



Audit and Advisory Services

December 9, 2016

SUZANNE MURPHY

Executive Director
EVCP Finance & Administration
Business Services Ctr Admin

**SUBJECT: Chancellor's Expense Review (G-45)
Audit and Advisory Services Project #17-047**

As a planned internal audit for Fiscal Year 2017, Audit and Advisory Services performed a review of the accounting and reporting of Chancellor's funds and expenses. The objective of the review was to determine whether:

- Expenses charged to the Chancellor's Administrative and Housing Maintenance Funds in Fiscal Year 2015-16 were recorded in the campus general ledger in accordance with Business and Finance Bulletin G-45, "Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors" (G-45);
- The annual reporting of Chancellor expenses is complete, accurate, and meets the requirements specified by G-45; and
- Expenses charged to the Administrative and Housing Maintenance Funds had been appropriately reviewed, supported, and authorized consistent with applicable University financial policies, including Business and Finance Bulletin BUS-79, "Expenditures for Business Meetings, Entertainment and Other Occasions" (BUS-79).

For Fiscal Year 2015-2016, allocations and reportable expenses for the Chancellor's various funds were:

Fund	Allocation¹	Expense	Purpose
Administrative Fund	\$43,524	\$36,012	Supplement for business related expenses
House Maintenance	\$75,822	\$234,385 ²	Housing maintenance and operating costs
Williams Fund	N/A	\$32,105	For events not at the Chancellor's residence
Campus Support	N/A	\$45,157	Allowable professional expenses (e.g. travel)
Chancellor's Office	N/A	\$44,536	Office Administration

¹ The Chancellor receives annual allocations from the Office of the President to supplement his budget for business-related expenditures (Administrative Fund) and to support costs associated with the operation of the University-provided residence (House Maintenance).

² \$190,000 was transferred to a Capital Account for a pre-approved capital improvement project of the University House.

To complete the review, accounting records and related supporting documentation for selected expenses were examined. Additionally, the annual reports of Fiscal Year 2016 expenses for the Chancellor were examined to determine whether the reports were complete, accurate, and filed timely. Transactions occurring during fiscal year 2015-2016 were reviewed. Fieldwork was completed in December 2016.


The scope of this review was limited to the procedures described above, and as such, we can make no assertions about Chancellor's expenses outside the stated funds reviewed, nor can our work be relied upon to identify all instances of potential irregularities, errors, and control weaknesses that may occur in areas not covered in this review.

Based on procedures performed, we determined that expenses charged to the Chancellor's Administrative and Housing Maintenance Funds were properly supported and consistent with policy requirements. However, during our review, we noted that \$49,221 of expense was not initially included on the Annual Report submitted to the Controller's Office. This expense consisted of prior year expenses (\$12,774), campus wide events (\$30,037), and other meeting expenses (\$6,410). The Report was subsequently corrected and resubmitted to the Controller's Office. Additionally, we identified four entertainment expenses, totaling \$25,923, which were not routed to the Controller for approval as required by BUS-79. These items were catering and related facility expenses, processed either through a Procurement Card or Recharge transactions. While these expenses had not received the approval required, they represent appropriate University expenditures.

The EVCP Business Services Center Administration will establish additional control procedures to ensure that all entertainment expenses for the Chancellor are captured on the Annual Report and that Chancellor's expenses are routed to appropriate parties for review and approval in accordance with policy.

We thank you and your staff for all the assistance provided during this review.

Sincerely,



Irene McGlynn
Director
UCSF Audit & Advisory Services