Role of the Controller

Don Larson, Controller
UC San Diego
October, 2013
Who are the UC Controllers?

UCOP—Peggy Arrivas
Berkeley—Delphine Regalia
Davis—Mike Allred
Irvine—Bendt Nielsen
Los Angeles—Allison Baird-James
Merced—Mike Riley
Riverside—Bobbi McCracken
San Diego—Don Larson
San Francisco—John Ellis
Santa Barbara—Jim Corkill
Santa Cruz—Kirk Lew
DANR—Jake McGuire
LBNL—Rachelle Jeppson
Key ? To Answer On Controllership

- Who is responsible?
- Why should you care?
- What is causing more risk in control?
- How can we make our culture stronger?
- Why is it important for us to work together?
- When does this need to happen?
Who is NOT primarily responsible for the system of internal controls?

1. The Controller
   - 13%

2. The Department Business Officers
   - 1%

3. The Faculty
   - 54%

4. The Internal Audit Department
   - 32%
Responsibility For Accountability And Control

CONTROLLER

• Ownership of accountability and control systems.
• Leadership in recognizing control responsibilities and understanding control risk.
• Ensure improvement initiatives receive management support and provide accountability for progress, communicating results to stakeholders.

INTERNAL AUDIT

• Independent evaluation of accountability and control systems.
• Assist in assessing the control environment, and effectiveness and efficiency of operations.
• Evaluate effectiveness of improvement initiatives, and communicate results to stakeholders.
On average, how much does UC spend per minute on a typical business day?

1. $57,884 - 8%
2. $110,431 - 24%
3. $191,050 - 43%
4. $321,156 - 24%
The University of California

**UC Daily Average Expenditures**

<table>
<thead>
<tr>
<th>Campus</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles</td>
<td>$18,320,000</td>
</tr>
<tr>
<td>San Francisco</td>
<td>13,657,000</td>
</tr>
<tr>
<td>Davis</td>
<td>11,711,000</td>
</tr>
<tr>
<td>San Diego</td>
<td>11,559,000</td>
</tr>
<tr>
<td>Berkeley</td>
<td>7,574,000</td>
</tr>
<tr>
<td>Irvine</td>
<td>7,275,000</td>
</tr>
<tr>
<td>Santa Barbara</td>
<td>2,957,000</td>
</tr>
<tr>
<td>Riverside</td>
<td>2,223,000</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>2,007,000</td>
</tr>
<tr>
<td>Merced</td>
<td>595,000</td>
</tr>
<tr>
<td>System Prog/Admin</td>
<td>9,950,000</td>
</tr>
<tr>
<td>DOE Labs</td>
<td>3,876,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$91,704,000</strong></td>
</tr>
</tbody>
</table>

Source: UC Consolidated Campus Schedules 2011-12
Why do we have increased risk in internal control reporting?

1. The UC has too many fiscal managers  
   - 7%

2. Business Finance Bulletin BUS-49 was reissued  
   - 5%

3. SAS 112/115  
   - 71%

4. More people in UC know what is meant by internal control  
   - 17%
Increased Risk in Control Reporting

- SAS115—Significant tightening of standards for reporting control deficiencies.
- Auditor reports are public record.
- Key Controls must (1) exist, (2) be working effectively, & (3) be documented.
- Department level key controls:
  - Verification/Reconciliation
  - Financial Report Reviews
People

• Education and Development.
Why

Faced with diminishing state support, the University of California community has coalesced around administrative and operational effectiveness as a key tenet of long-term viability. Working Smarter brings together systemwide, regional and campus-level efforts under one umbrella with a strong commitment from the top. The University is committed to elevating its administrative operations to the same level of excellence as its academic and research enterprise. Within five years, the University will redirect $500 million from administrative costs to the academic and research missions, streamline operations to address state funding cuts and the need for commonality among the campuses, implement operational efficiencies that enhance the quality of services to students, faculty and staff, and build a sustainable financial model to carry the University forward.

Your Ideas

Get involved! The Working Smarter Initiative wants your suggestions for additional ways that the university can work smarter and reduce costs. Please send your ideas - big or small - to worksmarter@ucop.edu

Fiscal impact

cost savings
$294,331,076

revenue generation
$166,576,278

current total
$460,907,354
Strengthen Our Culture

Stmt. Of Ethical Values

- Integrity
- Excellence
- Accountability
- Respect

Stds. Of Ethical Conduct

- Individual Responsibility & Accountability
- Compliance with Regulations & Policy
- Conflicts of Interest
- Internal Controls
- Financial Reporting

http://www.universityofcalifornia.edu/compliance/ethics/welcome.html
It Starts At The Top

- Senior Leadership
- ERM Committee
- Compliance Committee
- Audit Committee
- Ethics Committee
How does Ethics Fit In With Policies, Procedures & Controls?

- **Policies** are what we do
- **Procedures** are how we are to do it
- **Controls** are assurance we are doing what we should do
- **Ethics** are why we do it

*Our commitment to do what is “Right & Proper”*
A Key Opportunity

- Engaging and Collaborating With Faculty
Let’s Stand Together

• Building Relationships
A Common Vision

NOW

Is The

Time