RAPID Project Update: Letter of Credit

August 13, 2009
LOC Prioritization Factors

- LOC Volume
  - ~60% of UCLA’s research portfolio
  - Primary payment mechanism for Federal sponsors
  - 25 sponsors in total including NIH, NSF, NASA, and others
  - ~$44 million drawn monthly/~$530 million drawn annually

- Significant opportunities identified
  - Increase in efficiency for EFM staff
  - Cost savings
  - Improved compliance

- Impact from ARRA (Recovery Act) awards
Project Team Approach

- Project Team Membership Defined
- **Phase 1** – Evaluate Current Process
  - Further detailed analysis with project team and documentation of current process
  - Discussion and documentation of challenges related to the current process
  - Discussion and documentation of current performance metrics
- **Phase 2** – Process Design
  - Brainstorm on new and existing ideas to improve the process
  - Discussion and development of new process incorporating improvement ideas
- **Phase 3** – Action Plan
  - Discussion of steps necessary for successful change of the process
  - Development of action workplan
- **Phase 4** – Execute Action Plan
Progress

- Designed new business process (see appendix for process flow diagrams)
- Created Excel tool as short term solution
- Successfully implemented new business process, including Excel tool, across 24 of 25 sponsors (see appendix for LOC sponsor matrix)

Results

- Monthly variance to GL for DHHS is now $0 (Averaged $1,957,862 from July 2008 – April 2009)
- Monthly variance to GL for NSF is now $0 (Averaged $1,255,062 from July 2008 – April 2009)
- Reconciliation to the GL done each time a draw is completed
- Time savings for EFM (estimate under development)
- High satisfaction of LOC team in EFM
Next Steps

• Complete implementation of new process/tool across all sponsors
• Implement new process/tool for Recovery Act (ARRA) awards
• Develop new process/tool for quarterly reports
• Generate management reports and performance metrics
• Implement web-based solution to replace Excel tool
• Cost savings
  – Reduction in risk of drawing significantly less money than is due to UCLA
  – More frequent draws
• Communicate progress on LOC and other initiative at future RAF and forums (as well as other venues)

RAPIDfeedback@research.ucla.edu
Questions & Discussion
Appendix
Project Team Members

- ORA
  - Marcia Smith
- EFM
  - Evelyn Balabis
  - Rolando Rodillas
  - Jovan Iglesias
- ORIS
  - Jackson Jeng
  - Terry Wingo
- Huron
  - Nate Haines
  - Sarah Horner
Current (Past) Process

Post Expenditures

- Expenses to sponsored projects are incurred by the PIs and research staff
- Expenses are posted to the GL in the Financial System
- Expenses are accumulated in the Query Data Base (Data Warehouse)

Download Financial Data

- Query funds by sponsor in FSQDB for all LOC draws for the upcoming month
- Export financial award data to Excel by each sponsor
- Sort and analyze data in Excel to determine errors or incorrect inclusions
- Delete the extra data that does not apply to the LOC draw calculation
- Analyze funds in Excel to determine exclusions for overdrafts & pre-award spending
- Calculate amount due for the current month (Expenditures – OD – ERAS + L/C)

Calculate the Draw

- Pull in previous two months expenditures and add in the most recent month data
- Calculate the 3 month moving average to determine total monthly draw
- Create the upcoming month draw down schedule (4)
- Adjust the 3rd draw each month to reconcile back to expenditures in the GL
- Print the monthly draw schedule and obtain approval signature

Draw Funds and Follow-up

- Log on and draw funds from sponsor’s electronic system
- Monitor fund transfers into UCLA
- Apply cash rec’d through journal entries to the individual funds, if applicable
- Scan documents and place on the internal network
Future Process

Post Expenditures:
- Expenses to sponsored projects are incurred by the PIs and research staff
- Expenses are posted to the GL in the Financial System
- Expenses are accumulated in the Query Data Base (Data Warehouse)

Download Data/Calculate Draw:
- Query run by sponsor to calculate LOC draw amount based on actual expenditures
- Exception report run to identify incorrect/incomplete data

Draw Funds and Follow-up:
- Log on and draw funds from sponsor’s electronic system
- Monitor fund transfers into UCLA
- Cash applied using a JE feed
- Supervisor will review LOC draw and supporting documentation on a periodic basis, no less than quarterly
## LOC Sponsor Matrix (as of 8/12)

<table>
<thead>
<tr>
<th>Sponsor</th>
<th>Status</th>
<th>Expected Completion</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 DHHS</td>
<td>Complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 NSF</td>
<td>In Process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 NASA - Ames</td>
<td>Complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 NASA - Glenn</td>
<td>Complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 NASA - Langley</td>
<td>Complete</td>
<td></td>
<td></td>
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<tr>
<td>6 NASA - Dryden</td>
<td>Complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 NASA - Goddard</td>
<td>Complete</td>
<td></td>
<td>Ongoing issue w/budget reconciliation - unrelated to short-term solution but impacts draw! Jovan and Rollie are working with NASA to resolve this.</td>
</tr>
<tr>
<td>8 NASA - Johnson</td>
<td>Complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 NOAA</td>
<td>Complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Education</td>
<td>Complete</td>
<td></td>
<td></td>
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<tr>
<td>11 DOE - Chicago</td>
<td>Complete</td>
<td></td>
<td></td>
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<tr>
<td>12 DOE - NNSA</td>
<td>Complete</td>
<td></td>
<td></td>
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<tr>
<td>13 DOE - GLDN Field</td>
<td>Complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 DOE Idaho</td>
<td>Complete</td>
<td></td>
<td></td>
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<tr>
<td>15 CNCS</td>
<td>Complete</td>
<td></td>
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<tr>
<td>16 EPA</td>
<td>Complete</td>
<td></td>
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<tr>
<td>17 Fish &amp; Wildlife</td>
<td>Complete</td>
<td></td>
<td></td>
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<tr>
<td>18 Geological Survey</td>
<td>Complete</td>
<td></td>
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<tr>
<td>19 Library of Congress</td>
<td>Complete</td>
<td></td>
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<tr>
<td>20 NPS</td>
<td>Complete</td>
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<td>21 NEH</td>
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<td>23 USDJ</td>
<td>Complete</td>
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<tr>
<td>24 USDL</td>
<td>Complete</td>
<td></td>
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<tr>
<td>25 USDS</td>
<td>Complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26 ARRA</td>
<td>In Process</td>
<td></td>
<td>Agenda item for weekly project team meeting on W, 8/5</td>
</tr>
</tbody>
</table>

### Summary

<table>
<thead>
<tr>
<th>Complete</th>
<th>In Process</th>
<th>Not Started</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>2</td>
<td>0</td>
<td>26</td>
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</tbody>
</table>
## Monthly Variance for DHHS and NSF

<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>Total*</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHHS</td>
<td>1,803,572</td>
<td>1,294,039</td>
<td>1,851,329</td>
<td>(269,659)</td>
<td>(1,982,889)</td>
<td>5,882,206</td>
<td>(1,787,102)</td>
<td>2,099,885</td>
<td>(1,124,296)</td>
<td>(1,483,645)</td>
<td>19,578,622</td>
<td>1,957,862</td>
</tr>
<tr>
<td>NSF</td>
<td>(2,505,291)</td>
<td>(1,512,143)</td>
<td>(1,132,853)</td>
<td>1,029,720</td>
<td>2,050,719</td>
<td>2,027,335</td>
<td>865,810</td>
<td>142,879</td>
<td>(455,332)</td>
<td>828,538</td>
<td>12,550,620</td>
<td>1,255,062</td>
</tr>
</tbody>
</table>

Data for analysis provided by EFM

*Total is absolute value