

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA  
OFFICE OF ETHICS, COMPLIANCE AND AUDIT SERVICES



1111 Franklin Street, 5th Floor • Oakland, California 94607-5200 • (510) 987-0479 • FAX (510) 287-3334

Sheryl Vacca  
SENIOR VICE PRESIDENT  
CHIEF COMPLIANCE AND AUDIT OFFICER

December 12, 2012

**ASSISTANT VICE PRESIDENT SAMPSON**

**Subject: Final Audit Report Treasury Operations – Cash Management – No. P13A007**

Attached please find a copy of the final report for: Audit Project No. P13A007: Treasury Operations – Cash Management. With the issuance of this final report, please destroy any previous draft versions. We very much appreciate the assistance provided to us by you and members of your staff during our review. If you should have any questions please feel free to contact me at 510-987-9646 (email: [Matthew.Hicks@ucop.edu](mailto:Matthew.Hicks@ucop.edu)) or Benjamin Wong at 510-287-3318 (email: [Benjamin.Wong@ucop.edu](mailto:Benjamin.Wong@ucop.edu)).

A handwritten signature in cursive script, appearing to read "Matthew Hicks".

Matthew Hicks  
Audit Director

Attachment

cc: Senior Vice President Vacca  
Chief Financial Officer Taylor  
Director Frantz  
Assistant Director Pena  
Auditor Wong

UNIVERSITY OF CALIFORNIA  
ETHICS, COMPLIANCE AND AUDIT SERVICES  
OFFICE OF THE PRESIDENT  
AUDIT SERVICES

TREASURY OPERATIONS - CASH MANAGEMENT  
Audit No. P13A007  
November 2012

Work Performed by:  
Benjamin Wong, Auditor

# **Executive Summary**

## **Introduction**

As part of the 2012-13 annual audit plan, we have completed an audit of Banking and Treasury Services cash management. The objective of the cash management function is to ensure the University's daily funding requirements are met. Cash management activities include reporting daily cash positions, sweeping all depository accounts daily, transferring funds to and from the University main account, providing funds to cover all checks and electronic funds transfers, and processing electronic funds transfer requests for Office of the President departments that do not have access to electronic fund transfer systems.

## **Objectives and Scope**

The objectives of the audit were to determine if:

- Campuses, laboratories, and Office of the President departments communicated daily cash requirements to Banking and Treasury Services
- Cash forecasts and reports were prepared timely and accurately
- Cash positions at financial institutions were swept appropriately
- Electronic fund transfer (EFT) requests were properly authorized and approved
- Appropriate separation of duties was established in Treasura, Wells Fargo Bank (WFB) and Union Bank (UB) electronic fund transfer systems
- System control and back-up procedures over the cash management function were adequate
- Bank accounts were reconciled timely and accurately

To accomplish these audit objectives, the following procedures were performed:

- Interviewed Banking and Treasury Services management and staff
- Reviewed relevant policies and procedures
- Reviewed user access to Treasura, Wells Fargo Bank EFT system, and Union Bank EFT system relative to the individual's job functions
- Reviewed five days of electronic fund transfer requests and verified that approval signatures on the wire transfer requests were those of authorized individuals
- Reviewed cash positions between April 1<sup>st</sup>, 2012 and June 25<sup>th</sup>, 2012 for trends and significant ending balances (over \$100 million)
- Conducted a walkthrough of the daily cash management process
- Reviewed bank reconciliations

## **Overall Conclusion**

Based on the work performed, Banking and Treasury Services maintained an effective internal control environment to ensure the University's daily cash requirements were met. There were adequate controls and procedures in place to manage the University's daily cash positions, review and approve electronic fund transfers, and reconcile bank accounts. Additionally, appropriate system access controls were in place for Treasura, the WFB EFT system and the UB EFT system.