

University of California
San Francisco



Audit Services

March 22, 2011

JOHN ELLIS

Assistant Vice Chancellor/Controller
Controller's Office

MIKE TYBURSKI

Director
Human Resources

**SUBJECT: Annual Report on Executive Compensation
Audit Services Project 11-034**

As a planned project for fiscal year 2010-2011, Audit Services completed a limited scope review to provide assurance on the accuracy and completeness of the Annual Report of Executive Compensation (AREC). In calendar year 2010, the AREC included compensation and benefits for 70 UCSF senior executives¹. Each campus utilizes the University of California, Office of the President (UCOP) Senior Leadership Information System (SLIS) to capture compensation and benefits information reflected on the report.

As this review was conducted concurrently with the annual AREC reporting process, all information reviewed was validated against information on the submitted draft AREC report to UCOP on March 14, 2011.² The scope of the review encompassed:

- Evaluating processes in place to compile AREC information and to assure the accuracy and completeness of compensation data;

¹ The report population includes only those senior executives who earned more than \$218,000 in 2010; this threshold is established annually by UCOP.

² UCSF is required to submit corrections to the Office of the President no later than April 11, 2011.

- Verifying the accuracy of taxable earnings for employees included on the AREC;
- Verifying the accuracy of moving expense reimbursements for individuals included on the AREC;
- Verifying submission of self-reported certification letters and disclosures of outside professional activities for selected employees;

In conducting this review, the following specific procedures were performed:

- The process to populate SLIS was assessed for completeness and accuracy and the individuals included on the AREC report were reviewed to ensure the eligible population was complete;
- Elements of compensation for 21 senior executives selected from the AREC report including salary, bonuses, car allowances, moving and relocation expenses were validated to the Payroll Personnel System, Weblinks, certification letters and W-2s for accuracy and completeness;
- Self-reported outside activity disclosures submitted by new hires were reconciled to the completed outside activities reports; and
- Offer letters for new hires in 2010 were examined to determine compensable components were within policy;³

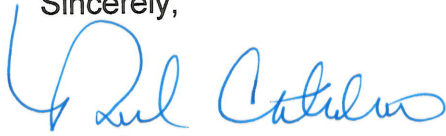
The scope of this review was limited to the procedures described above and related to transactions and activities occurring during the calendar year 2010. As such, work completed is not intended nor can it be relied upon to identify all instances of potential irregularities, errors, and control weaknesses that may occur in areas not covered in this review. Fieldwork was completed between January 2011 and March 2011.

Based on procedures performed, the 2010 draft AREC submitted to UCOP was complete in that all eligible senior executives have been included in the report and the report accurately reflected all reportable compensation. The processes in place were appropriate to assure the AREC report was completed accurately and timely.

³ In 2010 there were three new UCSF employees included in the AREC report.

If you have any questions or require further information, please do not hesitate to contact me at 502-2238.

Sincerely,



Rick Catalano
Director

c: Chancellor Desmond-Hellmann
Chief Executive Officer Laret
Associate Vice Chancellor Odat
Audit Committee Members