2012 BUSINESS OFFICER INSTITUTE

FINANCIAL MANAGEMENT

November 27, 2012
Topics

- Purpose
- Role & Responsibilities
- Support
Importance of the University

- 536,643 students (including UNEX)
- 136,145 faculty and staff
- 60 Nobel laureates
- $24.2 billion in 2011 spending
- > 2 million degrees conferred
- > 3.3 million patient visits annually
- > 41.5 million library volumes
- > 600 research centers, institutes, programs
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

- 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
- Delegatee 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

- 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
  – A Asset control
  – B Booking of entries
  – C Comparison / transaction review

• Periodic risk assessment
  – Reorganization
  – Regulatory changes

• Cost-benefit

• Is trust a control?
Proper Accounting

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

- **Fund codes**
  - Allowable usage

- **Subaccount - object codes**
  - Expense classification
Accurate Financial Reporting

Public & Executives

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
- Credit card information security
- 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 and Advisory Services Office
- Sponsored Projects Office
- Campus Ethics and Compliance Officer
- Conflict of Interest Coordinator
- Cash Handling Coordinator
Selected Resources

- BOI Supplemental Presentation Notes
  [http://financial.ucsc.edu/SiteCollectionDocuments/BOI_Financial_Management_Notes_08Nov.doc](http://financial.ucsc.edu/SiteCollectionDocuments/BOI_Financial_Management_Notes_08Nov.doc)

- UC Business and Finance Bulletins
  [http://www.ucop.edu/ucophome/policies/bfb/](http://www.ucop.edu/ucophome/policies/bfb/)

- UC Accounting Manual
  [http://www.ucop.edu/ucophome/policies/acctman/](http://www.ucop.edu/ucophome/policies/acctman/)

- UC Santa Cruz Financial Management Guides
  [http://financial.ucsc.edu/Pages/Management_Main.aspx](http://financial.ucsc.edu/Pages/Management_Main.aspx)