UC Financial Management

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Topics

- Purpose
- Role
- Responsibilities
- Support
Economic Impact of UC

- 541,671 students (including UNEX)
- 134,644 faculty and staff
- 57 Nobel laureates
- $22 billion in 2010 spending
- 1.93 million degrees conferred
- 3.6 million out patient visits annually
- 39 million library volumes
The University of California

The Influence of a Transaction

Transaction

General Ledger

Fund Activity Repts  Audit Findings
UC Financial Repts  Management Repts

Strategic Planning  Policy Decisions  Credibility
Planning and Budgeting

- Identify resources needed to achieve goals
- Measure current financial performance against a benchmark
- Discover significant transactional errors
- Detect significant changes in circumstances or business conditions
- Modify futures plans and take corrective action
A Success-Oriented Work Environment

- Competent, knowledgeable staff
- Resources to succeed
- Clear performance expectations
- Training and support
- Objective feedback and performance evaluations
- Open communications
- Improvement-orientation
Securing an Effective Accountability Structure

- Must be documented, approved and regularly reviewed
- Cannot delegate more than you have
- Designee must be qualified and capable
- Clear audit trail must exist
- Responsible for ensuring those tasks are properly performed
Transaction Processing

Preparer Responsibility

- Must understand:
  - Process
  - Basic policy and regulatory requirements
  - How to properly code transactions
  - How to respond to edit messages
Transaction Processing

Reviewer Responsibilities

- Independence
- Check for accuracy and appropriateness
- Check for policy and regulatory compliance
- Investigate and resolve all issues
- Designate an appropriate backup
Proper Accounting

- Account codes
- Fund codes
  - Allowable usage (sources and uses)
- Subaccount
  - Object codes (BSA audit)
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Accurate Financial Reporting

Executive Information Reporting

Regents, State, Funding Agencies, Major Donors
Creditors, General Public

Management / Operations Reporting

Fund Managers
Departmental Financial Officers, Central Offices

Fund Management & Reporting

P.I.s
Departmental Financial Staff, Funding Agencies

- Shadow Systems
- Chart of Accounts Coding
- Allocations
- Financial Transactions
- Individual Grants
- Adjustments, Accruals
Maintaining Internal Controls

- Separation of duties
  - Asset control
  - Booking of entries
  - Comparison / transaction review
- Periodic risk assessment
  - Reorganization
  - Regulatory changes
- Cost-benefit
- Trust is not a control
Monitoring and Evaluating Financial Data

- Ensure locally generated data is accurate
- Compare budget to actual
- Review revenues and expenses
- Investigate significant deviations
- Correct errors before next ledger cycle (late transfers)
- Document corrective actions
Managing Information Systems

- Physical security
  - Access to data controls
  - Logon id’s and Password
  - Firewalls
  - Encryption or truncation of personal data

- Applications / Data Security
  - Separation of duties
  - Programming change controls
  - Programmer background checks
  - Back-ups and disaster recovery
Safeguarding University Assets

- Physical security of records and assets
- Cash receipts, petty cash and change funds
- Inventories
- Records
Reacting and Responding to Audits

- Regulatory
  - IRS
  - State Franchise Tax Board

- Compliance
  - External sponsors
  - A-133
  - NCAA
  - DS-2

- Internal audits
  - Compliance with policies
  - Adequate controls
  - Efficiencies
Cash Management

- Segregation of duties
- Accountability
- Physical security
- Prompt deposit
- Monitoring and reconciliation
- Compliance with Payment Card Industry Regulations
Receivables Management

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

- Business must only benefit University
- UC employee or close relative may not personally gain from any transaction
- Report situations where potential for personal gain exists for evaluation
- Perceived conflicts should also be evaluated
Support Group Activities

- Similar stewardship responsibilities as Business Officers
- Requires ongoing recognition of the chancellor
- Use of the name restricted
Where to Get Help?

- Controller’s Office
- Accounting Office
- Planning and Budget Office
- Internal Audit and Advisory Services Office
- Sponsored Projects Office
- Campus Ethics and Compliance Officer
- Conflict of Interest Coordinator
- Cash Handling Coordinator