

# **Senior Management Group Automobile Allowance**

**Responsible Officer:** Executive Vice President–Chief Financial Officer

**Responsible Office:** Financial Management

**Effective Date:** August 1, 2009

**Next Review Date:** [The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.]

**Who Is Covered:** The following designated Senior Management Group members:

- President
- Executive Vice Presidents
- Senior Vice Presidents
- Principal Officers of The Regents
- Chancellors
- Laboratory Director
- Executive Vice Chancellor or Chief Academic Officer
- Vice Chancellors for Development (or equivalent Vice Chancellor position)
- Medical Center Directors
- Individuals in an Acting Role for the President, Chancellors, or Laboratory Director positions

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## **I. POLICY SUMMARY**

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This policy provides direction and authority for granting automobile benefits to designated Senior Management Group (SMG) members.

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## **II. POLICY DEFINITIONS**

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**Acting Role:** An individual assuming 100% of the role and responsibilities of one of the covered positions under this policy.

**Exception to Policy:** An action that exceeds what is allowable under current policy or that is not expressly provided for under any policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

**Executive Officer:** The University President, Chancellor, or Laboratory Director.

**Top Business Officer:** Executive Vice President–Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location’s financial reporting and payroll as designated by the Executive Officer.

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## **III. POLICY TEXT**

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### **A. Approval of Automobile Allowance by the Regents**

Any SMG position that is recommended to receive an automobile allowance must be submitted by the President to the Regents for approval.

### **B. Automobile Allowance**

Designated SMG members<sup>1</sup> receive a monthly cash allowance from the University, the amount of which will be announced annually by the Vice President–Finance in accordance with changes in the Consumer Price Index. For the current maximum cash allowance, see [Maximum Amounts for University-Leased Vehicles and Monthly Cash Allowances](#). The cash allowance is paid to the SMG member as additional taxable wages in accordance with the procedures contained in [Accounting Manual E-821, Senior Management Automobile Policy and Procedures, Section III](#).

### **C. Reimbursement for Use of Privately-Owned Vehicle**

Designated SMG members who receive an automobile allowance will not receive additional reimbursement for the first 12,000 business miles traveled in a calendar year. Only business miles in excess of 12,000 miles a year will be reimbursed. The SMG member must provide mileage log documentation that the maximum yearly mileage has been exceeded.

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<sup>1</sup> Includes all incumbent employees who currently receive an automobile allowance but whose title is not designated for an allowance under this policy.

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Bridge and road tolls, parking fees, and other expenses set forth in [Business and Finance Bulletin G-28, Policy and Regulations Governing Travel](#) may be reimbursed.

Procedures for reimbursement of University business travel and mileage reimbursement rates, as well as procedures required for insurance coverage and the reimbursement of collision damage costs related to the use of a privately-owned vehicle for official University business, are set forth in [Business and Finance Bulletin G-28, Policy and Regulations Governing Travel, Section VII.C. and Appendix A.](#)

### **D. Funding**

Each location is responsible for funding its SMG automobile program. Laboratory SMG automobile allowances are provided by the Laboratory Administration Office. General Funds (19900) may not be used to support the SMG automobile program.

### **E. Treatment for Benefit Purposes**

Amounts that are treated as wages under this policy are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan, Retirement Savings Program, or employee life insurance programs. A Description of Service (DOS) code of “EAA” has been established for paying automobile allowances approved in accordance with this policy.

### **F. Tax Treatment and Reporting**

Under Internal Revenue Service (IRS) Regulations, payment of an automobile allowance must be included in the employee’s income as wages subject to withholding for federal and state income taxes and applicable FICA taxes. The payment is reportable on the employee’s Form W-2 in the year paid.

Any payments to SMG members under this policy will be reported to the President and the Regents in the *Annual Report on Executive Compensation*.

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## **IV. APPROVAL AUTHORITY**

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### **A. Implementation of the Policy**

The Executive Vice President–Chief Financial Officer is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy. The Office of the President Human Resources will work with the Responsible Officer of each policy to implement each policy.

### **B. Revisions to the Policy**

The Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

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The Executive Vice President–Chief Financial Officer has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of the Regents.

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Senior Management Group Compensation Policy Principles* and other governance policies.

### **C. Approval of Actions**

All actions within this policy, that exceed this policy, or that are not expressly provided for under any policy must be approved by the Regents.

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## **V. COMPLIANCE**

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### **A. Compliance with the Policy**

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports (such as a monthly compensation compliance report) for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and local resources.

The Executive Vice President–Chief Financial Officer is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to this policy, and results will be reported to senior management and the Regents.

### **B. Noncompliance with the Policy**

Noncompliance with the policy is handled in accordance with the Regents' [Guidelines for Corrective Actions Related to Compensation Practices](#) and [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#).

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Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President–Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.

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### REVISION HISTORY

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As a result of the issuance of this policy, the following document is rescinded as of the effective date of this policy and is no longer applicable:

- *Revised University Policy Concerning Senior Management Automobiles*, issued by President Dynes on January 29, 2007

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### IMPLEMENTATION PROCEDURES [the Procedures are under development]

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### RELATED DOCUMENTS

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- [Maximum Amounts for University-Leased Vehicles and Monthly Cash Allowances](#) (referenced in Section III.B. of this policy)
- [Accounting Manual E-821, Senior Management Automobile Policy and Procedures, Section III](#) (referenced in Section III.B. of this policy)
- [Business and Finance Bulletin G-28, Policy and Regulations Governing Travel, and Appendix A](#) (referenced in Section III.C. of this policy)
- *Senior Management Group Compensation Policy Principles* (referenced in Section IV.B. of this policy) [the policy is under development]
- [Guidelines for Corrective Actions Related to Compensation Practices](#) (referenced in Section V.B. of this policy)
- [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#) (referenced in Section V.B. of this policy)

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### FREQUENTLY ASKED QUESTIONS [the FAQs are under development]

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