



NEW CHAIRS WORKSHOP

FINANCIAL MANAGEMENT

MATT OKAMOTO

ASSISTANT VICE CHANCELLOR, FINANCE

UNIVERSITY CONTROLLER

SEPTEMBER 14, 2020

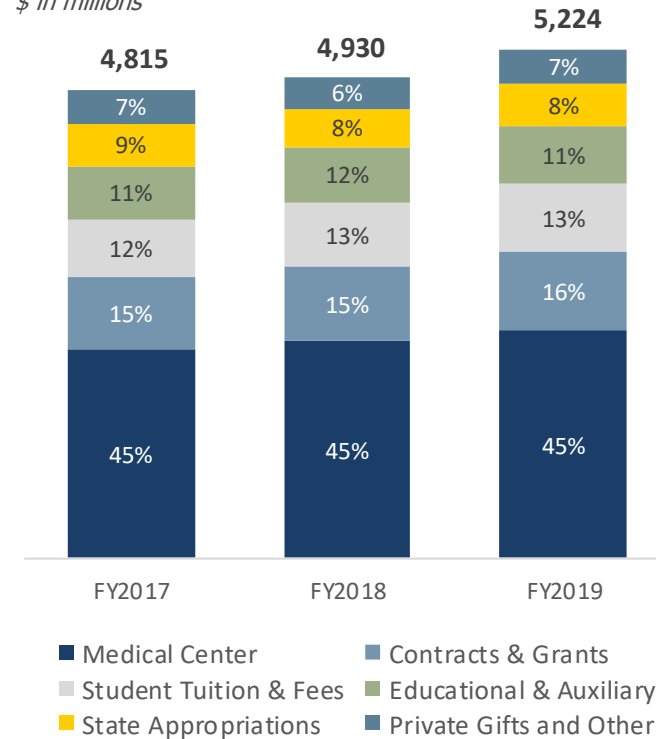
REVENUES

<i>net revenues, \$ in millions</i>	FY2017	FY2018	FY2019	FY19 - FY18	
				\$	%
Student Tuition & Fees	\$ 595	\$ 663	\$ 695	\$ 32	5%
Contracts & Grants*	741	764	815	51	7%
Educational Activities & Auxiliary	544	572	594	22	4%
Other Operating Revenues	78	87	82	(5)	(5%)
Campus Revenues	1,958	2,086	2,186	100	5%
Medical Center	2,147	2,222	2,329	108	5%
State Educational & Financing Appropriations	432	397	429	32	8%
Private Gifts	85	77	79	2	3%
Total operating revenue	4,622	4,782	5,024	242	5%
Permanent Endowments	2	3	6	3	97%
Investment Income (Loss)	46	99	102	3	3%
Appreciation (Depreciation) in Fair Value of Investments	123	26	66	40	154%
Other Nonoperating Revenues	21	20	26	6	29%
Total Revenues	\$ 4,815	\$ 4,930	\$ 5,224	\$ 294	6%

* Includes Pell Grants

REVENUE COMPOSITION

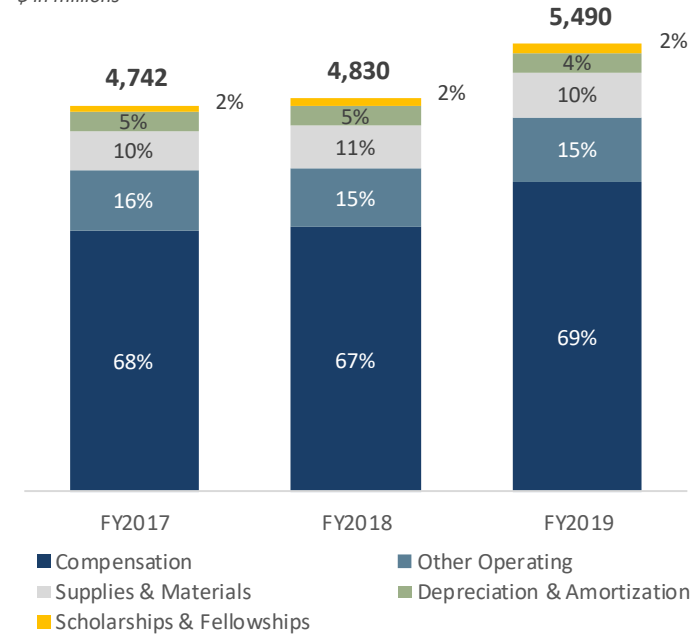
\$ in millions



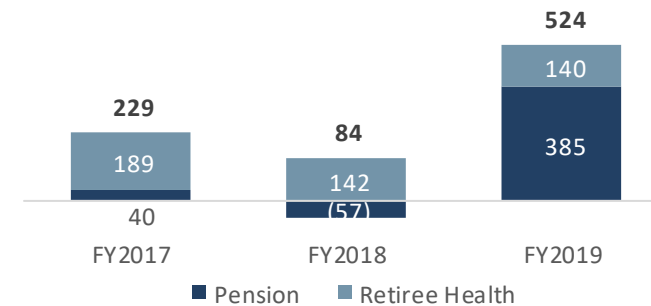
EXPENSES

\$ in millions	FY2017	FY2018	FY2019	FY19 - FY18	
				\$	%
Salaries and Wages	\$ 2,194	\$ 2,330	\$ 2,414	\$ 84	4%
Pension	302	227	683	456	201%
Retiree Health	240	194	191	(3)	(2%)
Other Employee Benefits	472	498	518	19	4%
Employee Benefits	1,014	919	1,392	473	51%
Supplies & Materials	474	525	548	23	4%
Depreciation & Amortization	231	243	238	(4)	(2%)
Scholarships & Fellowships	88	100	106	6	5%
Travel, Training & Entertainment	49	51	51	0	1%
Utilities	38	37	40	4	10%
Other Operating Expenses	590	554	603	50	9%
Total Operating Expenses	4,677	4,758	5,392	634	13%
Interest expense	55	58	57	(0)	(1%)
Non-Operating Expense	1	0	25	25	45,423%
Loss on Disposal of Capital Assets	8	15	15	1	4%
Total Expenses	\$ 4,742	\$ 4,830	\$ 5,490	\$ 660	12%

EXPENSE COMPOSITION
\$ in millions

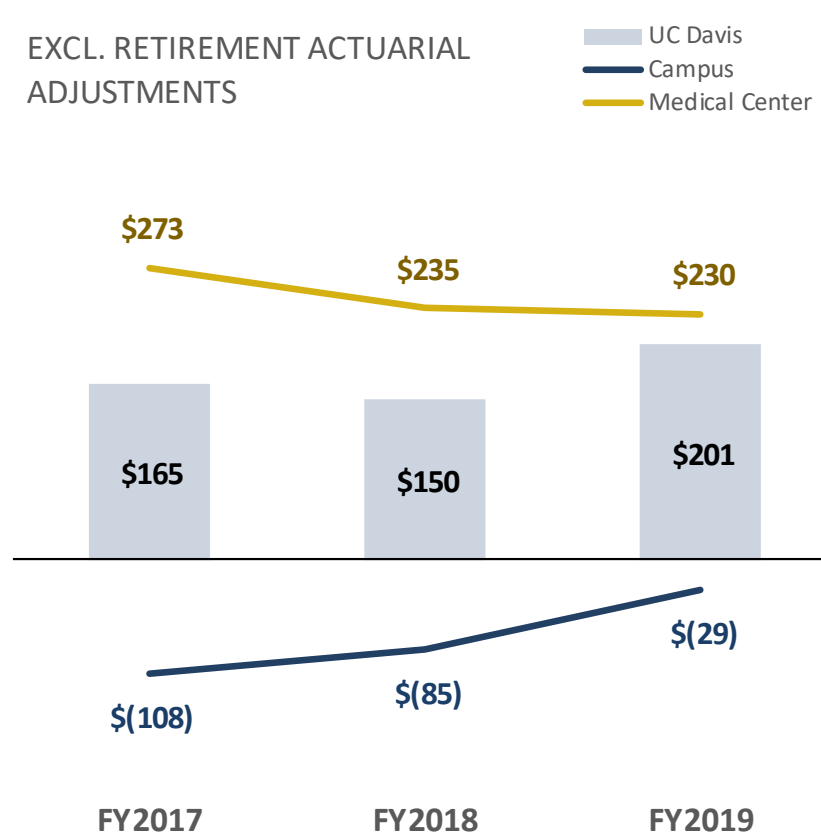
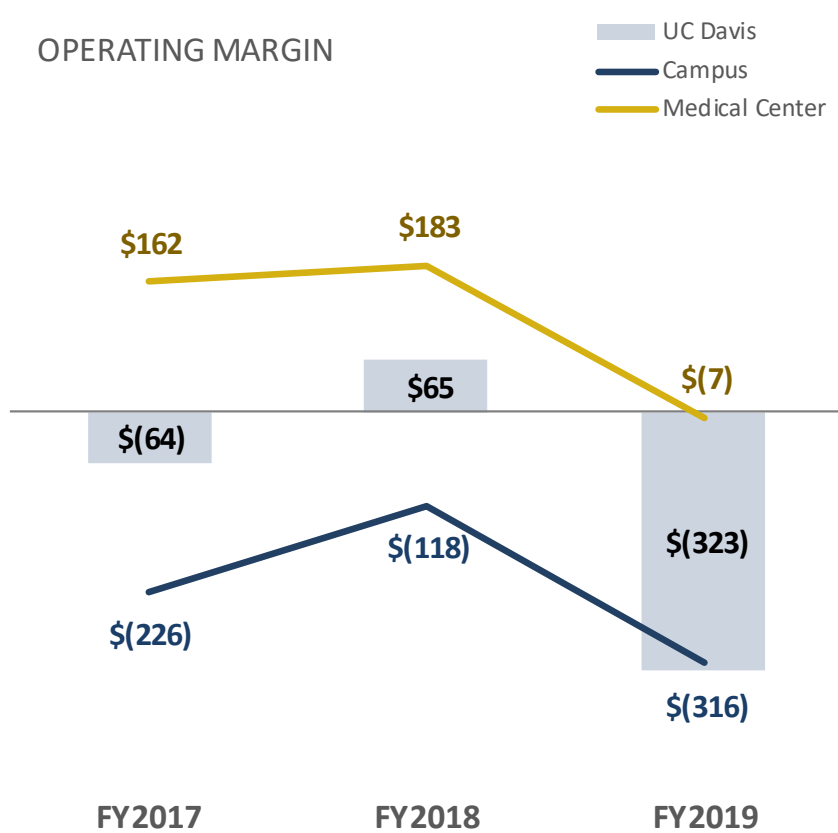


ACTUARY ADJUSTMENTS



OPERATING MARGIN BY ENTITY

\$ in millions



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...

Thank You for Joining PenFed
Please follow the four steps below, as you
1. Review the accuracy of the information
2. If you did not fund your account by check, enclose a check for a minimum of \$5 made out to PenFed Credit Union
3. If you are interested in establishing joint ownership, sign, date, and return this form to PenFed

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PENFED CREDIT UNION

CHCPD MATTHEW OKAMOTO

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ACCESS AMERICA

Dear Member,

Thank you for choosing to open a Pentagon Federal Credit Union (PenFed) Access America Checking account. It is a pleasure to serve you and your investment needs.

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 800-247-5526 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: 2560-7844-8 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 800-247-5526. 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
Kevyn L. Myers
Executive Vice President

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

If you would like to establish optional joint ownership or beneficiary designation:

☐ Joint Ownership Designation: Member and joint owner(s) must sign off this in desired complete. If you have not read the Membership and Account Agreement and agree to comply with all its terms, please sign below.

☐ Joint Account with Survivorship: on the death of a party to the account, the deceased party's interest, or by intestacy.

Member Owner	Signature	Printed Name
Joint Owner		
Joint Owner		

Beneficiary Designation. All beneficiaries will have an equal share. Upon our

Signature: [REDACTED]

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

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Here are a few features you're
accounts at more than 56,000
ATMs for a list of ATM machines near
at select ATMs. Plus, use your Debit Card
payments using your Debit Card and
your account and \$0 liability* on
personal Identification Number).
access to your accounts. Download the PenFed
date of the fraudulent transaction. See the enclosed EFT

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Select Account Actions - Update Profile

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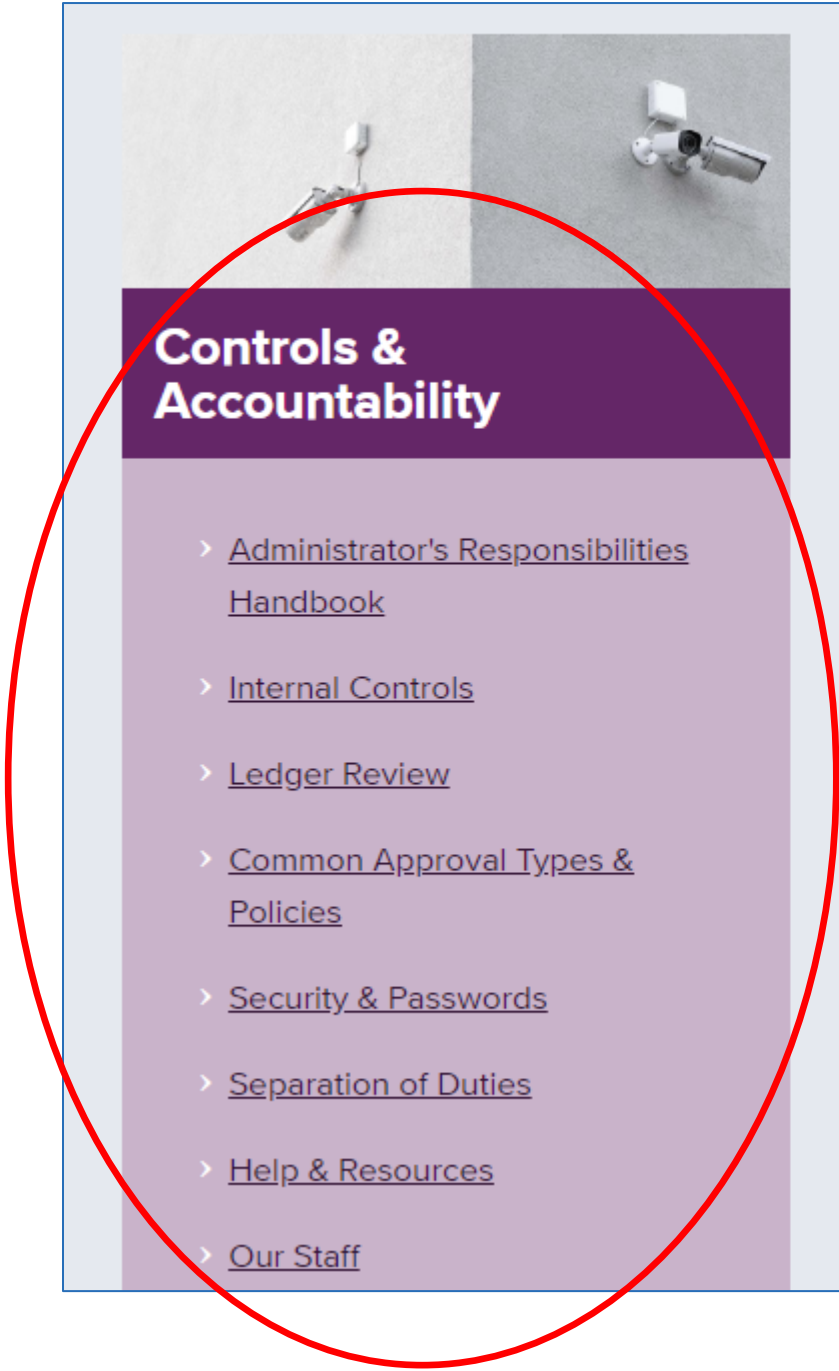
Control Responsibilities

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:

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

Components of Internal Control

(in order of importance)

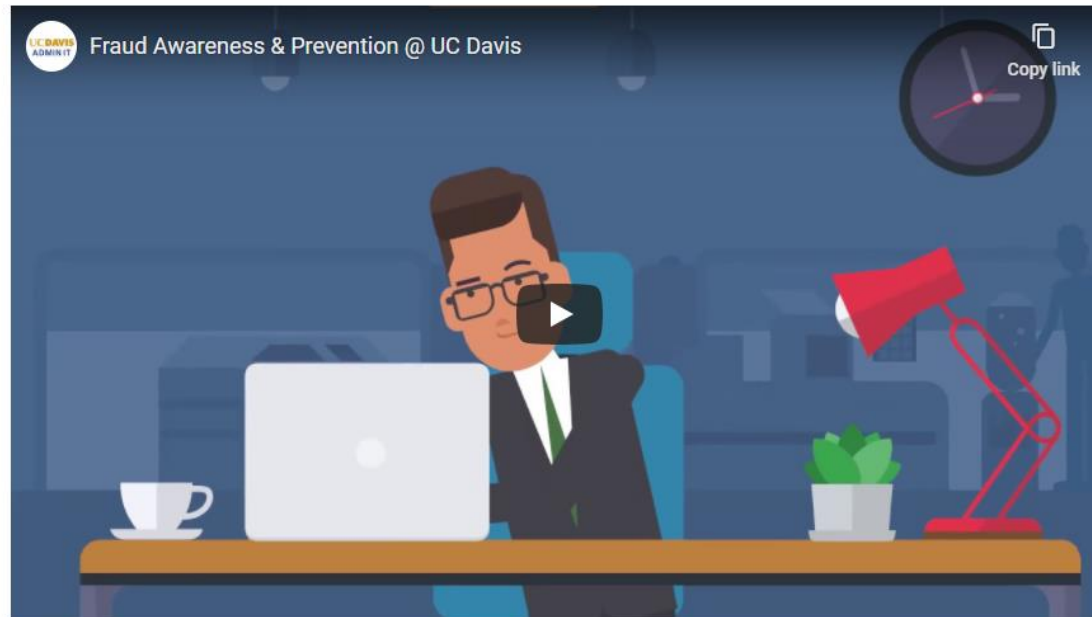
- **The control environment** sets the tone for the organization
- **Risk assessments** identifies and analyzes relevant risks
- **Control activities** are policies and procedures that ensure compliance
- **Information and communication** provide meaningful data to the right people
- **Monitoring activities**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



The University is committed to the highest ethical standards in the furtherance of its mission of teaching, research, and public service.

- › **Higher education organizations**, including UC Davis, are facing increasing threats of fraud.
- › **The definition of fraud** is any *intentional act or omission designed to deceive others, resulting in a loss or damage to the University and/or the perpetrator achieving a gain.*
- › **UC Davis is committed** to responding to fraud risk through an institution-wide program of awareness, transparency, and training.

Watch this brief video to learn more about ways to prevent, detect, and report suspected fraud:



Download Our Fraud Awareness PDF

Printable one-page information sheet covering all of the basics on avoiding and reporting campus fraud.



Internal Controls



How to Report



Additional Resources

<https://fraudprevention.ucdavis.edu>

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>
- Fraud Prevention
 - <https://fraudprevention.ucdavis.edu>

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Questions?