

The logo for UC Irvine, featuring the text "UCIRVINE" in a large, serif font. The letters "U" and "C" are significantly larger than the other letters, and the "I" is a thin vertical line. The text is black and set against a light yellow background.

UCIRVINE

The logo for Internal Audit Services, featuring the text "INTERNAL AUDIT SERVICES" in a smaller, serif font. The text is black and set against a light yellow background.

INTERNAL  
AUDIT SERVICES

Recall Retiree Appointments  
For Academic Appointees  
*Internal Audit Report No. I2018-108A*  
February 7, 2019

*Prepared By*

Helen Templin, Senior Auditor

*Reviewed By*

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INTERNAL AUDIT SERVICES  
IRVINE, CALIFORNIA 92697-3625

February 7, 2019

**DIANE O'DOWD**  
**VICE PROVOST ACADEMIC PERSONNEL**  
**ACADEMIC AFFAIRS**

**Re: Recalled Retirees Audit – Academic Appointees**  
**No. I2018-108A**

Internal Audit Services has completed the review of recalled academic retirees and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

*Mike Bathke*

Mike Bathke  
Director  
UC Irvine Internal Audit Services

Attachment

C: Audit Committee  
Marianne Beckett, Assistant Vice Chancellor, Academic Personnel  
Jean Chin, Director, Academic Personnel  
Ilona Pak, Principal Academic Personnel Analyst, Academic Personnel

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## I. MANAGEMENT SUMMARY

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In accordance with the fiscal year (FY) 2017-2018 audit plan, Internal Audit Services (IAS) reviewed the review, approval, and processing of recall appointments for academic appointees. The review identified a process that should be improved to minimize business risks and ensure compliance with University of California, Office of the President (UCOP) policies and procedures as well as the Academic Personnel Manual (APM). The following observation was noted.

**Duration of Reemployment** – Academic appointees who have retired from the university may be recalled to active service for purposes of teaching, research, and/or administrative service. According to APM-205, recall appointments are normally one year or less, but they may be up to three years in cases of pre-retirement agreements. IAS has identified numerous recalled faculty with more than five years of recall activity. This observation is discussed in section V.1.

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## II. BACKGROUND

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The University of California (UC) provides for reappointment after retirement should there be compelling circumstances. However, the UC Retirement Program (UCRP) must also comply with Internal Revenue Service (IRS) pension distribution rules. APM-205 states, “The University of California may recall to active service, for a term appointment, academic appointees who have retired from the University. Recall may be for teaching, research, or administrative service in an academic unit.” However, there are restrictions: (1) a recall appointment date may occur no earlier than 30 days following the appointee’s retirement date; (2) recall appointments may not exceed a total of 43 percent time per month, inclusive of all recall appointments; (3) recall appointments are normally one year or less but may be up to three years in cases of pre-retirement agreements or with active research grants for the recall period; (4) campus administrators may only make pre-retirement recall agreements with academic appointees age 60 or older with five years of service (UCRP normal retirement age) and therefore, campus administrators may not discuss recall appointments with academic appointees who have not attained UCRP normal retirement age.

At UCI, the initiating, reporting, and processing of recall appointments are decentralized to the appointment department. Academic Personnel (AP) provides policy and procedure guidance, post audits of recall appointments, and will obtain the Executive Vice Chancellor and Provost signature for appointments requiring exceptional approval.

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### **III. PURPOSE, SCOPE AND OBJECTIVES**

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The purpose of the audit was to assess the business risks, internal controls, and compliance with University policies and procedures for the review, approval, and processing of recall appointments for academic appointees. The review was designed to determine whether sufficient internal control measures are in place to prevent or detect inappropriate, non-compliant, and/or fraudulent transactions. The audit scope includes payroll data dating from January 2006 through July 2018.

The following audit objectives for academic appointee recall appointments were included in the review.

1. Review payroll data to determine whether a recalled academic retiree observed the minimum 30 day break in service prior to returning to work.
2. Review payroll data to determine whether a recalled academic retiree's appointment is 43 percent of time or lower.
3. Review payroll data to determine the duration of a recalled retiree's return to work.
4. Review payroll data to determine age at which the faculty member retired and determine whether there was any discussion by administrators to those potential retirees age 59 or younger about a recall appointment.
5. Review procedures and practices for reporting and documenting recall appointments.

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## IV. CONCLUSION

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In general, controls and processes appear to be functioning as intended. However, processes could be further enhanced in the area of duration of reemployment.

Observation details were discussed with management who formulated action plans to address the issue. These details are presented below.

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## V. OBSERVATIONS AND MANAGEMENT ACTION PLANS

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### 1. Duration of Reemployment

#### Background

UCRP is a tax-qualified governmental defined benefit pension plan and therefore, must comply with IRS pension distribution rules. One of the criteria that is stipulated in the UCI procedures regarding “Rules Governing Rehiring UC Retirees” is that “both the University and the employee must have intended that a separation from service occur and intended the separation to be permanent.” In support of this statement, APM 205-20 “Recall for Academic Appointees: Terms and Conditions of Employment” states that “Recall appointments are normally one year or less but may be up to three years in cases of pre-retirement agreements, or if faculty have active research grants with secured funding for the recall period.”

#### Observation

IAS determined, through data analytics, at least 80 faculty members who have been recalled and have current, active appointments. Forty-five of these faculty members have been recalled between 5 and 13 years and comprise 56.2 percent of the total. IAS requested a copy of the Academic Recall Form (UCI-AP-57) for each of the 45 named faculty. One form (2.2 percent) was missing; three forms (6.6 percent) were missing the recalled faculty’s signature; and eight forms (17.7 percent) did not have the current end date as reflected in the Payroll Personnel System (PPS). Two faculty members are on recall with appointments sponsored by UC Riverside.

A continuous recall appointment is contradictory to the intent of a permanent separation and creates a perception that the faculty member is “double-dipping” regarding income through the collection of a monthly pension and wages from an active appointment.

### **Management Action Plan and Response**

AP will continue to review and post audit recall appointments to ensure accurate information and completion of the appointment forms.

Respectfully, AP would like to note that APM 205-20 referenced above does not place any limitations as to how many times an academic recall appointments may be renewed. In fact, we believe this policy on academic recall appointments must be interpreted in the context of APM 120 – Emeritus Titles. Specifically, emeritus academic appointees continue to serve the essential academic needs and interests of the University. Therefore, APM 205 allows campuses to employ retired academic appointees on renewable term appointments. As stated in APM 120, Appendix A, the University articulated its principles in support of academic appointees with emeritus status: “Some are recalled to the University to teach, while many continue their scholarly or creative activities and their active service to the University. The University is eager to support their activities and to help assure that they continue to contribute actively to the intellectual enrichment of their campuses.” Therefore, we believe the recall appointments for academics as implemented on our campus have been consistent with University interest and support.