of Fiscal Year Expenses of the Chancellor (Appendix A) and the Annual Report of Taxable Expenses of the Chancellor (Appendix B) as required by BUS G-45 for fiscal year 2022-23. This audit engagement was conducted as part of the campus audit plan for fiscal year 2024-25. The purpose of the audit was to determine whether the reports were prepared, reviewed, and submitted in accordance with policy and that expenses were authorized, supported, and in accordance with university policy. A&AS performed the following audit procedures to verify the appropriateness, accuracy, and completeness of the fiscal year expenses and taxable expenses reported:

## *Appendix A*

- Independently generated the general ledger from the Online Financial System for the review period and reconciled it to the totals reported for each Appendix A expenditure category to ensure completeness and accuracy of the schedule and its underlying data.
- Verified expenses were appropriated, supported and authorized via review of invoices, receipts, approval forms.
- Verified expenses supported University business and complied with University policies.
- Confirmed the Chief Administrative Officer (CAO) reviewed, signed, and submitted the report.

## *Appendix B*

- Verified personal services performed by support staff were limited to no more than 25%.
- Verified expenses were appropriated, supported and authorized via review of invoices, receipts, and approval forms.
- Confirmed personal use exceeding 15% was reported as taxable income, if applicable.
- Confirmed residence staff and the Chancellor signed the report.

The scope of the audit included a review of the Chancellor and the Associate of the Chancellor's expenses. Based on the results of the work performed, the Chancellor's Office can further strengthen internal controls in the following areas:

- *Lack of proper retention of business justification for Chancellor meal expenses.* Management should ensure that documentation to support the business justification of recharged meal expenses, including the business purpose of the meal and attendees, is readily accessible.

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Although business justifications were provided after some time, they weren't accessible or provided in a timely manner.

- *Inadequately supported business airfare expense for Associate of the Chancellor.* Management should implement a pre-approval process for airfare expenses to ensure compliance with University policies, including appropriate justification and documentation, and limit reimbursements to the cost of an economy fare ticket when justifications are not appropriate. Note, the airfare at issue was a round trip from Los Angeles International Airport to Tokyo costing \$1,796.

Refer to Exhibit A for detailed observations and recommendations identified as a result of the audit and the management corrective actions (MCA). The corrective actions designed by management satisfactorily address the observations contained in the report. In accordance with our follow-up process, a review to assess the implementation of management corrective actions will commence approximately three months from the date of this letter.

We would like to thank the staff involved for their cooperation and assistance during this review. With issuance of this final report, we ask those involved with the audit engagement to destroy any previous draft versions.

Should you have any questions, please do not hesitate to contact me or Audit Manager Pamela Magana-Britton at [maganabritton@iadm.ucla.edu](mailto:maganabritton@iadm.ucla.edu).

Respectfully,



Jeffrey Weiss, CIA, CISA  
Director, Audit & Advisory Services

Enclosure

cc: S. Agostini  
M. Beck  
M. Krause  
M. Scott  
K. Smith

## Exhibit A – Audit Results and Recommendations

#	OBSERVATION and CRITERIA	RECOMMENDATION	MANAGEMENT'S RESPONSE
<b>TRAVEL &amp; ENTERTAINMENT EXPENSES</b>			
1	<p><u>Lack of proper retention of business justification for Chancellor meal expenses</u></p> <p>Two meal expenses for dining by the Chancellor at the Luskin Conference Center were recharged but did not include the business justification as required by UC Policy BUS-79. Although receipts were available, the documentation lacked information such as meal attendees and business purpose. Management conducted an internal review and confirmed the recharge meal expenses occurred on two separate occasions: one with a potential donor and the other with a UCLA employee. However, the business purpose of the meals, a necessary requirement for business meeting expenses to validate expenditures adhere to UC Policy BUS-79 was not retained.</p> <p>The review of monthly recharges for meal expenses did not include obtaining the business purpose of the meal and list of attendees, resulting in the issue. Expenses outside of policy may result in increased costs to the university and require additional administrative resources to address discrepancies and respond to information requests.</p> <p><b>Criteria:</b> UC Policy BUS-79 Expenditures for Business Meetings, Entertainment, and Other Occasions Section V (B) titled "Reimbursement Documentation", subsection (3) titled "Business Meeting Documentation" states, "The business purpose of meals or light refreshments provided as part of a meeting must be explained on the Check Request form (or electronic equivalent) or substantiated by other documentation (e.g., an agenda) attached to the form."</p>	<p>Management should:</p> <ul style="list-style-type: none"> <li>Verify that recharged meal expenses include the business purpose of the meal and the attendees, in accordance with University policies, and that such documentation is readily accessible.</li> </ul>	<p><u>Management response:</u> The Chancellor's Office will maintain business justifications and the related supporting documentation together in a designated electronic file storage location.</p> <p><u>Observation owner:</u> Kevin Smith, Chief Administrative Officer – Chancellor's Organization</p> <p><u>Expected completion date/Date completed:</u> 4/30/2025</p>
<b>GIFT &amp; OTHER EXPENSES</b>			
2	<p><u>Inadequately supported business airfare expense for Associate of the Chancellor</u></p> <p>A business airfare expense for \$1,796 (a roundtrip flight from LAX to Tokyo) for the Associate of the Chancellor did not comply with UC Policy G-28 Travel Regulation. Specifically:</p>	<p>Management should:</p> <ul style="list-style-type: none"> <li>Implement a pre-approval process for airfare expenses to ensure</li> </ul>	<p><u>Management response:</u> Direct Billed Airfare is anticipated to be the sole modality moving forward, such that reviewer will be able to verify requested</p>

## Exhibit A – Audit Results and Recommendations

#	OBSERVATION and CRITERIA	RECOMMENDATION	MANAGEMENT'S RESPONSE
	<ul style="list-style-type: none"> <li>▪ Documentation to support the business airfare expense was not available. Business airfare is permitted in limited instances, such as for a medical accommodation, when business airfare is the only service offered, or when coach would be more expensive; however these instances were not applicable.</li> <li>▪ Written authorization for business class travel was not obtained prior to the trip nor was it included in the travel expense claim form.</li> <li>▪ The airfare expense was reimbursed for the full amount of the business airfare expense, not the difference in airfare for an economy ticket.</li> </ul> <p>Approval of the Chancellor's expense report without adequate documentation to validate the expenditure was within policy resulted in the issue. Travel expenses outside of policy may result in increased costs to the university and require additional administrative resources to address discrepancies and respond to information requests.</p> <hr/> <p><b>Criteria:</b>  UC Policy G-28 Travel Regulations Section V (D) titled "Ground Travel", subsection (2)(a) titled "Commercial Airlines", under the heading "Business of First-Class" states, " When a traveler prefers to use a higher class than the one authorized for reimbursement, the traveler must pay the incremental cost of the airfare. In cases other than those described above, a written authorization to use business or first-class shall be obtained in advance from the Chancellor. The traveler shall submit such authorization with the travel expense claim."</p> <p>UC Policy G-28 Travel Regulations Section V (I) titled "Reporting Travel Expenses", subsection (1) titled "reporting Period" states, "The travel expense claim must be submitted to the disbursements/travel accounting office (or equivalent office on campus) within a reasonable amount of time not to exceed 45 days after the end of a trip unless there is recurrent local travel, in which case claims may be aggregated and submitted monthly."</p>	<p>expenditures are in accordance with University policies prior to travel. This process should include ensuring that airfare expenses are pre-approved, have appropriate justification and documentation to support the expense, and that expenses reimbursed when such justifications are not appropriate is limited to the cost of an economy fare ticket.</p>	<p>airfare purchase is compliant with University policies as pre-requisite to approval to purchase airfare.</p> <p><u>Observation owner:</u>  Kevin Smith, Chief Administrative Officer – Chancellor's Organization</p> <p><u>Expected completion date/Date completed:</u>  4/30/2025</p>