



Extramural Fund Management

February 13, 2020

Agenda

- **Financial Deliverable Preparation Procedure**
 - Background of the changes to the procedures
 - Review of key steps in the procedures prior to the changes
 - Review of changes to the procedures effective January 9, 2020
- **RAPID Tool – New Version Released**

Financial Deliverable Preparation Procedure

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Financial Closeout of sponsored Projects

History

- **April 2015: EFM announced the procedure for “Federal Fund Closeout”.**
- **July 2015: The procedure went into effect. It included the following key steps.**
 1. Department submits a closeout packet to EFM by the due date.
 2. EFM reviews a closeout packet and work with the department for additional inquiries to prepare and submit an accurate financial deliverable to the sponsor.
 3. In the event Department fails to submit a closeout packet by the due date, EFM initiates analysis of final expenditures to prepare and submit a financial deliverable to the sponsor.
- **September 2016: EFM announced the procedure for “Financial Closeout of Sponsored Projects”.**
 - The procedure for “Federal fund closeout’ was expanded for all sponsored projects.
- **January 2017: The procedure went into effect.**
- **The standard procedure expected of campus to follow is Step #1 and Step #2.**
- **Step #3 was added as a back up plan in the event when Step #1 and Step #2 are not followed.**
 - The purpose of adding the step #3 was to minimize financial and compliance risk for the University.
 - Recovering some costs incurred for the project by submitting financial deliverable on time is better than putting all unbilled/unreported costs at risk for non-reimbursement.
 - Continued or frequent non-compliance with on-time submission will jeopardize future funding.
 - The step #3 was never intended to be the standard procedure for financial closeout of the sponsored projects.

Financial Deliverable Preparation Procedure

What is happening now?

FY19				
Financial Organization in FS	Closeout packet			
	Due	Submitted by due date	NOT submitted by due date	On-time submission rate
A	2	-	2	0.00%
B	3	-	3	0.00%
C	26	11	15	42.31%
D	1	-	1	0.00%
E	7	-	7	0.00%
F	736	210	526	28.53%
G	26	7	19	26.92%
H	53	15	38	28.30%
I	158	34	124	21.52%
J	3	1	2	33.33%
K	7	1	6	14.29%
L	19	12	7	63.16%
M	381	165	216	43.31%
N	34	14	20	41.18%
O	1	-	1	0.00%
P	3	-	3	0.00%
Q	21	6	15	28.57%
R	20	6	14	30.00%
S	18	9	9	50.00%
T	2	-	2	0.00%
U	110	15	95	13.64%
V	69	26	43	37.68%
W	13	1	12	7.69%
X	3	1	2	33.33%
Total	1,716	534	1,182	31.12%

- 1,716 closeout packets were due to EFM.
- **1,182** closeout packets were not submitted to EFM by the due date.
- 534 closeout packets were submitted to EFM by the due date.
 - Not all 534 closeout packets were complete for EFM to conduct a meaningful review.
- 31% followed the procedure as intended.
- **69%** did not follow the procedure.

1,182 funds were left for EFM to initiate analysis of total expenditure for the project.

Financial Deliverable Preparation Procedure

Concerns and Plans

- **EFM initiating analysis of final expenditure for 69% of sponsored project funds with expenditure over a billion dollars is not sustainable.**
- **Eliminating the step #3 will place the University back in the position where financial and compliance risk was higher before implementing the new procedures in phases in 2015 and 2017. This is not an option.**
- **For financial closeout of a high number of the sponsored projects without a closeout packet, the changes to the procedures were necessary.**
 - These minimum changes would not address the fundamental concern and the issue of sustainability.
- **Strong partnership from campus to submit a complete closeout packet on time is critical to ensure cost recovery and not risk future funding for the University.**
- **EFM will continue to monitor on-time submission rate of closeout packets and**
 - If complete closeout packets are submitted on time 70% or more, these changes can be reversed.
 - If notable improvement is not made, alternative approaches need to be considered to ensure on-time submission of the final financial deliverables to recover costs for sponsored projects.

Final Financial Report or Invoice

	Prior to January 9, 2020	Effective January 9, 2020
When a complete closeout packet is submitted to EFM by the due date:	EFM prepares and submits the final to the sponsor. (Additional inquiry may be needed)	No change.
When a complete closeout packet is <u>NOT</u> submitted to EFM by the due date:	EFM initiates and communicates EFM's analysis of final expenditures.	No change.
	Department responds to EFM's analysis within 5 business days. <ul style="list-style-type: none"> • EFM accepts all adjustments to EFM's analysis as long as a complete list of adjusting transactions with appropriate supporting documents are submitted. • EFM submits the final based on EFM's analysis when a response is not complete or not received by the due date. 	5 business days → 3 business days No other change.

“Financial Closeout of Sponsored Projects” procedure document can be downloaded at <https://efm.research.ucla.edu/policies-and-procedures/>

Annual Financial Report

- When the sponsor requires an annual financial report to close out each budget period, EFM prepares the annual financial report as follows. (“Final for Budget” in PAMS)

	Prior to January 9, 2020	Effective January 9, 2020
When a separate fund number is assigned for each budget period:	The procedure for “Financial closeout of sponsored project” applies.	No change.
When a single fund number is assigned for the entire project period:	<p>Department responds to EFM’s analysis within 5 business days.</p> <ul style="list-style-type: none"> EFM includes expenses posted to GL after the budget period but incurred during the budget period (based on “doc date” in GL) and excludes unallowable/inapplicable expenses. EFM accepts all adjustments to EFM’s analysis as long as a complete list of adjusting transactions with appropriate supporting documents are submitted. EFM submits the final based on EFM’s analysis when a response is not complete or not received by the due date. 	<p>5 business days → 3 business days</p> <ul style="list-style-type: none"> No change All adjustments → Subward expenses only. No change

Revision of the Final Financial Deliverables

- Most revision requests are made when the final financial deliverable was submitted based on EFM's analysis in absence of a closeout packet and response to EFM's analysis.

	Prior to January 9, 2020	Effective January 9, 2020
Revision to reduce expenses		
The amount to revise	Revise for any amount	No change
The number of revision	No limit	No change
The timing of revision	Anytime	No change
Revision to increase expenses		
The amount to revise	Revise for any amount	Was a complete closeout packet submitted to EFM by the due date? <ul style="list-style-type: none"> • Yes: \$5,000 or over • No: \$10,000 or over
The number of revision	No limit	Up to 2 times
The timing of revision	Anytime	Within 120 days after the submission date of the original final or the original final due date, whichever is later

Changes to Financial Deliverable Preparation Procedure

SUMMARY OF CHANGES

Areas		Prior to 1/1/20	Effective 1/1/20
Annual Financial Report (Closeout by budget period: “Final for Budget” in PAMS)		Accepted all additional expenses for the budget period when supporting documents were provided. Department had 5 business days to respond to EFM’s analysis of expenditures.	Accept adjustments for sub award expenditures only with the supporting documents. 3 business days
Final financial deliverables, Was a complete closeout packet submitted to EFM by the due date?	Yes	EFM submitted the final to the sponsor (additional inquiry may be needed)	No change
	No	Department had 5 business days to respond to EFM’s analysis of final expenditures.	3 business days
Revision of the Final, Is it to reduce the reported expenditure?	Yes	Revised for any amount, Unlimited times, Any time	No change
	No	Revised for any amount, Unlimited times Any time	Was a complete closeout packet submitted to EFM by the due date? <ul style="list-style-type: none"> • Yes: \$5,000 or over • No: \$10,000 or over Up to 2 times within 120 days after the submission date of the original final or the original final due date, whichever is later

RAPID Tool – New Version Released

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RAPID Tool – New Version Released

- Updated version of the RAPID Tool (version 2/10/20) is available for download from the ORA Portal: <https://portal.research.ucla.edu/PostAward>
- New version of the tool was needed to support a new QDB connection.
 - QDB was upgraded from SQL Server 2008 to SQL Server 2014 during February 8-9, 2020.
 - Coordination with your local IT helpdesks may be needed to install new drivers (Microsoft® SQL Server® 2012 Native Client – QFE driver). Additional information provided in the downloaded file from the ORA portal.
- Announcements of the updated RAPID Tool version were sent to campus via ORA News and PAMS Listservs on February 11, 2020.
- Subscribe to ORA News: ora-news+subscribe@lists.ucla.edu

Any Questions?

Contact Information

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