EFM Update
Nate Hanes

June 10, 2010
Agenda

- Organizational Structure

- Selected Office Functions
  - Invoicing
  - Financial Reporting
  - ARRA
  - LOC
  - Effort Reporting
  - Other
EFM Organizational Update

- Current EFM Organization
  - Team structure within office based on sponsor alignment (Federal, State, Private)
  - Allowed for specialization by sponsor, however led to other challenges in overall fund management
  - Led to different procedures across the three teams

- Fund Management Challenges
  - Late submission of financial reports and invoices to sponsors
  - Unclear lines of communication with customers and OCGA counterparts due to sponsor-aligned organizational structure
  - Lack of growth opportunities for staff
Pilot Initiative

- Assigned an accounting team in EFM to work on the backlog of financial reports and invoices for three specific departments
  - Overall financial reporting and invoicing backlogs have been reduced
  - On-time submission has increased
  - Increased accountability for EFM and Departments
  - Team has received positive feedback from departments
    - "It makes it much easier when dealing with a few people in EFM rather than a larger group. We have developed a good, working relationship..."
    - "I have not received one threatening email from an agency since..."
  - Allows for a "Proactive approach to upcoming Financial Reports due."
# EFM Organizational Update

## Pilot Team Progress - Department Backlogs

<table>
<thead>
<tr>
<th>Department</th>
<th>Open 11/13/09</th>
<th>Open 5/31/10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department 1</strong></td>
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<td></td>
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<tr>
<td>Reports</td>
<td>110</td>
<td>16</td>
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<tr>
<td>Invoices</td>
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<td>12</td>
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<tr>
<td>Closeout</td>
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<td>1</td>
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<tr>
<td><strong>Department 2</strong></td>
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<tr>
<td>Reports</td>
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<tr>
<td>Closeout</td>
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*Reports and invoices due prior to 4/30/2010*

<table>
<thead>
<tr>
<th>Department</th>
<th>Open 1/22/09</th>
<th>Open 5/31/10</th>
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<tbody>
<tr>
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<td></td>
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<tr>
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<td>Invoices</td>
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<td>Payments</td>
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*Reports and invoices due prior to 4/30/2010*


EFM Organizational Update

Pilot Team Progress – On-Time Submission for Reports & Invoices

Overall On-Time Submission Metrics

<table>
<thead>
<tr>
<th></th>
<th>Oct-09</th>
<th>Nov-09</th>
<th>Dec-09</th>
<th>Jan-10</th>
<th>Feb-10</th>
<th>Mar-10</th>
<th>Apr-10</th>
<th>May-10</th>
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<tbody>
<tr>
<td>Number Due During Month</td>
<td>70</td>
<td>67</td>
<td>63</td>
<td>139</td>
<td>87</td>
<td>89</td>
<td>134</td>
<td>83</td>
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<tr>
<td>Number Submitted On Time</td>
<td>2</td>
<td>13</td>
<td>13</td>
<td>22</td>
<td>30</td>
<td>31</td>
<td>72</td>
<td>45</td>
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<tr>
<td>Number Submitted Late</td>
<td>68</td>
<td>54</td>
<td>50</td>
<td>117</td>
<td>61</td>
<td>61</td>
<td>63</td>
<td>42</td>
</tr>
<tr>
<td>Percent of On-Time Completion</td>
<td>3%</td>
<td>19%</td>
<td>21%</td>
<td>16%</td>
<td>34%</td>
<td>35%</td>
<td>54%</td>
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</table>

Departmental Breakdown

Dept 1

<table>
<thead>
<tr>
<th></th>
<th>Oct-09</th>
<th>Nov-09</th>
<th>Dec-09</th>
<th>Jan-10</th>
<th>Feb-10</th>
<th>Mar-10</th>
<th>Apr-10</th>
<th>May-10</th>
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<tbody>
<tr>
<td>Number Due During Month</td>
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<td>41</td>
<td>39</td>
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<td>33</td>
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<tr>
<td>Number Submitted On Time</td>
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<td>13</td>
<td>17</td>
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<td>26</td>
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<td></td>
</tr>
<tr>
<td>Number Submitted Late</td>
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<td>28</td>
<td>22</td>
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<tr>
<td>Percent of On-Time Completion</td>
<td>4%</td>
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<td>52%</td>
<td>64%</td>
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</table>

Dept 2

<table>
<thead>
<tr>
<th></th>
<th>Oct-09</th>
<th>Nov-09</th>
<th>Dec-09</th>
<th>Jan-10</th>
<th>Feb-10</th>
<th>Mar-10</th>
<th>Apr-10</th>
<th>May-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number Due During Month</td>
<td>33</td>
<td>22</td>
<td>18</td>
<td>42</td>
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<td>34</td>
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<td>34</td>
<td>34</td>
<td>34</td>
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<tr>
<td>Percent of On-Time Completion</td>
<td>0%</td>
<td>27%</td>
<td>11%</td>
<td>19%</td>
<td>19%</td>
<td>19%</td>
<td>19%</td>
<td>19%</td>
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</tbody>
</table>

Dept 3

<table>
<thead>
<tr>
<th></th>
<th>Oct-09</th>
<th>Nov-09</th>
<th>Dec-09</th>
<th>Jan-10</th>
<th>Feb-10</th>
<th>Mar-10</th>
<th>Apr-10</th>
<th>May-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number Due During Month</td>
<td>37</td>
<td>45</td>
<td>45</td>
<td>52</td>
<td>52</td>
<td>52</td>
<td>52</td>
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</tr>
<tr>
<td>Number Submitted On Time</td>
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<td>12</td>
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<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Number Submitted Late</td>
<td>35</td>
<td>38</td>
<td>34</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Percent of On-Time Completion</td>
<td>5%</td>
<td>16%</td>
<td>24%</td>
<td>23%</td>
<td>23%</td>
<td>23%</td>
<td>23%</td>
<td>23%</td>
</tr>
</tbody>
</table>
EFM Organizational Update

- **EFM Future Organization**
  - Office will be reorganized soon into teams that will handle one or more departments
  - Going forward departments will work with the same individual(s) for all funds in their portfolio, not a different individual based on the sponsor type of the award

- **Benefits of Restructuring**
  - Increased on-time submission of financial reports and invoices to sponsors
  - Clear lines of communication with customers and OCGA counterparts and better customer service
  - Clear growth opportunities for staff
  - Increased professional development and cross-training opportunities
EFM Organizational Update

Extramural Fund Management (EFM)

Executive Director

Director Post-Award

Administrative Assistant

Assistant Director

Supervisor Accounting Team 1
Dept: Medicine
- Accountant II
- Accountant II
- Accountant I

Supervisor Accounting Team 2
Dept: L&S
- Accountant III
- Accountant II
- Accountant I

Supervisor Accounting Team 3
Dept: Medicine-General Med, Surgery
- Accountant II
- Accountant II
- Accountant II

Supervisor Complex Agreements
- Accountant II
- Accountant II
- Accountant I

Supervisor Accounting Team 4
Dept: Engineering, Nursing
- Accountant II
- Accountant II
- Accountant II

Supervisor Accounting Team 5
Dept: NPI, Public Health, Education
- Accountant III
- Accountant II
- Accountant II

Supervisor Accounting Team 6
Dept: All Remaining Depts
- Accountant II
- Accountant II
- Accountant I

Compliance Manager
- Senior Analyst
- Accountant II

Effort Report, Cost Transfers, QA/Audit Support

Data Manager
- Senior Analyst
- Principal Analyst
- Administrative Analyst
- Accounts Receivable

Cash Flow Manager
- Accountant III
- Administrative Assistant III
- Administrative Specialist

Letter of Credit
Invoicing

- **Definition**
  - Reimbursement of approximately 36%, or $349M, of research volume is obtained through invoicing at UCLA

- **Challenges**
  - Backlog of 1,800+ invoices in July 2009
  - Poor technology in EFM that require manual processing
  - Invoices that require special handling

- **Initiatives**
  - RAPID workgroup has been formed that was tasked with improving the invoicing process in EFM to reduce backlogs
  - Goals of the workgroup include:
    - Implementation of improvement ideas that will streamline the invoicing process
    - Draft and communicate policies and procedures to support new processes
    - Improve technology and tools for EFM
    - Create metrics and performance reports
Invoicing

EFM Invoicing Volume

- Number Unbilled (Total Overdue)
- Number Billed
Financial Reporting

- **Definition – April Metrics**
  - Non-ARRA Financial Reports submitted in April: 287
  - On-Time Completion Rate: 75%
  - Past Due Reports: 238

- **Challenges**
  - Inconsistent closeout packet submission process across EFM and campus
  - Poor technology
  - High volume
  - Revised figures after submission of report
  - Low on-time submission rate

- **Initiatives**
  - RAPID Closeout Packet and Upload Tool
  - Campus awareness and training sessions
  - Faculty involvement and awareness
  - RAMS – Single System!
Financial Reporting

Results

- On-time submission increased to 63% in March
- Past due population decreased to 238 reports
ARRA (Recovery Act)

- **Definition**
  - Distinct awards received to date: 347
  - Award dollars received: $143 million

- **Challenges**
  - New quarterly reporting requirements with limited guidance

- **Initiatives**
  - Review of 99 required data elements, many unique to Recovery Act reporting
  - Define business process for collecting data elements
  - ARRA RAPID Tool
  - Website for collecting data from departments
  - Training on new requirements and tools
ARRA (Recovery Act)

Results

- Nearly 100% on-time submission for every reporting period!!
- Low number of revisions
- All tools and websites were implemented before the first reporting deadline
- Of the 99 data elements, the department only enters 4 for the first reporting period, and 2 for each subsequent reporting period
- Recent NSF ARRA Desk Audit – no significant concerns!
Letter of Credit (LOC)

- **Definition**
  - Approximately 60% of UCLA’s research portfolio is reimbursed via the letter of credit process
    - ~$44 million drawn monthly/~$530 million drawn annually
  - Primary payment mechanism for Federal sponsors
    - 24 sponsors in total including NIH, NSF, NASA, and others
  - Individual draws required for ARRA funding
  - August 2009 Metrics
    - 29 draws conducted
    - $50.7 million drawn

- **Challenges**
  - Previously calculated draw amounts based on a 3-month moving average
  - Process was manual and not supported by technology
  - Drawing based on averages led to under or over-drawing funds which results in compliance risks and financial costs in interest payment
Letter of Credit (LOC)

- Initiatives
  - Complete draws based on actual rather than projected expenditures
  - Created Excel tool as short term solution
  - Developed metrics and performance reports
  - Implemented new process/tool for Recovery Act (ARRA) awards
  - 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
  - Generate management reports and performance metrics
  - Implement web-based solution to replace Excel tool (further automates process)
  - Increase draw frequency to improve UCLA cash flow
LOC Current Process

UCLA: Letter of Credit (LOC) Draw (Current 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
### UCLA: LOC Draw (Future Process)

<table>
<thead>
<tr>
<th>Post Expenses</th>
<th>Expenses to sponsored projects are incurred by the PIs and research staff</th>
<th>Expenses are posted to the GL in the Financial System</th>
<th>Expenses are accumulated in the Query Data Base (Data Warehouse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Download Data/Calculate Draw</td>
<td>Query run by sponsor to calculate LOC draw amount based on actual expenditures</td>
<td>Exception report run to identify incorrect/ incomplete data</td>
<td></td>
</tr>
<tr>
<td>Draw Funds and Follow-up</td>
<td>Log on and draw funds from sponsor’s electronic system</td>
<td>Monitor fund transfer into UCLA</td>
<td>Cash applied using a JE feed</td>
</tr>
</tbody>
</table>
Effort Reporting

- **Definition**
  - Effort Reports must be completed for every employee paid from federally funded grants
  - Reports for Fall 2009: 6,648
  - Completion Rate for Fall 2009: 51.5%

- **Challenges**
  - Overall completion rates well below 80% for UCLA
  - Multiple re-certifications and re-opening of reports leading to compliance and audit risk
  - Inconsistent training and education available to faculty and staff
  - Issues with the ERS system lead to frustration on campus
  - UCOP Focus on Effort Reporting System-Wide
    - Working on faculty training for effort reporting
    - Requesting metrics from each campus on effort reporting completion and compliance statistics
Effort Reporting

Initiatives

- Update ERS to correctly include ARRA funding and correct Furlough calculation
- Increase on-time and overall completion statistics
- Train campus through Forum Sessions and one-on-one meetings with ERS Help
- Provide FAQ and “Best Practices” documents
- Review the backlog for reports that can be cleared centrally
- Reduce the number of re-certifications and re-opening of reports
- Consequences Statement for non-compliance
- Visit campus departments to conduct personalized outreach on working through effort reporting issues
Effort Reporting

Effort Reporting Completion Statistics as of 06/09/10

- Number of Certified Reports
- Current Open Reports
Other EFM Priorities

- **Accounts Receivable**
  - Creating A/R for all Scheduled Payments
  - Including outstanding A/R payments on outgoing invoices
  - Track write-offs due to uncollectable payments

- **Training**
  - Increased overall training for EFM Staff, specifically related to RAPID solutions for financial reporting (smart closeout tool, etc)
  - Staff evaluations
  - On-boarding of two new employees

- **Metrics**
  - Reviewing monthly metrics report with office
  - Enhancing workload reports for EFM fund managers

- **Cost Transfers**
  - Communicate policies to campus
  - Reduce turnaround time of transfer approval and the number of transfer older than 120 days