



NEW DEPARTMENT CHAIR WORKSHOP

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LAURA COLETTI
ASSOCIATE CONTROLLER

SANDRA CORTES
DIRECTOR OF CONTROLS & ACCOUNTABILITY



Overview of Presentation

- **Financial Management**
 - UC/UCD Financial Summary
 - UC Accounting Program
 - Control Responsibilities
 - Separation of Duties
 - Delegation of Authority
- **Chair's Responsibilities**
 - Planning & Budgeting
 - Travel Compliance
 - Research Compliance
 - Space
- **Resources**

Financial Snapshot - 2014

• UC

- Total Assets & Def Outflows of \$60 billion
- Total Liabilities & Def Inflows of \$49 billion
- Net Position of \$11 billion
- Operating Revenues
 - \$22.4 billion
- Operating Expenses
 - \$26.9 billion
- Net non-operating Revenues
 - \$5.5 billion
- Other Changes in Net Position \$497 million
- Increase in Net Position
 - \$1.4 billion



• UC Davis

- Total Assets & Def Outflows of \$6.4 billion
- Total Liabilities & Def Inflows of \$4.9 billion
- Net Position of \$1.5 billion
- Operating Revenues
 - \$3.2 billion
- Operating Expenses
 - \$3.7 billion
- Net non-operating Revenues
 - \$639 million
- Other Changes in Net Position
 - \$19 million
- Increase in Net Position
 - \$149 million

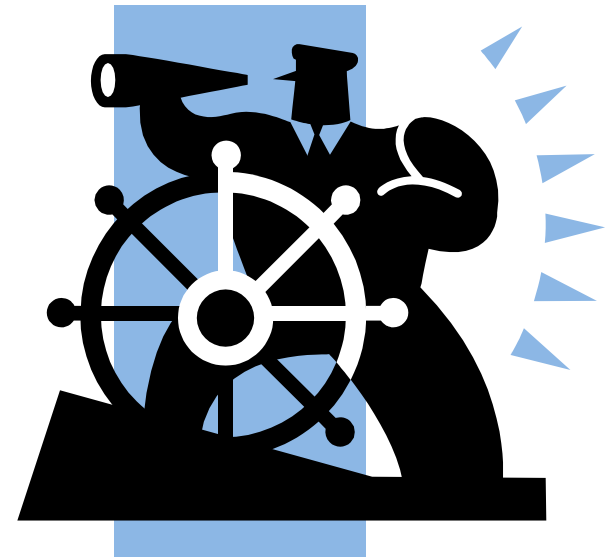
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Accounting and Financial Services

UC Accounting Program

- UC maintains and operates a comprehensive accounting program in order to:
 - Meet its stewardship responsibilities
 - Provide management information to all levels of the University's administration, as well as State and Federal officials.



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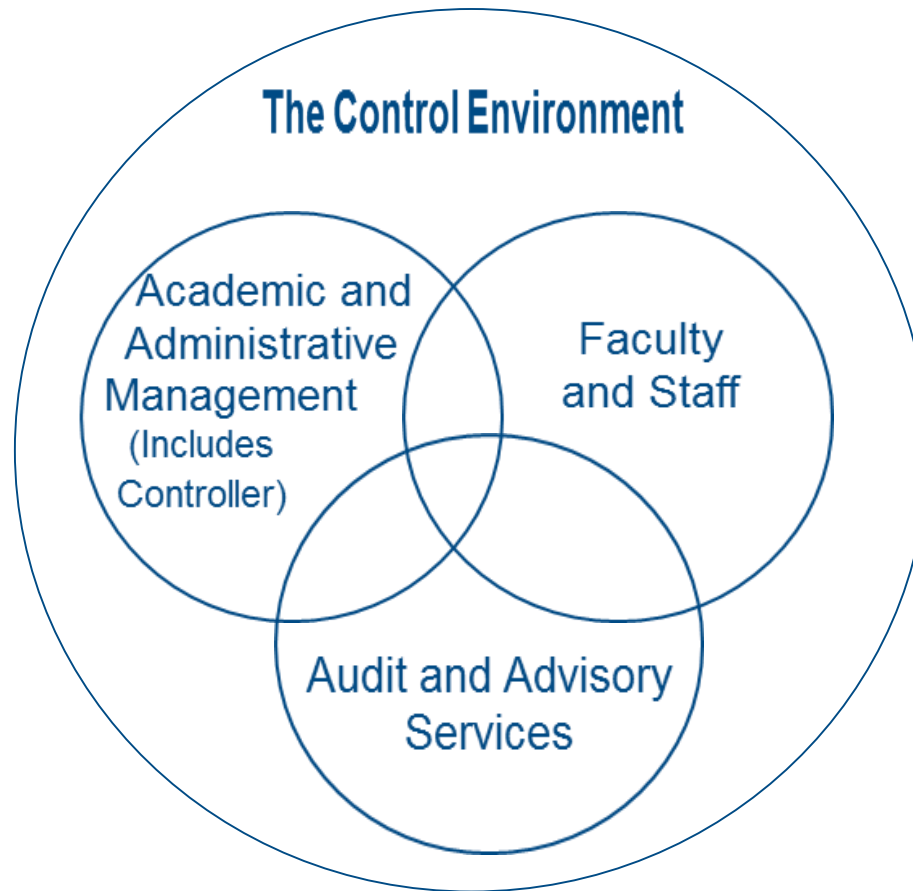
Accounting and Financial Services



Control Responsibilities

- **What are Internal Controls?**
 - Internal controls are an integral part of the University's operations. Internal control is broadly defined as a process effected by our Board of Regents, faculty, academic and administrative staff, designed to provide reasonable assurance regarding the achievement of instruction, research, patient care and community service objectives including:
 - _ Effectiveness and efficiency of operations.
 - _ Reliability of financial reporting.
 - _ Compliance with applicable laws and regulations.

Control Responsibilities





Control Responsibilities

The Control Environment:

All academic and administrative employees are responsible for controls when conducting University business. Although specific responsibilities between groups may vary, all work toward the same goal of ensuring an effective and efficient control environment.

Academic and Administrative Management:

Responsible for developing, implementing and maintaining controls to manage risks and achieve objectives. Controller has primary responsibility for providing campus leadership to establish effective internal control and accountability practices.

Faculty and Staff:

Responsible for applying University values, policies, procedures and regulatory requirements to ensure consistent operations.

Audit and Advisory Services:

Assists management in their oversight and operating responsibilities through independent audits and consultations designed to evaluate and promote the system of internal controls.



Five Components of Internal Control

Control Environment - The tone of the organization influences the control consciousness of its people...tone at the top.

Risk Assessment - Identification and analysis of relevant risks associated with achieving goals/objectives.

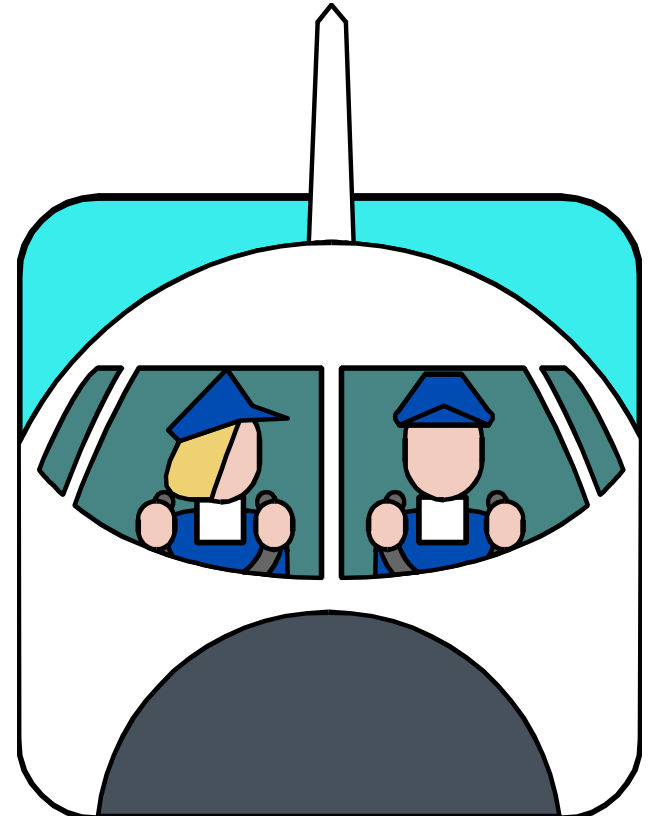
Control Activities - Policies and procedures that ensure management directives are carried out.

Information and Communication - Relevant information must be identified, captured and provided to the right people in time to allow appropriate action.

Monitoring - A process that assesses the quality of an internal control system's performance over time.

Separation of Duties

- One person's work should serve as a complementary check on the other person's work.
- No one person should have complete control over any transaction.



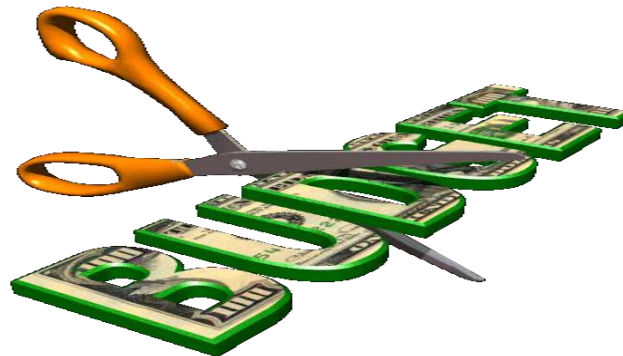
Delegation of Authority

- Chair responsibilities that cannot be delegated:
 - Accountability for:
 - Ensuring that proper controls and monitoring procedures are in place and are followed.
 - Ensuring reports are accurate and meaningful.
 - _ Grant Closeout Reports
 - _ Personnel actions
 - _ Equipment inventory certifications
 - Account for financial resources received and used.



Planning & Budgeting

- An annual budget must be established to accomplish the following:
 - Prioritize goals and objectives
 - Guide the deployment of resources
- What you will want to know:
 - What is our actual performance compared to the budget
 - _ Expenditures and revenues
 - _ Is there a plan to deal with variances between actual and budgeted expenditures?



Planning & Budgeting

- **New Ledger Review System**
 - **Analytical Ledger Review (ALR)**
 - Completed by the fiscal officers
 - Analytical review of accounts
 - **Management Ledger Review (MLR)**
 - Completed by the MSO/CAO/Manager
 - Highlights overdrafts and high value transactions
 - **Quarterly Ledger Review (QLR)**
 - Completed by the Dean's/VC's office
 - Similar to MLR but at the School/College/VC level
 - **For more information**
 - <http://afs.ucdavis.edu/systems/ledger-review/alr/index.html>

Planning & Budgeting

- **Best Practices**

- Meet with you MSO/CAO on a regular basis.
- Ensure that your department is completing the required monthly ledger review on a timely basis.
- Understand how your actual expenses compare to your budget on a quarterly basis.
- Review your supplemental teaching budgets on a quarterly basis and adjust where needed.
- Verify availability of funds and appropriateness of expenditure before making commitments.
- Be patient with administrative staff as they navigate through policies.





Travel

- **Travel expense reporting:**
 - Must be submitted within 45 days of end of trip
 - UCD Corporate Card (CC) payments are due every 30 days
 - _ Reconcile as soon as possible to avoid late fees
 - Receipts for payments not made with CC should indicate a “paid” status
 - Personal expenses must be identified on travel documentation
 - Any expense reimbursement received from outside (non-University) to offset travel expenses should be included in supporting documentation

Travel

- **Best practices:**

- Use CONNEXXUS for travel arrangements
- Sign up for university Corporate Card
- Use Rental Car Agreements
 - _ Give contract # to agency!
 - _ Decline additional LDW coverage **unless** traveling outside of the US
- Spouse attendance for business travel, must be documented to meet the University G-28 Travel Policy, and is treated as an exception to policy.
- Travel expenses for children are not allowed during interviews, but can be approved during house hunting trip





Research Compliance

- **New Federal Rules**

- The (Uniform Guidance) were released on December 26, 2013
- The Uniform Guidance streamlines and supersedes guidance that was previously contained in eight different OMB Circulars
- Included in the new guidance are definitions, uniform administrative requirements (both pre- and post-award), cost principles, and audit requirements.
- From the university perspective, the Uniform Guidance will supersede OMB Circulars A-110, A-21, and A-133.

Research Compliance

- **Research Administration**

- **Cost Principles**

- _ **Allowable costs**

- Reasonable
 - Allocable
 - Consistently Treated
 - Cost must not be explicitly excluded by federal guidelines or terms of award

- **Cost Sharing**

- **Cost Transfers**

- **Effort Reporting**

- **Closeout reports**



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Research Compliance

- **Risk of Non-Compliance**
 - Cost Disallowances, Penalties
 - Withholding of Payments
 - Withholding of Future Award
 - Designation as a High Risk Organization
 - Special Monitoring and Corrective Action Plans
 - Personal Liability
 - Criminal prosecution



Research Compliance

- **Best Practices**

- Understand the value of contracts and grants in your units.
- Understand the results of any recent audit findings.
- Understand how well the department is managing contracts & grants
 - _ Department does not have any significant overdrafts.
 - _ Any overdrafts are in an approved advance account.
 - _ There are few cost transfers
 - _ Cost transfers are completed in a timely manner



Space

- **Allocated to the Dean's office by Central Campus**
- **Dean's office further allocates down to departments**
 - There isn't always an equal allocation
- **Best Practices**
 - Work with your MSO/CAO on space issues. Your MSO/CAO should then work directly with the Dean's office
 - Consider utilizing a space committee to make recommendations/provide input to the Chair
 - Anticipate space issues so that you have enough time to work with your MSO/CAO.
 - Understand the financial implications of additional or new space.



Resources

- **Accounting and Financial Services**
 - <http://afs.ucdavis.edu/>
- **Guide to Research Compliance**
 - For PI's and Department Administrators
 - http://research.ucdavis.edu/wp-content/uploads/UCDavis_Guide_to_Research_Compliance-20132.pdf
- **Administrative Responsibilities Handbook**
 - <http://afs.ucdavis.edu/resources/AdminHandbook.pdf>
- **Travel & Entertainment**
 - http://afs.ucdavis.edu/our_services/travel-e-entertainment/index.html



Contacts

Mike Allred

AVC-Finance/Controller

jmallred@ucdavis.edu

(530) 757-8503

Laura Coletti

Associate Controller

lcoletti@ucdavis.edu

(530) 754-9396

Sandra Cortes

Director of Controls & Accountability

sbcortes@ucdavis.edu

(530)757-8516

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