



# NEW CHAIRS WORKSHOP

## FINANCIAL MANAGEMENT

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**UCDAVIS**

# Financial Snapshot at June 30, 2015

- UC

Total Assets & Def Outflows of  
\$64 billion  
Total Liabilities & Def Inflows of  
\$53 billion  
Net Position of \$11 billion  
Operating Revenues of  
\$24.2 billion  
Operating Expenses of  
\$28.8 billion  
Net non-operating Revenue  
\$4.4 billion  
Other Changes in Net Position  
\$200 million  
(Decrease) in Net Position  
\$80 million

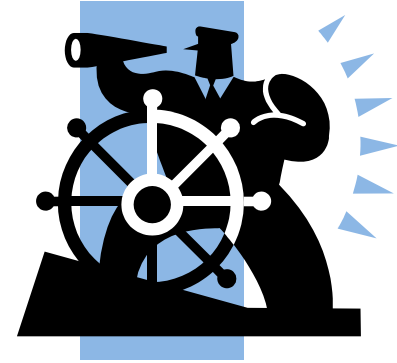


- UC Davis

Total Assets & Def Outflows of  
\$6.8 billion  
Total Liabilities & Def Inflows of  
\$5.2 billion  
Net Position of \$1.6 billion  
Operating Revenues of  
\$3.4 billion  
Operating Expenses of  
\$3.9 billion  
Net non-operating Revenues  
\$520 million  
Other Changes in Net Position  
\$14 million  
Increase in Net Position  
\$48 million

# 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.



# 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

## 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.

# 1. Which of the following do not fall under the responsibilities of a department chair?

- a. Prepare the budget and administer the financial affairs of the department, in accord with University procedures.
- b. Be responsible for the custody and authorized use of University property assigned to the department.
- c. Assign departmental space and facilities to authorized activities in accordance with University policy and campus rules and regulation
- d. All of the above
- e. None of the above

# 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 budget?

## 2. Which of the following is not recommended as a best practice for financial management:

- a. Verify availability of funds and appropriateness of expenditure prior to making commitments
- b. Annually review supplemental teaching budgets and adjust as needed
- c. Regularly meet with your MSO/CAO on budgeting and planning matters
- d. Ensure timely completion of the monthly ledger review



# New Ledger Review Process

In January 2013 Internal Audit Services (IAS) found that the General Ledger Review System (GLRS) was not working as management intended.

- Recommendations for a new system were developed by the GL Task Force
- Recommendations were approved by the Chancellor
- Three new reports were designed and were implemented in July 2016

# New Ledger Review Process includes:

## **Analytical Ledger Review (ALR)**

- Monthly review by the fiscal officers
- Analytical review of accounts

## **Management Ledger Review (MLR)**

- Monthly review by the MSO/CAO/Manager
- Highlights overdrafts and high value transactions
- Summary of revenues and expenses

## **Quarterly Ledger Review (QLR)**

- Quarterly review performed by the Dean's/VC's office
- Similar to MLR but at the School/College/VC level

# UC 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

**3. It is acceptable to take your spouse with you on business travel without prior notification/authorization.**

- a. True
- b. False

# Research Compliance

- Be aware of:
  - Cost Principles, allowable costs are:
    - 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



#### **4. In the Research Compliance arena, all of the following are possible consequences for non-compliance except:**

- Withholding of future award
- The establishment of special monitoring and corrective action plans
- Personal liability
- Cost disallowances
- All of the above

# 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.
  - \_ Excessive cost transfers are a red flag



# Resources

- Accounting and Financial Services
  - <http://afs.ucdavis.edu/>
- Guide to Research Compliance *For Principal Investigators and Department Administrators*
  - [http://research.ucdavis.edu/wp-content/uploads/UCDavis\\_Guide\\_to\\_Research\\_Compliance\\_-\\_20132.pdf](http://research.ucdavis.edu/wp-content/uploads/UCDavis_Guide_to_Research_Compliance_-_20132.pdf)
- Administrator's Responsibilities & Resources Handbook
  - <http://afs.ucdavis.edu/resources/handbook/index.html>
- Travel & Entertainment
  - [http://afs.ucdavis.edu/our\\_services/travel-e-entertainment/index.html](http://afs.ucdavis.edu/our_services/travel-e-entertainment/index.html)



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# Questions?