UCI – HSCP
ANNUAL RECONCILIATION PROCESS

Reference UCI COM Implementation Procedures Section VI, A, 2, b Annual reconciliation process

A. BACKGROUND

The Health Sciences Compensation Plan (HSCP) and the Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants were implemented effective January 1, 2001. The annual reconciliation process described in the COM Implementation Procedures is established to meet the annual reporting requirements of the HSCP. Annual reconciliation and reporting is done on a calendar year basis.

B. ANNUAL REPORTING REQUIREMENTS

The annual calendar year reporting requirements for Health Sciences Compensation Plan Participants are summarized below.

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<th>HEALTH SCIENCES COMPENSATION PLAN</th>
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<td>ANNUAL REPORTING REQUIREMENTS</td>
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1. University salary **will not** appear on the statement and does not need to be reported.
2. Certification by CPA or certified tax preparer is not required.
3. As tax returns are not needed for certification of the annual reconciliation statement, IRS extensions of the due date **will not** be granted.
4. **Due date April 15** (or the following Monday if the 15th falls on the weekend).
5. Patient care income not deposited in the Plan must be reported.
6. Non-patient care professional services income retained under the Guidelines on Occasional Outside Professional Activities, including non-cash compensation, must be reported.
7. Income (W2 and/or 1099) from affiliated sources (e.g. LBVA, LB Memorial, etc) must be reported and identified as such.
8. Any other income received as W2 and/or 1099 must be reported and the services provided identified.

C. PROCESS

March 1

Annual Reconciliation Statements for the previous calendar year will be distributed to Health Sciences Compensation Plan participants by the Faculty Compensation Office the first week in March. The signed and completed Annual Reconciliation Statement and Report of Compensated Outside Professional Activities, a report on income retained under the Guidelines on Occasional Outside Professional Activities, must be returned to the Faculty Compensation Office no later than April 15. Both forms must be signed and returned, even if no income has been reported.

April 1

On or about April 1 a reminder notice will be sent to Plan participants. Department Chairs will receive a list of the faculty who have not yet submitted annual reconciliation statements and reports.
April 15

Annual Reconciliation Statements and Reports of Compensated Outside Professional Activities are due. Faculty who do not submit their statements and reports by the due date will be referred to the Compensation Plan Advisory Committee for review for non-compliance. Department Chairs will receive a list of the faculty who did not submit annual reconciliation statements and reports on outside professional activities by the due date.

May

A list of faculty who failed to submit annual reconciliation statements and reports will be reviewed by the Compensation Plan Advisory Committee in May and recommendations forwarded to the Dean for possible non-compliance action. This action may include, but is not limited to, any or all of the following:

- Reduce the Plan member’s total compensation by eliminating all optional additional compensation (Y and Z) effective July 1.
- Reduce the Plan member’s total compensation by eliminating all optional additional compensation effective July 1, and reduce the member’s salary to the Fiscal Year Salary Scale (Scale 0) with the approval of the Chancellor and the President.
- Initiate steps to terminate employment in accordance with the procedures set forth in Academic Personnel Policy.
- Referral for appropriate legal action.

June

On or about June 1, Plan participants will receive a final notice of non-compliance action to be taken effective July 1. Plan participants will be given 10-14 days to come into compliance with the compensation plan. Department Chairs will be advised of potential non-compliance action, as action taken may have a negative impact on the annual negotiated salary of the Plan participant.

A Plan participant found to be not in compliance with the compensation plan is not in good standing. Faculty found to be not in good standing must receive written approval from the Chair and the Dean before engaging in any unassigned outside professional activities.

D. REVIEW AND ASSESSMENT

Annual Reconciliation Statements will be reviewed by the Faculty Compensation Office and invoices will be prepared for any assessments due. Invoices are due upon presentation. “Late payment” charges will be added to unpaid invoices beginning 30 days after the invoice date. Income reported from patient care professional activities is subject to Dean’s tax (5%), Professional Development Assessment (5%), and Department assessment (0-7%) and may be subject to a Department overhead assessment.

Plan participants reporting gross professional fee (patient care) revenue received outside the University will receive a letter advising them they are not in compliance with the compensation plan (Section VI, A, 1) and requesting written confirmation that appropriate action will be taken. Such action would include the following:

- Confirmation that billing and collections will be done by a University billing group or an external billing vendor with whom the University has contracted.
- Completion of a service agreement for the patient care professional services.
- Termination of the activity.
The compensation plan requires that payments for occasional service exceeding either 48 days of such service per year, or the maximum annual approval threshold ($20,000 or 20% of APU base salary, whichever is greater), be deposited in the University. A maximum day limit less than 48, and/or a lower annual approval threshold may have been set by individual departments. Plan participants are bound by the maximum limits described in department compensation plan procedures.

Plan participants reporting income retained in excess of the annual approval threshold will be advised of the compensation plan requirements and the potential for being found to be not in compliance if the income is not brought into the department.

E. SEPARATED FACULTY

Participation in the University’s Health Sciences Compensation Plan is a term and condition of employment for full-time (51% or greater) School of Medicine faculty. Faculty who have separated from the University are obligated to complete an Annual Reconciliation Statement and Report of Outside Compensated Professional Activity for that part of the year they were employed by the School of Medicine and were members of the compensation plan, and are responsible for any assessments that may be due.