

**UNIVERSITY OF CALIFORNIA, DAVIS
AUDIT AND MANAGEMENT ADVISORY SERVICES**

**Offices of the Chancellor and Provost
Chancellor's Expenses - G-45
Audit and Management Advisory Services Project #18-03**

March 2017

Fieldwork Performed by:

Elisa Shieh, Law Fellow

Reviewed by:

Tony Firpo, Associate Director

Approved by:

Leslyn Kraus, Director

**Offices of the Chancellor and Provost
Chancellor's Expenses - G-45
Audit and Management Advisory Services Project #18-03**

Background

The Business and Finance Bulletin (BFB) G-45, "Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors", is intended to promote compliance with Internal Revenue Service (IRS) regulations. Because Chancellors play a unique role in representing the University, BFB G-45 establishes special accounting and reporting requirements for each campus. Specifically, campuses must prepare two annual reports that summarize the Chancellors' expenses in categories that are outlined in BFB G-45. These reports are known as the Annual Report of Fiscal Year Expenses of the Chancellor (Fiscal Year Report) and the Annual Report of Taxable Expenses of the Chancellor (Taxable Year Report). Per BFB G-45, the Fiscal Year Report covers the period from July 1 through June 30, and the Taxable Year Report covers the period from November 1 through October 31.

Due to the transition in the Chancellor's Office, for 2017, the following reports were filed:

- Fiscal Year Report for Chancellor Emerita Katehi.
- Taxable Year Report for Chancellor Emerita Katehi.
- Fiscal Year Report for Interim Chancellor Hexter
- Taxable Year Report for Interim Chancellor Hexter.
- Fiscal Year Report for Chancellor Gay Mary
- Taxable Year Report for Chancellor Gay Mary

Purpose and Scope

As part of the fiscal year 2017-2018 audit plan, Audit and Management Advisory Services (AMAS) conducted a review of the Fiscal Year Reports and the Taxable Year Reports noted above. The Offices of the Chancellor and Provost (OCP) is responsible for compiling the reports. The purpose of our review was to determine if these reports were accurate, complete, and prepared in compliance with the requirements of BFB G-45. To complete our review of the required BFB G-45 reports, AMAS examined BFB G-45 and OCP Implementation Guidelines and relevant financial records. We also interviewed OCP staff to determine the methodology they used when preparing the reports.

We also reviewed a sample of travel and entertainment (T&E) expenses for the Chancellor Emerita, the Interim Chancellor, and the current Chancellor, to assess compliance with applicable T&E policies. Additionally, we reviewed a sample of travel expenses for the Associate of the Chancellor Emerita, the Associate of the Interim Chancellor, and the Associate of the current Chancellor, to the extent that each of these individuals had received travel reimbursements, in order to assess compliance with applicable travel policies.

Conclusion

Based on the work performed, AMAS found that all of the Fiscal Year Reports and all of the Taxable Year Reports were complete and accurate in all material respects. We also found that all T&E expenses were compliant with applicable policies.