



NEW CHAIRS WORKSHOP

FINANCIAL MANAGEMENT

MATT OKAMOTO

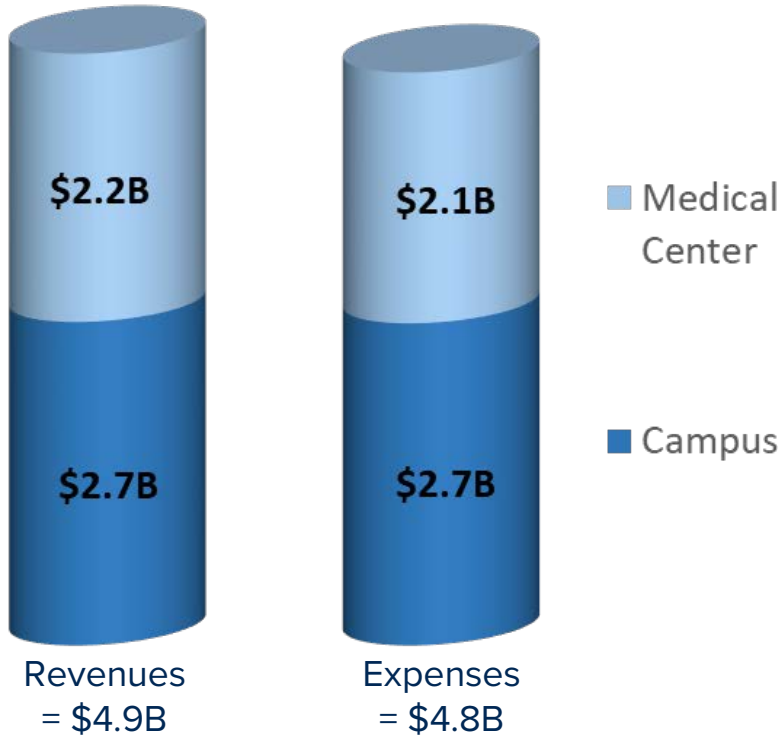
ASSISTANT VICE CHANCELLOR, FINANCE

UNIVERSITY CONTROLLER

SEPTEMBER 10, 2019

Financial Summary

UC DAVIS FY2018



REVENUE SUPPORTING CORE ACTIVITIES

Revenues of UC Davis as of and for the years ending June 30 are as follows:

(in thousands of dollars)	2018	Restated 2017	Restated 2016
OPERATING REVENUE			
Medical center, net	\$2,221,696	\$2,147,321	\$1,935,274
Grants and contracts, net	70,050	688,526	692,859
Student tuition and fees, net	662,276	595,260	553,779
Educational activities, net	451,291	447,539	402,367
Auxiliary enterprises, net	114,357	96,346	96,290
Other operating revenues, net	87,004	77,965	74,429
Total Operating Revenue	\$4,253,774	\$4,052,857	\$3,749,798
NON-OPERATING REVENUE			
	\$397,214	\$432,363	\$412,356
	76,988	84,789	74,314
	54,019	52,098	51,621
	98,067	46,872	46,077
	20,315	20,017	14,406
	\$647,403	\$636,639	\$598,864
	\$4,901,177	\$4,689,496	\$4,348,662

	2017	2016
2018	\$154	\$150
2017	29	27
2016	2	1
	\$185	\$187
	\$187	\$176

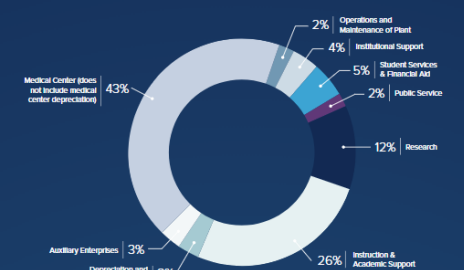
GRANTS AND CONTRACTS

Revenue from federal, state, private, and local grants and contracts (including facilities and administration cost recoveries) totaled \$710 million in 2018, an increase of \$21 million from 2017. The increase was mainly driven by grants and contracts received from State of California agencies including support for Refugee Health Services funded by the California Department of Public Health and development and adaptation of potatoes for the YubaLake Basin region sponsored by the California Potato Research Advisory Board.



EXPENSES BY HIGHER EDUCATION FUNCTION CODE

Operating expenses by functional classification for the fiscal year ending 2018 are as follows:



CASH AND INVESTMENT BALANCES

(in millions of dollars)

Below is a summary of cash investment balances by investment type as of June 30:



(in thousands of dollars)	Salaries & Benefits	Scholarships & Fellowships	Utilities	Supplies & Materials	Depreciation & Amortization	Other Operating	TOTAL
Instruction & Academic Support	\$1,017,081	\$ -	\$1,078	\$39,606	\$ -	\$58,139	\$1,205,904
Research	388,273	-	285	42,074	-	13,553	588,285
Medical Center	1,771,865	-	10,420	370,986	76,321	364,075	2,633,477
Student Services & Financial Aid*	84,350	100,223	255	9,944	-	66,346	261,188
Auxiliary Enterprises	52,393	-	889	31,800	-	22,874	122,956
Public Service	61,815	-	286	8,214	-	23,202	93,517
Institutional Support	205,507	-	251	8,465	-	(42,018)	172,205
Operations & Maintenance	67,741	-	23,220	14,016	-	(652)	104,225
Depreciation & Other Expense	-	-	-	-	166,311	-	166,311
TOTAL	\$3,249,025	\$100,223	\$38,684	\$524,906	\$242,642	\$604,919	\$4,767,988

*Excludes scholarship allowances

financeandbusiness.ucdavis.edu

Accounting & Controls

The University of California maintains comprehensive accounting and reporting in order to:

- Meet stewardship responsibilities
- Provide management information to all levels of the University's administration, as well as State and Federal officials.

Annual Fiscal Certification of Unit Financials

- Strengthen internal controls to assure a higher level of integrity in financial reporting
- Provides support for the Management Representation Letter signed by the Chancellor, Chief Finance and Budget Officer, and University Controller during the annual financial statement audit

Annual Fiscal Certification

Each year, Deans, VCs, Department Chairs and others are required to certify that:

- You are responsible for applying policies and procedures to ensure effective and efficient use of University resources and prevent and detect fraud
- No material transactions or liabilities are missing from the financials
- Suspicions and/or allegations of fraud are properly reported
- Funds are managed in compliance with laws, regulations and provisions of contract and grant agreements

Could this happen in your department?

➤ A former employee purchases over \$250,000 in fraudulent airfare billed directly to the department account

➤ An employee alters travel receipts and fabricates business conferences to collect fraudulent travel reimbursement

➤ A vendor's email system was compromised and used to request a change in payment instructions

Could this happen to you? It happened to me...

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1. Review the accuracy of the information below.
2. If you did not fund your account by check, please enclose a check for a minimum of \$5 made payable to PenFed.
3. If you are interested in establishing joint ownership, please check the appropriate box.
4. Sign, date, and return this form to PenFed.

MEMBER
MEMBER NAME: CHCPD MATTHEW OKAMOTO

1 Member Number: _____
Social Security Number: 59457
Date of Birth: _____
Name of Joint Owner: _____
Account Number: _____
Date Opened: 02/19/19
Initial Deposit: 50.00

"If you would like to establish optional joint ownership or beneficiary designation, please check the appropriate box."

Joint Ownership Designation: Member and joint owner(s) must sign. All this is desired, complete the Membership and Account Agreement and agree to comply with all its terms.

Joint Account with Survivorship: On the death of a party to the account, the account party designated as beneficiary shall be the sole owner of the account, the deceased party's interest, or its estate.

Member Name	Signature	Printed Name
Joint Owner		
Joint Owner		
Member Name		
Joint Owner		
Joint Owner		

Beneficiary Designation: All beneficiaries will have an equal share. Upon our death, the account shall be distributed to the beneficiary(ies) named below.

Printed Name: _____

Signature: _____

Under penalty of perjury, I certify (1) that the member whose name appears on this form in the correct taxpayer identification number, (2) I am an individual, (3) I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am subject to backup withholding, and (4) I am a U.S. person (including a U.S. resident alien). The Internal Revenue Service may require a return to be filed to verify this information.

Return this signature card to PenFed, Box 1432, Alexandria, VA 22304

PENFED CREDIT UNION

CHCPD MATTHEW OKAMOTO

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ACCESS AMERICA

Dear Member,

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Account Activation & Check Orders:

- If you opened your account online or by phone, please sign the back of this letter and return it in the enclosed envelope. Once we receive the signed letter, we will activate your account and place your check order.
- If you opened your account in a branch or by mail, please keep this letter for your records. If you ordered checks, you should receive them in approximately two (2) weeks (overseas members please allow four (4) weeks for delivery).

Debit Card: If you would like a debit card and have not ordered one, please complete the appropriate section of the form on the back of this letter. After approximately seven (7) business days, please contact us at 800-247-0626 to choose your four (4)-digit Personal Identification Number (PIN). Your card will then be generated and mailed to you.

Direct Deposit: For security and the convenience of accessing your funds as soon as possible, we encourage you to establish direct deposit for your paycheck, Social Security, Veterans Administration, retirement payments, or other recurring electronic payments.

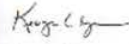
To establish direct deposit for your checking account: Contact your payroll office to receive the appropriate form to initiate direct deposit of your paycheck. You will need your checking account number (see above), the account type (checking), PenFed Routing/ABA number (see below), and PenFed's mailing address (see below).

Direct Deposit Information Financial Institution: Pentagon Federal Credit Union P.O. Box 247008, Omaha, NE 68124-7008	Routing/ABA Number: 2560-7844-6 Account Type: Checking Account Number: See above
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Need additional assistance?

If you have additional questions regarding your new checking account, please call us at 800-247-5525. If you reside overseas, you can call from an on-base, Class A DSN line at 510-376-7328 or visit us at PenFed.org.

We hope you enjoy the features associated with your new Access America Checking account. We appreciate your business and look forward to serving you through this new account.

Sincerely,

 Kevyn L. Myers
 Executive Vice President

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PENFED CREDIT UNION

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Here are a few features you're looking for:

- Access to over 56,000 ATMs for a list of ATM machines near you at select ATMs. Plus, use your Debit Card for payments using your Debit Card and your account and \$0 liability* on your Personal Identification Number.
- Access to your accounts. Download the PenFed mobile app to your smartphone.

See the enclosed EFT statement for the date of the fraudulent transaction. See the enclosed EFT statement for the date of the fraudulent transaction.

To activate your card
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 Need to change your PIN?
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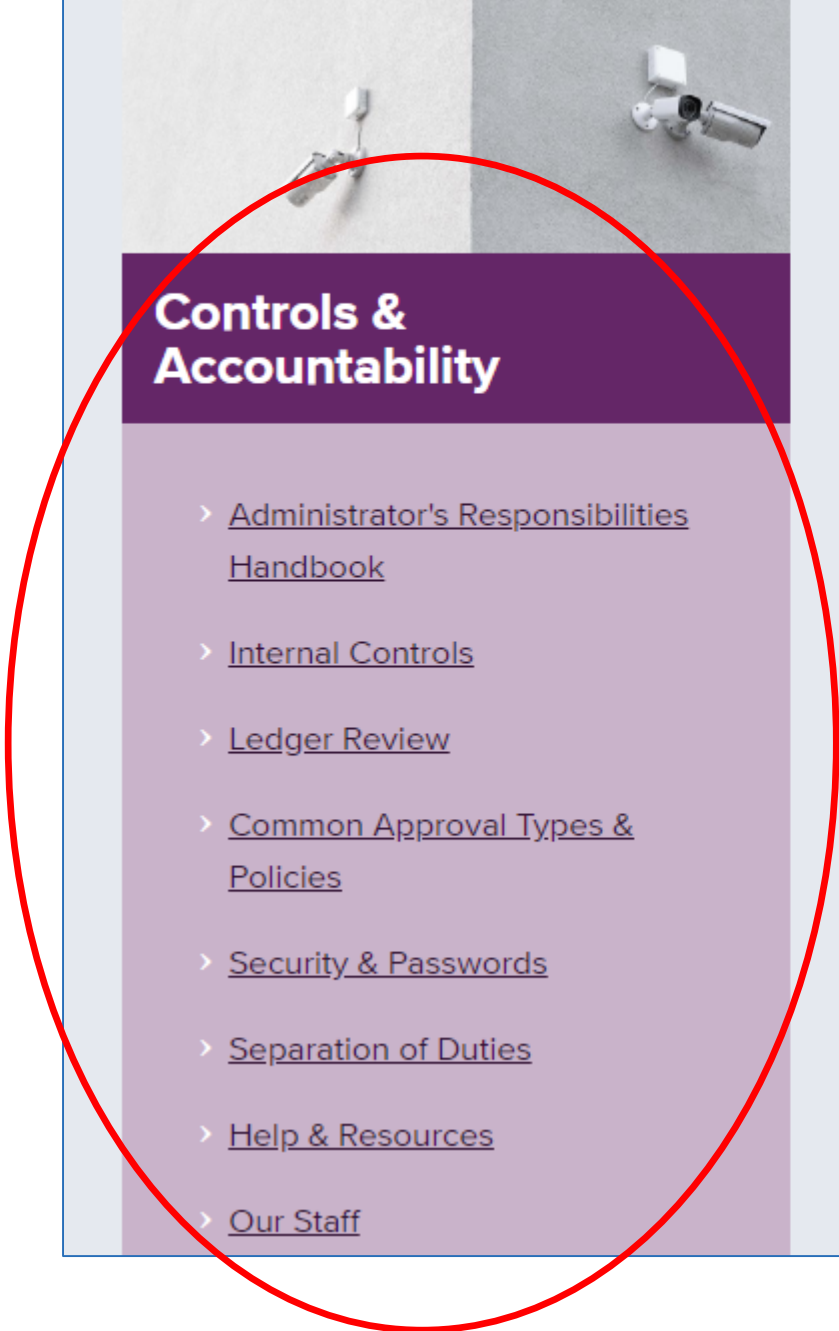
Control Responsibilities

What are Internal Controls?

- Internal controls are an integral part of the University's operations and are the responsibility of all faculty and staff. Core internal control objectives include:
 - Effectiveness and efficiency of operations.
 - Ensure reliability of financial reporting.
 - Compliance with applicable laws and regulations.

Internal control website is a great resource for additional information:

<https://financeandbusiness.ucdavis.edu/finance/controls-accountability>



Controls & Accountability

- › [Administrator's Responsibilities Handbook](#)
- › [Internal Controls](#)
- › [Ledger Review](#)
- › [Common Approval Types & Policies](#)
- › [Security & Passwords](#)
- › [Separation of Duties](#)
- › [Help & Resources](#)
- › [Our Staff](#)

In an organization with an effective control environment, people understand their responsibilities, limits of their authority, and are knowledgeable, mindful, and committed to doing what is right.

The information below was designed to help you understand the requirements to achieve high standards of business and ethical practices:

Establishing an ethical environment

Establishing an ethical environment and setting the tone at the top of the organization is the most important element of the accountability and control environment. Each of the components work together to create a comprehensive system capable of deterring fraud, and preventing, detecting, and correcting problems based on an overall assessment of risk and exposure.

The university has adopted an internal control methodology developed by the Committee of Sponsoring Organizations (COSO), in which internal control is defined as a process implemented by management that provides reasonable assurance that:

- Operations are effective and efficient.
- Financial and operational reports are reliable.
- Compliance with applicable laws, regulations, and internal policies and procedures has been achieved.

Components of Internal Control

(in order of importance)

- **The control environment** sets the tone for the organization
- **Risk assessments** identifies and analyzes relevant risks
- **Control activities** are policies and procedures that ensure compliance
- **Information and communication** provide meaningful data to the right people
- **Monitoring activities** assure processes are working

Resources

- Finance
 - <https://financeandbusiness.ucdavis.edu/finance>
- Fiscal Officer Resources
 - <https://financeandbusiness.ucdavis.edu/finance/accounting-financial-reporting/fiscal-officer>
- Guide to Research Compliance *For Principal Investigators and Department Administrators*
 - [https://research.ucdavis.edu/wp-content/uploads/UCDavis Guide to Research Compliance -20132.pdf](https://research.ucdavis.edu/wp-content/uploads/UCDavis%20Guide%20to%20Research%20Compliance%20-20132.pdf)
- Administrator's Responsibilities & Resources Handbook
 - <https://financeandbusiness.ucdavis.edu/finance/controls-accountability/admin-handbook>
- Travel & Entertainment
 - <https://supplychain.ucdavis.edu/travel-entertainment>

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