



AUDIT AND ADVISORY SERVICES
(510) 642-8292

611 UNIVERSITY HALL MC 1170
BERKELEY, CALIFORNIA 94720-1170

November 10, 2016

Carol Christ
Interim Executive Vice Chancellor and Provost

Phyllis Hoffman
Associate EVCP and Chief of Staff
Executive Vice Chancellor and Provost Office

Interim EVCP Christ and Associate EVCP and Chief of Staff Hoffman:

We have completed our assessment of the design and implementation of the process to gather and submit compensation information to the University of California Office of the President (UCOP) to facilitate their preparation of the Annual Report of Executive Compensation (AREC) for calendar year 2015.

Objective and Scope

The Office of Ethics, Compliance and Audit Services (ECAS) at UCOP requested that audit functions at each campus assist management by evaluating the adequacy of the Senior Management Group (SMG) Coordinator's process for ensuring the completeness and accuracy of the data reported to UCOP for inclusion in the calendar year 2015 AREC. Our scope consisted of obtaining an understanding of management's process to collect the reportable data and their internal processes and controls to assure the completeness and accuracy of the reporting of cash and non-cash compensation that is reportable under the AREC instructions from UCOP.

Procedures Performed

In addition to obtaining an understanding of management's processes and control activities, we performed certain testwork to evaluate and assess the adequacy of management's process including, but not necessarily limited to,

- review of management questionnaires and certifications for disclosure of potentially compensable transactions;
- discussions with management regarding such disclosures and consideration of the steps management undertook to make a determination of whether to include the transactions on the AREC;
- analysis of information compiled in the Senior Leadership Information System (SLIS);
- review and reperformance of W-2 taxable income reporting calculations for a sample of the AREC population; and
- analysis of general ledger detail for categories of transactions that have historically contained transactions that are potentially treated as compensable and taxable.

Conclusion

In planning and performing our assessment, we considered the internal controls related to the processes of gathering and reporting cash and non-cash compensation information to UCOP. Our consideration of these internal controls were limited in scope to the process of gathering and submitting reportable compensation to UCOP for the AREC and was not designed to identify all deficiencies in internal controls over reporting compensation.

Based on our procedures performed and the testing of the completeness and accuracy of sampled cash and non-cash compensation data, the design and implementation of processes related to compiling income information for the AREC appeared to be adequate to assure the completeness and accuracy of the 2015 report. We have no reportable observations with respect to management's processes.

Subsequent Events

After the conclusion of our audit work but prior to the issuance of this report, we became aware of the potential for reportable non-cash transactions that may require adjustments to the AREC. As appropriate, campus and UCOP management are aware of the transactions.

Thank you for the opportunity to serve you.

Respectfully reported,

Wanda Lynn Riley
Chief Audit Executive

Jaime Jue
Associate Director

Robert Asato
Senior Auditor

cc: Associate Chancellor Khira Griscavage
Assistant Vice Chancellor and Controller Delphine Regalia
Senior Vice President and Chief Compliance and Audit Officer Sheryl Vacca