UC Financial Management

University of California
Business Officers’ Institute

November 27, 2007

Topics

• Role importance
• Responsibilities
• Support
Let’s Play

Who wants to be a Business Officer

SLIDE OF FAME

2007 (SF) – ?
2006 (SF) – Santa Cruz
2005 (SF) – Santa Cruz
2004 (SF) – Irvine, Riverside
2004 (NB) – Riverside
2003 (SF) – San Francisco
2001 (Brk) – Merced, Santa Cruz, UCOP
2000 (Oak) – San Francisco
Importance of the University

- 496,298 students (including UNEX)
- $19.5 billion in 2006 expenditures
- 123,997 faculty and staff
- > 600 research centers, institutes, programs
- > 1.7 million degrees conferred
- > 3 million patient visits annually
- > 35.3 million library volumes

The Influence of a Transaction

Planning and Budgeting

- Strategic planning
- Budgeting
- Policies and procedures

A Success-oriented Work Environment

- Competent, knowledgeable staff
- Resources to succeed
- Clear performance expectations
- Training and support
- Objective performance appraisals
- Open communications
- Improvement-orientation
Delegating Authority

- Officially recorded, approved, reviewed
- Cannot delegate more than you have
- Delegate must be qualified and capable
- Clear accountability trail
- Monitor for continued relevance

Transaction Processing - Preparer Responsibilities

- Understand process
- Know basic policies and regulations
- Code transactions properly
- Respond to edit messages
Transaction Processing - Reviewer Responsibilities

• Have no conflicting duties
• Check for accuracy, appropriateness
• Check for policy compliance
• Investigate and resolve issues
• Designate qualified back-up

Maintaining Internal Controls

• Separation of duties
  – Asset control
  – Booking of entries
  – Comparison / transaction review
• Periodic risk assessment
  – Reorganization
  – Regulatory changes
• Cost-benefit
Proper Accounting

- **Account codes**
  - Assets, liabilities, revenue, expense

- **Fund codes**
  - Allowable usage

- **Subaccount - object codes**
  - Expense classification

Accurate Financial Reporting

Executive Information

Management & Operations

Fund Management & Reporting
Monitoring and Evaluating Financial Data

- Ensure locally-generated data is accurate
- Compare budget to actual figures
- Review revenue and expenses
- Investigate significant deviations
- Correct errors before next ledger cycle
- Document corrective actions

Managing Information Systems

- **Physical Security**
  - Access to data controls
  - Logon ID’s and Passwords
- **Applications / Data Security**
  - Separation of duties
  - Programming change controls
  - Programmer background checks
  - Backups and disaster recovery
Safeguarding Valuables

- Records / Information assets
- Cash receipts, petty cash, change funds
- Inventories
- Inventorial assets

Reacting & Responding to Audits

- External audits
  - Fairness of financial results
  - Regulatory compliance - A-133 Audit
  - Evolving environment
- Internal audits
  - Compliance with policies
  - Adequate controls
  - Efficiencies
Managing Cash

- Separation of duties
- Accountability
- Physical security
- Prompt deposit
- Secure payment gateways
- Monitoring and reconciliation

Managing Receivables

- Prompt billing
- Monitoring
- Follow-up
- (Dis)incentives - activity holds
- Collection efforts and write-offs
Monitoring Conflict of Interest

- Business must only benefit UC
- UC employee or close relative may not personally gain from any transaction
- Formal reporting and evaluation process

Tracking Support Group Activities

- Same stewardship responsibilities
- Require ongoing recognition of the Chancellor
- Use of the University name restricted
Where to Get Help

- Controller’s Office
- Accounting Office
- Planning and Budget Office
- Internal Audit Office
- Sponsored Projects Office
- Conflict of Interest Coordinator
- Cash Handling Coordinator