

The logo for UCI Irvine, featuring the text "UCI IRVINE" in a large, black, serif font. The "UCI" is significantly larger than "IRVINE".The text "INTERNAL AUDIT SERVICES" in a black, serif font, positioned to the right of a vertical line.

Chancellor's Expenses

Internal Audit Report No. I2025-204

July 16, 2025

Prepared By

Bhavna Nakum, Senior Auditor

Reviewed By

Loran Lerma, Audit Manager, Campus/Health Sciences

Approved By

Mike Bathke, Director

July 16, 2025

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

RE: Chancellor's Expenses Audit
Report No. I2025-204

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

I. BACKGROUND

In accordance with the fiscal year (FY) 2024-2025 audit plan, Internal Audit Services (IAS) conducted a limited review of expenses incurred in support of the UCI Chancellor's responsibilities. The review aimed to ensure 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 outlines procedures for identifying and reporting expenses associated with the President's and Chancellors' official residences. It also describes allowable expenses for these officers, including travel, entertainment, and gifts.

Additionally, this review examined the reported expenses of the Associate of the Chancellor to determine whether appropriate approvals were granted in accordance with Regents Policy 7106: "Policy on the Associate of the President and the Associate of the Chancellor."

The review primarily focused on assessing the reasonableness and appropriateness of the FY 2023-2024 expenses, comparing them to those of previous years.

II. PURPOSE, SCOPE, AND OBJECTIVES

The purpose of this review was to determine whether the reportable activity of the Chancellor's expenses complies with G-45 for FY 2023-2024.

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 of the Associate of the Chancellor;
3. Performed a fluctuation analysis of the Chancellor's expenses to analyze and document any changes from FY 2022-2023 to FY 2023-2024; and
4. Determined whether activity in support of the Chancellor was reasonable and properly reported through the appendices in G-45: a) Annual Report of Fiscal Year Expenses of the Chancellor (Appendix A) b) Annual Report of Taxable Expenses of the Chancellor (Appendix B – Reporting Period: November 1, 2023 - October 31, 2024).

III. CONCLUSION

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 FY 2022-2023 to FY 2023-2024 decreased by approximately 3% (\$68,000). Specifically, the expenses for entertainment outside the residence (\$48,685) and capital improvements (\$181,138) decreased significantly.

However, there were increases in:

- Travel expenses (\$41,000), which included international travel;
- Events hosted and funded by the officer (\$31,504); and
- Grounds maintenance (\$64,847)

For FY 2023-2024, the Associate of the Chancellor's budget was approved for \$8,270, of which \$2,507 was expended. As they did not receive any direct reimbursements, adherence to Regents Policy 7106 for approvals was not required.

During the review process, a \$300 discrepancy was identified in the originally reported Capital Improvements total:

- Original reported total: \$20,390
- Correct amount: \$20,690

Consequently, the revised Capital Improvements total is \$21,530.79, increasing the overall expenses incurred to \$699,334.59. The FY 2023-2024 G-45 report has been retroactively amended to reflect the revised figures and submitted to UCOP.