

University of California  
San Francisco



**Audit Services**

November 14, 2013

**LEIGH MORGAN**

Associate Chancellor  
Chancellor-Immediate Office

**SUBJECT: Chancellor's Expense Review (G-45)  
Audit Services Project #14-023**

At the request of the Office of the President, Audit Services performed a review to determine if:

- Expenses charged to the Chancellor's Administrative, Housing Maintenance, and Development Funds in Fiscal Year 2012-13, 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 appeared complete, accurate and meet the requirements specified by G-45;
- Expenses charged to the Administrative, Housing Maintenance, and Development 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 2012-2013, \$151,200 was allocated from the University of California Searles Fund to the above noted funds to supplement funding for the Chancellor's administrative, ceremonial and social function expenses.

To complete the review, accounting records and related supporting documentation for selected expenses were examined. Additionally, the annual reports of Fiscal Year expenses for the Chancellor were examined to determine whether the reports were complete, accurate and filed timely. Transactions reviewed occurred during the fiscal year 2012-2013. Fieldwork was completed in October 2013.

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 all expenses charged to the Chancellor's Administrative, Housing Maintenance and Development Funds were properly supported and consistent with policy requirements. We did identify that a small number of entertainment expenses, which were appropriate, had not been approved by the Controller, as required by Business and Finance Bulletin BUS-79. Specifically, four invoices to pay catering expenses were mistakenly processed for payment by the Accounts Payable Unit of the Controller's Office without the approval of the Controller. The Controller's Office will establish by December 31, 2013, some additional control procedures to ensure that all entertainment expenses for the Chancellor are reviewed and approved in accordance with policy.

The Annual Report (Report) for the Chancellor's expenses completely captured all relevant expenses and was prepared timely. During our review we noted that two items (totaling \$3,244) were inaccurately categorized on the Report. The Report was corrected and the revised Report, signed by the Chancellor, was submitted timely.

As of June 30, 2013, the Housing Maintenance account had an accumulated balance of \$260,115. Unexpended funds are allowed to be carried forward pending future renovations or repairs that may be necessary.

Please contact me at (415) 502-2238 if you have questions or require additional information.

Sincerely,



Rick Catalano  
Director

cc: Assistant Controller Cotterman  
Chancellor Desmond-Hellmann  
Ethics Compliance and Audit Board