



# Extramural Fund Management

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June 14, 2018

# Agenda

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- **Fiscal Year 17 – 18 Closing**
- **UCPath and Payroll Expense Transfers**
- **Effort Reporting**

# Fiscal Year 17-18 Closing

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# Fiscal Year 17-18 Closing

## Recording Expenses

- **June 2018**
  - Departments must conduct their monthly ledger review and reconciliation to;
    - Ensure expenses are recorded to the appropriate FAU, and
    - Financial adjustments have been posted, and
    - Obtain invoices from vendors and subcontractors for goods and services delivered for FY17-18.
  - By 10:00am June 25<sup>th</sup>
    - Departments must submit invoices to Accounts Payable for FY17-18
    - Departments must submit invoices to the AP office by the deadline to minimize the need to accrue expenses at fiscal year end

# Fiscal Year 17-18 Closing

## Expense Transfer Deadlines for EFM Review

- **Expense transfers requiring EFM review**
  - Transfer impacts a restricted contract and grant fund, and
  - Transfer is being completed 120 days after original transaction date, and/or
  - Transfer will be posted to a fund 90 days after fund expiration, and/or
  - Retransfer of an expense previously transferred
- **Payroll Expense**
  - By 8:00pm June 15<sup>th</sup>
    - Departments must submit payroll expense transfers for the BW1 pay period 6/3-6/15
  - By 8:00pm June 18<sup>th</sup>
    - Departments must submit payroll expense transfers for the monthly pay period 6/1-6/30
  - By 8:00pm June 28<sup>th</sup>
    - Departments must submit payroll expense transfers for the BW2 pay period 6/17-6/30
- **Non-Payroll Expense**
  - By 8:00pm July 12<sup>th</sup>
    - Departments must submit their non-payroll expense transfers through the financial system
- **There is no guarantee for review if expense transfers are submitted after the deadlines. Expense transfers that are not reviewed will expire and require the department to resubmit.**

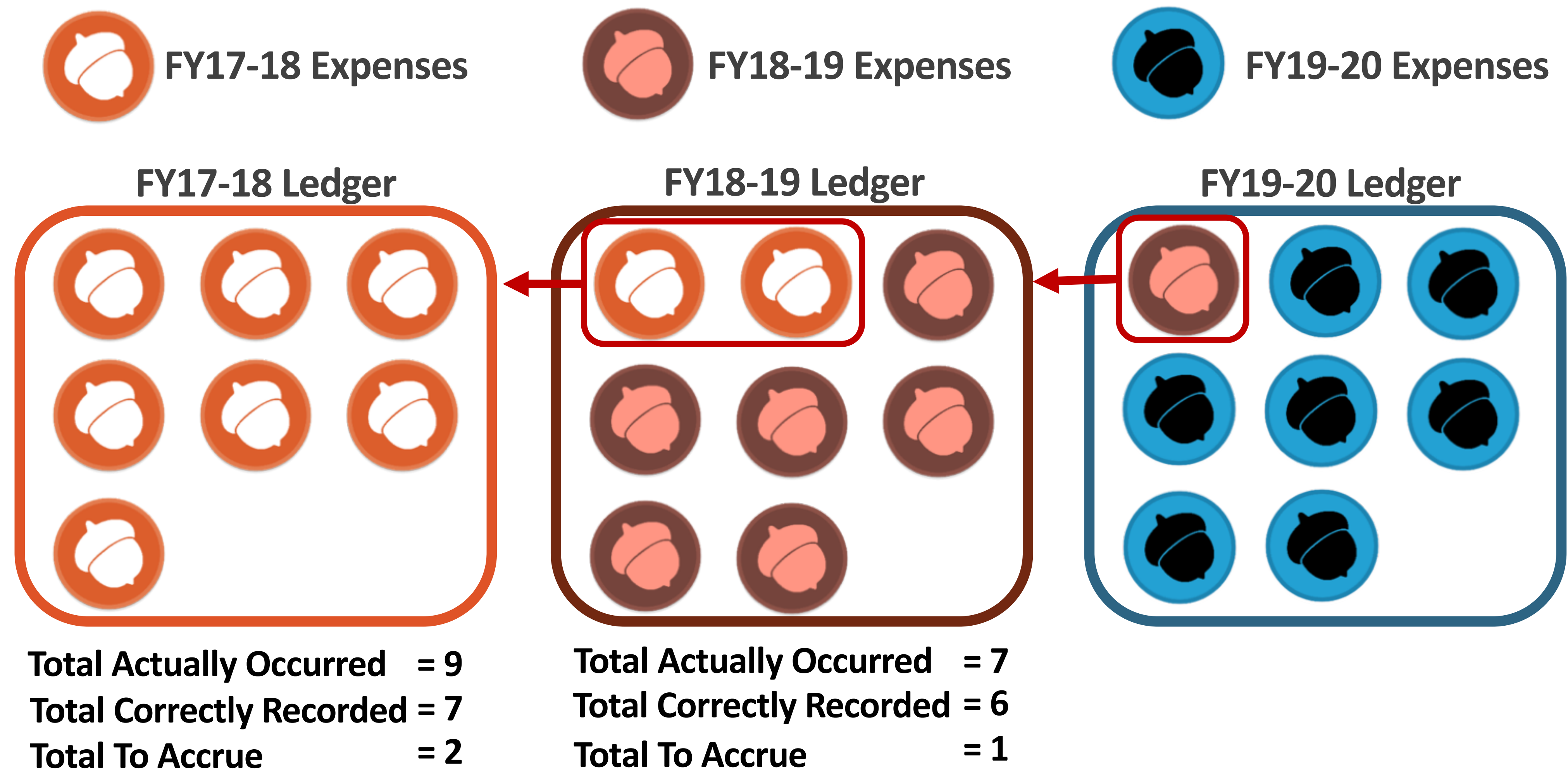
# Fiscal Year 17-18 Closing

## Accrual of Unrecorded Liabilities

- **What is an accrual for unrecorded liabilities?**
  - Accruals are adjustments for expenses that have been incurred but are not yet recorded in the ledger.
  - Key purpose of an expense accrual is to ensure that expenses are recorded in the proper account period (i.e. fiscal year)
- **When is an accrual needed?**
  - Accrual entries are needed if invoices for goods and services rendered in FY17-18 were not recorded in the general ledger for FY17-18

# Fiscal Year 17-18 Closing

Accrual of Unrecorded Liabilities – Visual Representation



# Fiscal Year 17-18 Closing

## Accrual of Unrecorded Liabilities

- **Why does this matter?**
  - The Governmental Accounting Standards Board (GASB) requires the UC/UCLA financial statements to be prepared on an “accrual basis” where expenses incurred in a fiscal year are recorded to the year which goods and services were rendered.
  - Failure to accrue expenses in the proper period will result in non-compliance with the standards established by GASB and UCOP policy.
  - If FY17-18 expenses are recorded to FY18-19, expenses and accounts payable (liabilities) will be,
    - Understated in the financial statement for FY17-18, and
    - Overstated in the subsequent FY17-18 period

# Fiscal Year 17-18 Closing

## Accrual of Unrecorded Liabilities

- **What should I do if I receive an invoice for expenses that will be recorded to a research project, after the AP deadline?**
  - By 10:00am July 10<sup>th</sup>
    - Departments must complete the accrual Form E online, and
    - Complete a journal justification, and
    - Submit supporting documentation to EFM at [EFMOperations@research.ucla.edu](mailto:EFMOperations@research.ucla.edu)
  - Accrual forms and justification template can be found at <http://ga.accounting.ucla.edu/fcr/>

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# UC Path and Payroll Expense Transfers

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# Go-Live

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- Go-Live is scheduled for September 2018
- First payroll to be processed through UCPath
  - **Mo:** September 2018
    - Pay Period: 9/1/18-9/30/18
    - Pay Date: 10/01/18
  - **BW2:** September 2018
    - Pay Period: 09/09/18-09/22/18
    - Pay Date: 10/03/18

# Payroll Expense Transfers: Pre-UCPath Go-Live Data

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- UCLA elected not to convert payroll data from Payroll Personnel System (PPS) to UCPath
- After UCPath go-live, PPS will be maintained for a limited amount of time
- While PPS is maintained:
  - PPS will update the Financial System and ERS
  - WebPET (Payroll Expense Transfers) will be supported
- Current plan is to discontinue PPS as of **July 1, 2019**

# Payroll Expense Transfers: Pre-UCPath Go-Live Data

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## Transfer of payroll expenses processed in PPS after UCPath go-live while PPS is maintained:

- Transfer payroll expenses through WebPET
  - High risk cost transfers will be routed to EFM for approval
- Payroll expense transfers will be processed through the pay compute cycle and posted to the general ledger
  - For high risk cost transfers, this will occur once EFM has approved the transfer
- Downstream applications, such as Effort Reporting System, will be updated via the same process as today

# Payroll Expense Transfers: Pre-UCPath Go-Live Data

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## Transfer of payroll expenses processed in PPS after UCPath go-live after PPS support discontinues:

- WebPET will no longer be available to transfer expenses
- If a payroll expense transfer is needed after PPS support discontinues, it needs to be processed through a financial journal which will bypass the payroll sub-ledger
  - No clear audit trail for payroll expense transfers
  - Impact to downstream systems, such as Effort Reporting System, consuming data from the payroll sub-ledger
  - Related benefits, GAEL, TIF, etc. need to be manually calculated and included in the financial journal

# Required Actions by the Department

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- Continue to review payroll expenses each month and upon discovery of errors, process payroll expense transfers through WebPET timely
- If there are any awards where monthly reconciliation has not been completed, review payroll expenses now and process payroll expense transfers upon discovery of errors
- Target to complete all transfers of payroll expenses processed in PPS before UCPATH go-live:  
**September 2018**
  - Only payroll expenses processed in August 2018 should be left for review after UCPATH go-live

# EFM Procedure

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- EFM standard procedure will be to not accept pre-UCPath go-live payroll expense transfers debiting sponsored project funds after PPS support discontinues (currently scheduled for July 1, 2019)
- Department will be responsible for finding unrestricted source(s) of funding for these payroll expenses
- If payroll expenses need to be transferred off sponsored project funds after PPS support discontinues, EFM will require the department to submit the following:
  - Comprehensive explanation of circumstances why payroll expense errors could not be corrected timely in addition to standard questions for cost transfers
    - This will need to be signed by the PI and department fund manager
  - Detailed action plan on how the department will ensure manual adjustments to all affected downstream system reports:
    - e.g. for effort reports, a complete list of all employees whose salaries are transferred including affected effort report periods, pay rate, pay distribution before and after, etc.
  - Endorsement of Department CFO, CAO, Director or equivalent on explanation and action plan

# Key Takeaways

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- UC Path go-live is September 2018
- Payroll processed in PPS will not be converted into UCPath
- Review payroll now to ensure all payroll expense cost transfers are completed prior to WebPET discontinuation
- After WebPET discontinuation:
  - Payroll expense cost transfers debiting sponsored project funds will not be allowed
  - Payroll expense cost transfers crediting sponsored project funds will require additional explanations and action plans

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# Effort Reporting

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# ERS Version 11.0 Deployment

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- Deployed May 21, 2018
- Prepares ERS to receive data from both PPS and UCPath
- Until UCPath go-live payroll data will continue to be loaded through PPS
- After go-live payroll data will be loaded from:
  - UCPath – Payroll processed after UCPath go-live
  - PPS – Payroll processed under PPS including Payroll Expense Cost Transfers

# ERS Version 11.0 Deployment

- System Changes
  - New columns:
    - Pay Amount
    - OTC Ind. (Over the Cap Indicator)
      - Will remain blank until UCPATH
  - New column headers representing a hybrid of field names from PPS and UCPATH

Project: <input type="text"/>											Original Payroll %: <input type="text"/>				
Pay Period	Pay Cycle Code	FAU	Earn /DOS	Restate /Trans	Job/ Title	Comp/Pay /Rate	Basis /Type	Pay Amount	Paid %	Derived Effort %	Weighted Effort %	OTC Ind	Pay Cat	Time Code	Pay Cycle End Date

# Effort Reporting Statistics

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## As of June 13, 2018

- Fall 2017 & Winter 2018 (7/31/18 deadline)
  - Generated: 10,132
  - Certified: 1,852
  - Open: 8,280
  - On-Time Rate: 18%
- Spring 2006 – Summer 2017 (Prior Quarters)
  - Generated: 278,727
  - Certified: 277,706
  - Open: 1,021
  - On-Time Rate: 99%
- All Quarters Rate: 96%

# Past Due and Current Due Reports

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- Notifications automatically sent to departments with open effort reports on the 15<sup>th</sup> of the month
  - Past Due: Spring 2006 – Summer 2017
  - Current Due Reports: Fall 2017 & Winter 2018

# Reminders

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## Fall 2017 & Winter 2018 Effort Report Deadline: Tuesday, July 31, 2018

- **ERS Notifications:**
  - To subscribe: Send an email to [ers-subscribe@lists.ucla.edu](mailto:ers-subscribe@lists.ucla.edu)
- **Training Materials, FAQs:**
  - <http://ora.research.ucla.edu/efm/Pages/EFMHome.aspx>
- **ERS Helpdesk**
  - [ershelp@research.ucla.edu](mailto:ershelp@research.ucla.edu)