



**Audit & Advisory Services**

April 1, 2016

**David Odató**

Associate Vice Chancellor, Human Resources, UCSF  
Chief Human Resources Officer, UCSF Medical Center

**SUBJECT: Executive Compensation  
Project #16-019**

As a planned project for Fiscal Year 2015-2016, Audit and Advisory Services (AAS) conducted a review surrounding the Annual Report of Executive Compensation (AREC) reporting process at UCSF, including the process to gather compensation data for senior leadership and certain highly compensated employees. Additionally, a substantive review of the population was performed to assess the accuracy and completeness of the UCSF data being reported for inclusion in the AREC. Our services were performed in accordance with the applicable International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors (the "IIA Standards"). This report is intended solely for the information and internal use of UCSF management and the Ethics, Compliance and Audit Board, and is not intended to be and should not be used by another person or entity.

The AREC is published by the University of California, Office of the President (UCOP) on an annual basis for each UC campus, medical center, and laboratory. The report provides detailed information on compensation paid to the University's senior-most administrators, Senior Management Group (SMG) members, and officers of the University regardless of compensation amount, as well as that of certain highly compensated non-SMG employees who met reporting criteria. The AREC is produced using data collected by each campus from a variety of sources, including payroll, accounts payable, and personnel records. Each campus populates the Senior Leadership Information System (SLIS) data warehouse with the data for their reportable population. A quality review of the data is performed at various levels, including reviews by UCOP and by the individuals included within the reported population prior to the publishing of the AREC.

For calendar year 2015, UCSF submitted compensation and benefits data on 39 UCSF senior executives for inclusion in the AREC. UCSF's reportable population includes the following:

- All employees in the Senior Management Group (SMG) regardless of total cash compensation;
- All "Officers of the University" as defined by Standing Order 100.1 on the Regents website, regardless of total cash compensation;
- All "Administrators" that are in the Management and Senior Professional (MSP) group whose total compensation exceeds \$301,000 in 2015; this threshold is established annually by UCOP.

As this review was conducted concurrently with the annual data submission to SLIS, all information was validated from the AREC preliminary draft provided by the Senior Leadership Compensation Group (SLCG) coordinator to AAS on March 16, 2016. UCSF is required to submit corrections to the Office of the President no later than April 19, 2016.

The scope of the review encompassed:

- Verifying the accuracy of total compensation for employees included in UCSF's reportable population;
- Verifying the accuracy of moving expense reimbursements for employees included in UCSF's reportable population; and
- Verifying submission of self-reported certification letters and disclosures of outside professional activities for selected employees from UCSF's reportable population.

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

- Assessed the process to populate SLIS and its effectiveness to determine the completeness and accuracy of the reporting;
- Reviewed the individuals included on the AREC and independently validated that the eligible population was complete;
- Collected and verified payroll information independently;
- Validated compensation data for all 39 employees included on the AREC (including salary, bonuses, car allowances, moving and relocation expenses) to the Payroll Personnel System (PPS), Operational Data Store (ODS)<sup>1</sup> and certification letters for accuracy and completeness;
- Reviewed self-reported outside activity disclosures to determine compliance with policy requirements; and
- Examined offer letters for the four new hires in 2015 to determine the accuracy of compensable components included in UCSF's reportable population.

The scope of this review was limited to the procedures described above and related to transactions and activities occurring during the calendar year 2015. As such, work completed is not intended nor can it be relied upon to identify all instances of potential

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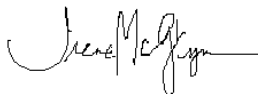
<sup>1</sup> Operational Data Store (ODS) is the database that houses data from certain tables within PeopleSoft.

irregularities, errors, and control weaknesses that may occur in areas not covered in this review. Fieldwork was completed in March 2016.

Based on procedures performed, the 2015 preliminary AREC report submitted for our review appears appropriate, in that all eligible senior executives have been included in the report and the report accurately reflected all reportable compensation. The processes in place used to gather data to populate the AREC report were appropriate and the preliminary AREC report was completed accurately.

If you have any questions or require further information, please do not hesitate to contact me at [Irene.McGlynn@ucsf.edu](mailto:Irene.McGlynn@ucsf.edu) or 415-502-2238.

Sincerely,

A handwritten signature in black ink, appearing to read "Irene McGlynn", with a horizontal line extending to the right.

Irene McGlynn  
Director  
UCSF Audit and Advisory Services