



EXTRAMURAL FUND MANAGEMENT

OCTOBER 10, 2024

AGENDA

- New Procedure for the financial closeout of sponsored projects
- Effort Reporting certification status and release plan

NEW PROCEDURE FOR
THE FINANCIAL CLOSEOUT OF SPONSORED PROJECTS

Yoon Lee

OVERVIEW

- What is the financial closeout of sponsored projects?
- What is the current procedure for the financial closeout of sponsored projects?
- What are the areas for improvement?
- What are the goals of the new procedure?
- Why are we trying to change the procedure now?
- What are the next steps?

FINANCIAL CLOSEOUT OF THE SPONSORED PROJECTS (FUND CLOSEOUT)

- **Fund closeout** is the process by which the University determines all allowable and applicable expenses are properly accounted for under the award's terms and conditions and all payments have been received.
- The best way to ensure smooth fund closeout is to ensure that **monthly reconciliation** is completed timely from the inception of the project.
- Upon award expiration, **the final financial deliverable** must be completed within the timeframe indicated in the agreement.
- Upon **all payments** are received, the project fund must be closed timely with **the final expenses in the general ledger** agreeing to those reported to the sponsor.
- Noncompliance may result in unrecovered sponsored project costs, cause more restrictive financial requirements and audits, and place the University at risk of securing future funding from sponsors.

CURRENT FINANCIAL CLOSEOUT OF SPONSORED PROJECTS

The complete procedure can be found on EFM website policy and procedure page: <https://efm.research.ucla.edu/policies-and-procedures/>

STEP 1 DEPARTMENT ADMINISTRATOR

- Conduct monthly review of all expenses charged to the fund.
- Review monthly financial statements of the project with the PI and transfers costs timely as an error is discovered.
- Prepare and submit an **accurate and complete closeout packet** to EFM **by the due date**, ensuring all applicable expenses are posted to the project fund and removing unallowable expenses from the fund.
- Release encumbrance.

STEP 2 EFM FUND MANAGEMENT

- Review a closeout packet from the department and work with the department to finalize the total expenses.
- Prepare and submits **the final financial deliverable** to the sponsor by the due date **based on the final expenses in the closeout packet**.
- In case where a closeout packet is not submitted, EFM finalizes expenses based on the expense in the general ledger, excluding questionable costs. Department is responsible for unreimbursed costs.

STEP 3 EFM CASH MANAGEMENT

- Reviews the final expenses confirmed by the EFM fund management team.
- For federal grants, **draw cash on the letter of credit** based on the final expenses by the due date.
- For non-federal grants, **collect payments** from the sponsor based on the final invoice.
- Resolve collection issues if any. **Apply payments** to the corresponding funds upon receipt of the payment.
- **Refunds** to the sponsor when applicable.

STEP 4 DEPARTMENT & EFM

- Confirm project expenses in the general ledger agrees to the final total expenses reported to the sponsor.
- Confirm all payments have been received and a refund is completed when applicable.
- Confirm all encumbrance is released.
- Confirm all required documentation is stored in PAMS.
- Close the project fund in the financial system.

01

02

03

04

KEY AREAS FOR IMPROVEMENT

- **Closeout packet not submitted to EFM**
 - Out of 1,997 closeout packets due during FY24,
 - 30% were submitted to EFM on time (599)
 - 25% were submitted late (494)
 - **45% were not submitted (904)**
- **Delays in transferring expenses and posting expenses**
 - These require **manual adjustments** to the expenses in the general ledger to finalize the total expenses to report to the sponsor. These adjustments are **tracked outside the Financial System** and must be reconciled in the Financial System later to close the fund.
 - This results in
 - **Inefficient** processes to prepare the final financial deliverables and manual reconciliation to ensure that project expenses in the general ledger agree to the final expenses reported to the sponsor
 - Delayed fund closeout
 - **Increasing financial and compliance risk**

GOALS FOR DEVELOPING THE NEW PROCEDURE

COMPLIANCE

To improve compliance with federal requirements, other sponsor's policies and UCLA policies.



Compliance



Efficiency

EFFICIENCY

To gain efficiency and reduce error rates by minimizing manual expense adjustments outside Financial System in finalizing expenses and closing the fund.

COST RECOVERY

To ensure a full recovery of costs incurred for the project by posting expenses timely to the general ledger.



Cost Recovery



Accountability

ACCOUNTABILITY

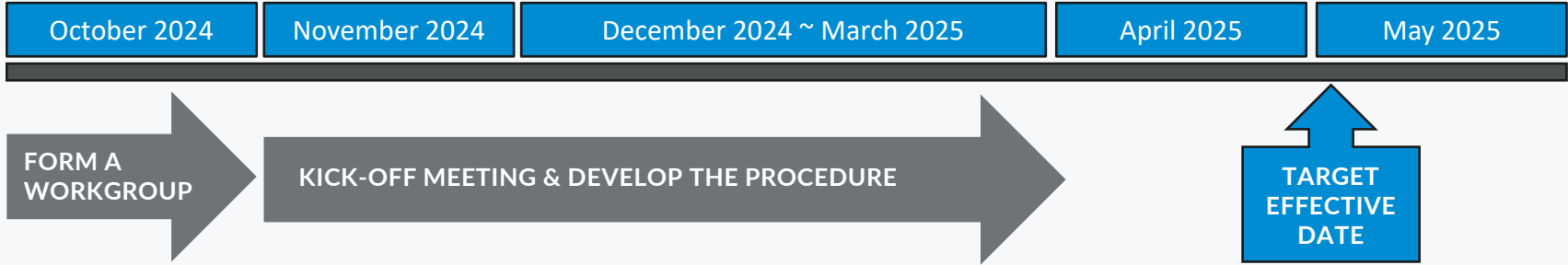
To clearly define responsibility of each role that takes part in closing the project fund to promote collaboration and keep all parties accountable.

WHY ARE WE CHANGING THE PROCEDURE NOW?

- Federal agencies' **stricter enforcement of timely closeout** continues.
 - UCLA has been balancing between financial risk and compliance risk.
 - Including expenses, which are not posted in the general ledger, in the final financial deliverable is not complying with federal requirements, but it has been UCLA practice, provided that the adequate supporting documentation is supplied, with the focus on full recovery of costs.
 - With more rigorous enforcement of requirements, compliance risk UCLA is taking with the current procedure continues to increase and it should be revisited.
- **UCLA tried to implement the new procedure in 2022 but postponed it due to challenges with delayed invoice processing time on campus.**
 - Refer to RAF slides for May, August, September, and November in 2022 for more details.
- The new procedure was designed for Ascend 2.0 go-live but the project was paused.
- UCLA should not delay this effort any further with the level of **increasing compliance risk**, which in turn increases **financial and reputational risks**.

- **Uniform Guidance: § 200.344 Closeout:**
“~ If the non-Federal entity fails to complete the requirements, the Federal awarding agency or pass-through entity will proceed to close out the Federal award with the information available. ~”
 - (a) The recipient **must submit the final financial report** as required by the terms and conditions of the Federal award **no later than 120 calendar days** after the end date of the period of performance.
 - (b) Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity **must liquidate all financial obligations** incurred under the Federal award **no later than 120 calendar days** after the end date of the period of performance as specified in the terms and conditions of the Federal award

NEXT STEPS



EFM will form a workgroup including EFM accountants and department research administrators.

Confirm the areas for improvement, identify challenges, develop solutions working with other central offices as needed, and finalize the procedure. At the kick-off meeting, future meeting cadency will be determined.

COMMUNICATE CHANGES AND PROVIDE TRAINING RESOURCES

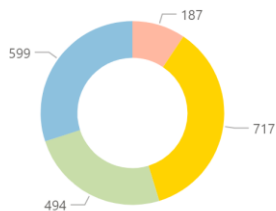
Keep the campus informed as key changes are confirmed and prepare and conduct trainings.

Email
yoon.lee@research.ucla.edu
if you are interested in
participating in the
workgroup

Closeout Packet Submission Status to EFM

Home Packets submitted to EFM

Count: 1,997



Status

- Not Started
- Not Submitted (EFM Started)
- Submitted Late
- Submitted On-Time

Not Started	Not Submitted (EFM Started)	Submitted Late	Submitted On Time	Total
187 (9.36%)	717 (35.90%)	494 (24.74%)	599 (29.99%)	1997

Organization Hierarchy

All

Sponsor Type

All

PAMS Cluster

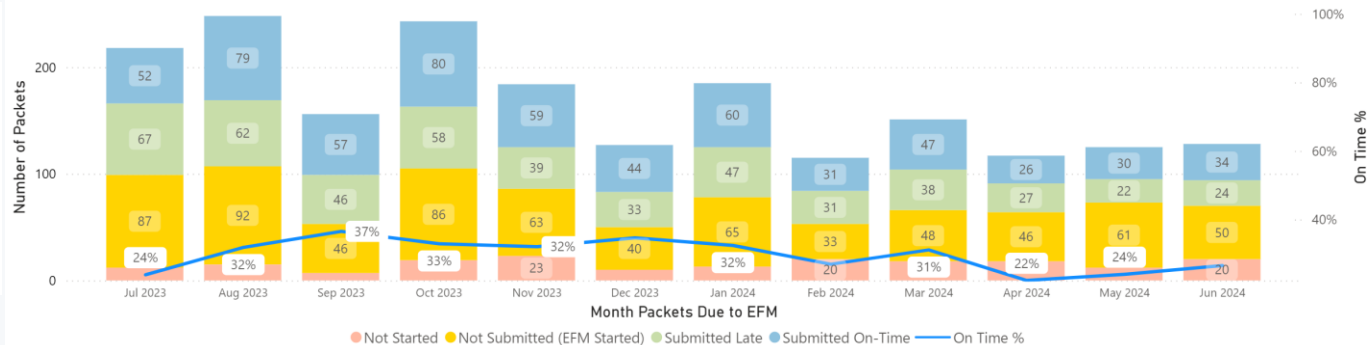
All

COP Due to EFM in

7/1/2023 6/30/2024

RESOURCE REMINDER: ORA ORC PORTAL

<https://portal.research.ucla.edu/DepartmentDashboard>



Department dashboard: closeout packet

You can search the closeout packet status by organization (department, division, school), by sponsor type, and/or by a period.

The period is defaulted to the current fiscal year.

Pie Chart: For the period you select, you can see the total number of closeout packets due with their status.

Stacked Bar Chart: For the period you select, monthly statistics are available to see a trend.



EFFORT REPORTING

Val Gomez

CERTIFICATION METRICS

Effort Report Certification Rates can be found in the [ORA Online Resource Center](#)

- As of October 9th, there are **15,277** open effort reports that are out of compliance
- **Reduction of 5,728 open effort reports** since August 2024 RAF

Improved Certification Rates

Audit and Compliance Risk

Academic Year	Fall				Winter				Spring				Summer			
	Cert. % As of 8/8/24	Cert. % As of 10/9/24	Open As of 8/8/24	Open As of 10/9/24	Cert. % As of 8/8/24	Cert. % As of 10/9/24	Open As of 8/8/24	Open As of 10/9/24	Cert. % As of 8/8/24	Cert. % As of 10/9/24	Open As of 8/8/24	Open As of 10/9/24	Cert. % As of 8/8/24	Cert. % As of 10/9/24	Open As of 8/8/24	Open As of 10/9/24
2023-2024	45%	61%	3,060	2,180	44%	61%	3,162	2,269	To be released Mid-October 2024							
2022-2023	79%	85%	1,139	787	79%	85%	1,187	845	64%	72%	2,097	1,596	64%	73%	2,160	1,625
2021-2022	87%	91%	691	486	87%	91%	688	468	83%	89%	915	614	82%	88%	1,002	653
2020-2021	92%	94%	387	307	92%	94%	397	271	88%	92%	610	418	88%	91%	724	512
2019-2020	93%	94%	352	278	93%	94%	342	277	93%	94%	350	278	92%	94%	406	306
2018-2019	95%	96%	274	229	95%	96%	242	204	92%	94%	386	318	93%	94%	384	309
2017-2018	99%	99%	3	3	99%	99%	2	2	99%	99%	15	15	98%	98%	7	7
2016-2017	100%	100%	0	0	99%	100%	1	0	99%	99%	3	3	99%	99%	4	4
2015-2016	99%	99%	3	2	99%	100%	1	0	99%	99%	2	1	99%	99%	1	1
2014-2015	100%	100%	0	0	99%	99%	1	1	99%	99%	2	2	99%	99%	2	2
2013-2014	99%	99%	1	1	100%	100%	0	0	100%	100%	0	0	100%	100%	0	0
2012-2013	100%	100%	0	0	100%	100%	0	0	100%	100%	0	0	99%	99%	1	1
2011-2012	100%	100%	0	0	99%	99%	1	1	100%	100%	0	0	100%	100%	0	0
Total Open			5,910	4,274			6,024	4,338			4,380	3,245			4,691	3,420

ERS COORDINATOR ROLE

An Excel file listing all open and past due effort reports by individual is sent to each department contact assigned as the ERS Coordinator on the 15th of each month.

- **What is the role of an ERS Coordinator?** While ERS coordination duties will vary by department, typical duties include:
 - Receiving ERS notifications and distributing the information in those notifications to the appropriate individuals within their department or area of responsibility. This includes the Past Due and Open Effort Report Listserv
 - **Identifying incomplete and/or late Effort Reports and notifying appropriate individuals to take action.**
- **Who is responsible for designating individuals as ERS Coordinator?**
 - Departments are responsible for designating at least one ERS Coordinator within their department.
 - Departments may choose to assign multiple ERS Coordinators, and ERS Coordinators may include senior-level individuals within the department.
- **How is the ERS Coordinator function assigned in ERS?**
 - Department DSAs manage and grant access to specific ERS roles via DACSS, including the ERS Coordinator role. DSAs coordinate with department administrators on granting this access.
 - Contact your DSA if your department needs to assign or update ERS Coordinator role in DACSS

UPCOMING RELEASE

Effort reports for the following periods will be released by mid-October 2024

Reporting Period	Non-Academics and 11/12 Academics	9/12 Academics	Certification Due Date
Spring 2024	April 2024 – June 2024	March 2024 – June 2024	January 28, 2025
Summer 2024	July 2024 – September 2024	June 2024 – September 2024*	January 28, 2025

- The [ERS](#) site will be unavailable during release preparation, with **tentative downtime scheduled to begin Friday at 6 p.m., 10/18/24, and last until Monday, 10/21/24.**
- EFM will communicate the downtime and release of effort reports through the ERS listserv.
 - To subscribe to the Effort Reporting System mailing list, or other ORA mailing lists, please visit the [ORA Mailing Lists page](#).
 - Users with the ERS Coordinator role are added to the ERS Listserv without needing to subscribe

UPCOMING LMS COURSES HOSTED BY EFM

- **Post Award:**

- Course Details: This course will review the sponsored project fund setup process, as well as common post-award financial reporting and compliance requirements; areas essential for research administrators managing sponsored project funds.
- Course Date: Two half-day sessions, November 4th and 5th from 8:30am – 12:00pm

- **RAPID Closeout Tool:**

- Course Details: The course will teach users how to effectively use the closeout tool to help manage and close out awards.
- Course Date: Tuesday, November 12, 2024, 8:30am – 12:00pm

- **Effort Reporting:**

- Course Details: Review effort reporting certification requirements and functionality of Effort Reporting System (ERS)
- Course Date: Two half-day sessions, November 18th and 19th from 8:30am – 12:00pm

- All EFM courses will be held online. You may register via the UCLA Learning Management System (LMS) at <http://lms.ucla.edu>. If you have any questions about this course, feel free to e-mail EFMOperations@research.ucla.edu.

- Please share this information with others in your department who may be interested

QUESTIONS?

Contact Information

EFM Website

<https://efm.research.ucla.edu/>

Yoon Lee

Phone: (310) 794-0375

Email: yon.lee@research.ucla.edu

ERS Helpdesk

Email: ershhelp@research.ucla.edu

Val Gomez

Phone: (310)794-0103

Email: valeria.gomez@research.ucla.edu