

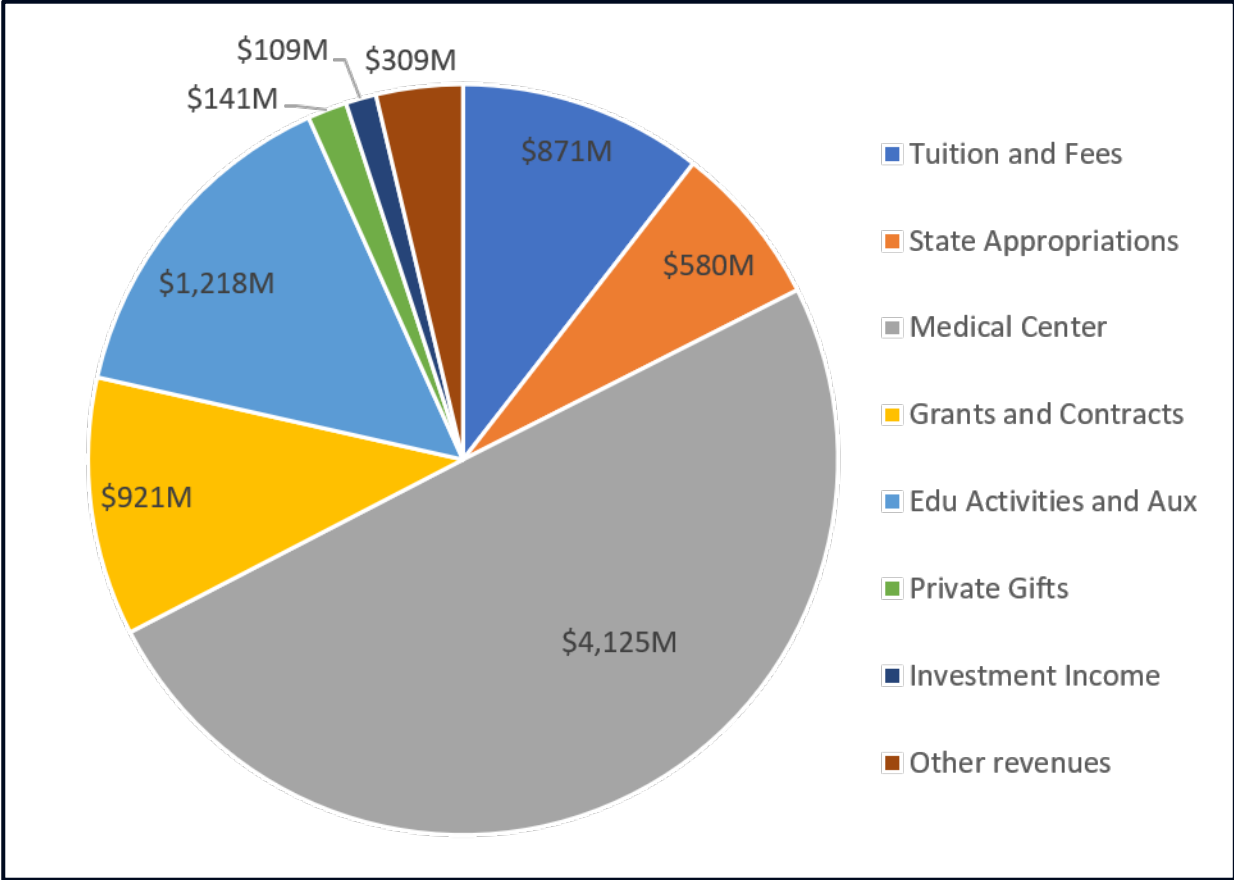


NEW CHAIRS WORKSHOP

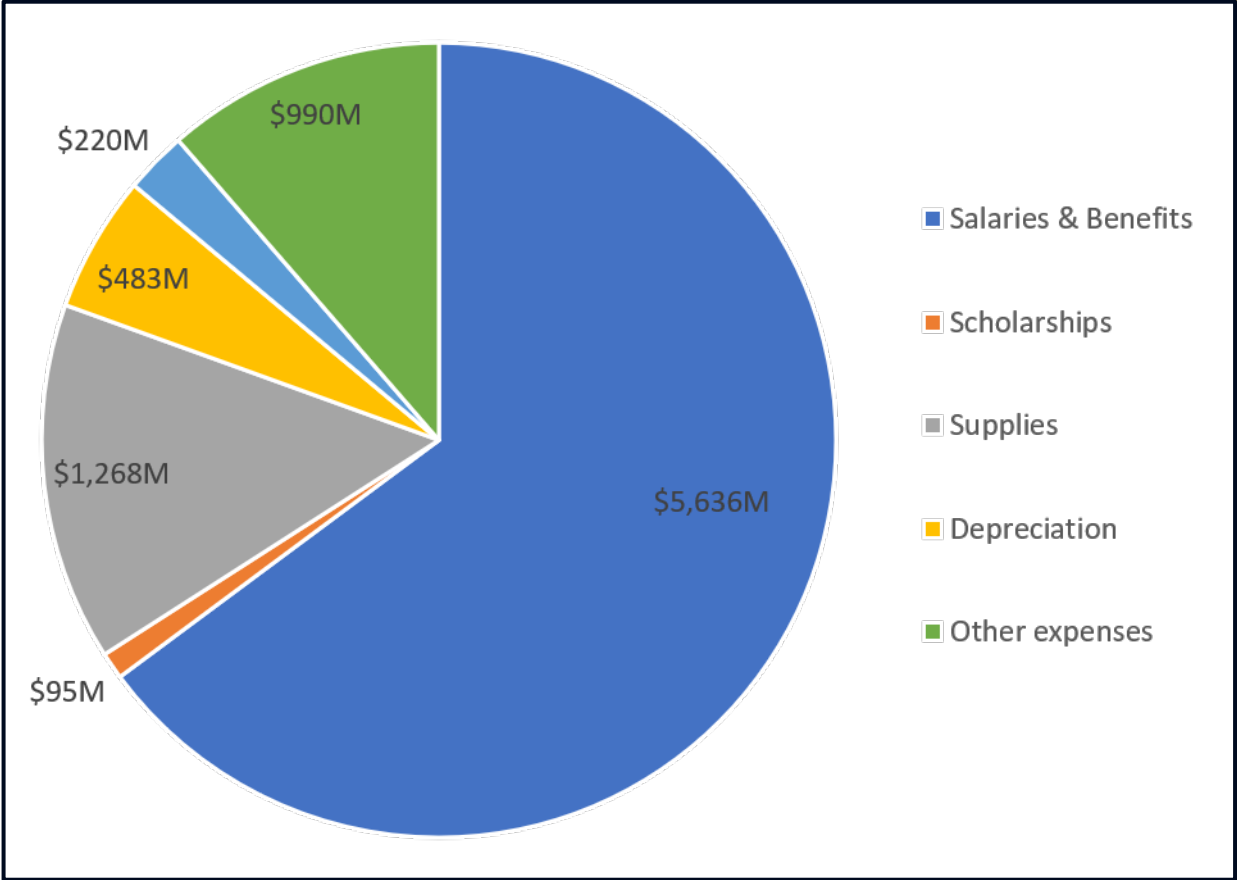
FINANCIAL MANAGEMENT – INTERNAL CONTROLS

MATT OKAMOTO
ASSOCIATE VICE CHANCELLOR, FINANCE
UNIVERSITY CONTROLLER
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FY26 Financial Summary (Preliminary)



Revenues = \$8.3B



Expenses = \$8.7B

Accounting & Fiscal Certification

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

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

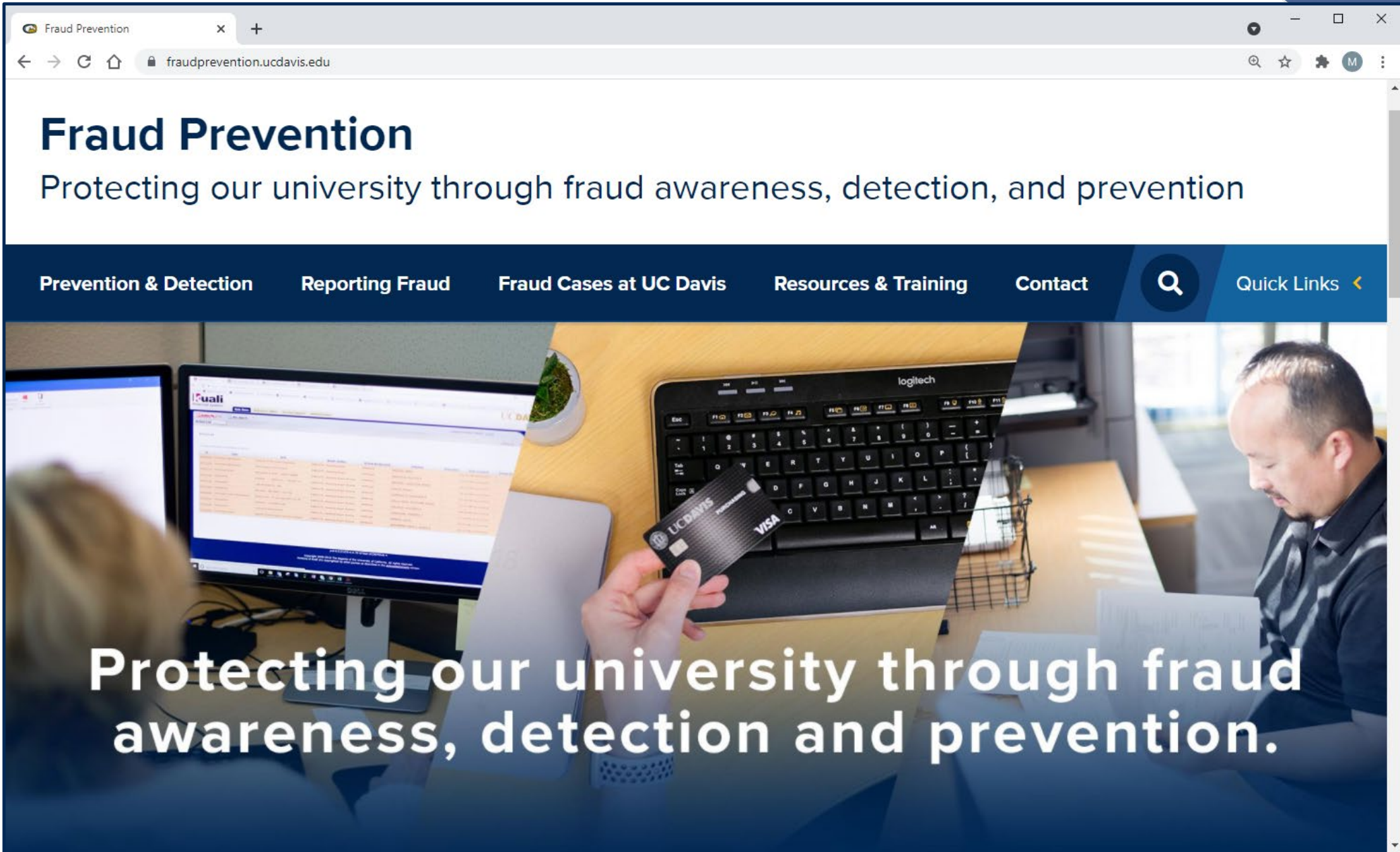
Each year, Deans and Vice Chancellors are required to certify that:

- They are responsible for departmental internal controls and 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 used a subordinate's University P-card to pay for kitchen remodel expenses (\$50,000)
- An employee steered University business to their spouse's consulting company (\$200,000)
- Every week for 2.5 years, an employee reports working 20 hours in one day (\$40,000)

<https://fraudprevention.ucdavis.edu/>



The image shows a screenshot of the UC Davis Fraud Prevention website. The browser address bar displays "fraudprevention.ucdavis.edu". The website header features the title "Fraud Prevention" and the subtitle "Protecting our university through fraud awareness, detection, and prevention". A navigation bar includes links for "Prevention & Detection", "Reporting Fraud", "Fraud Cases at UC Davis", "Resources & Training", and "Contact", along with a search icon and "Quick Links". The main content area has a background image of a person at a computer with a UC Davis Visa card overlaid. The text "Protecting our university through fraud awareness, detection and prevention." is prominently displayed in white over the image.

Fraud Prevention

Protecting our university through fraud awareness, detection, and prevention

Prevention & Detection Reporting Fraud Fraud Cases at UC Davis Resources & Training Contact

Quick Links

Protecting our university through fraud awareness, detection and prevention.

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>

Internal Control Best Practices

Four key internal control practices:

- **Separation of duties:** Divide responsibilities between different people so one individual doesn't control all aspects of a transaction.
- **Authorization and approvals:** Be sure that only a person with delegated authority approves or authorizes transactions.
- **Security of assets:** Safely secure equipment, cash, inventory, and resources. Reduce the risk of unauthorized use. Count periodically and compare with amounts shown on control records.
- **Review and reconciliation:** Regularly examine transaction records against official university records to verify accuracy, appropriateness, and proper compliance.

Components of Internal Control

- **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>
- Fraud Awareness & Prevention
 - <https://fraudprevention.ucdavis.edu/>
- Guide to reviewing department financial reports and risk areas
 - <https://kb.ucdavis.edu/?id=10460>
- Administrator's Responsibilities & Resources Handbook
 - <https://financeandbusiness.ucdavis.edu/finance/controls-accountability/admin-handbook>
- Travel & Entertainment
 - <https://supplychain.ucdavis.edu/travel-entertainment>
- Guide to Research Compliance *For Principal Investigators and Department Administrators*
 - https://research.ucdavis.edu/wp-content/uploads/UCDavis_Guide_to_Research_Compliance_-20132.pdf
- Fiscal Officer Resources
 - <https://financeandbusiness.ucdavis.edu/finance/accounting-financial-reporting/fiscal-officer>