Today’s Topics

- Staff Update
- New Fund Closeout Procedure
- Change to Restriction of Object Codes
Staff Update

- Val Gomez
  - Promoted to Accountant II, October 1, 2016
  - Manage Physics and Astronomy, Molecular Cell and developmental biology, and various departments under division of Life Science.

- Maribel Gomez
  - Joining EFM as Accountant I, starting Monday, October 17, 2016
  - Will manage Anderson Graduate School of Management, School of Arts and Architecture, Herb Alpert School of Music, International institutes, and some other departments on north campus.
New Fund Closeout Procedure

Yoon Lee
Status Update

RAF in September 2016

- Background, goals and objectives of new fund closeout procedure
- Procedure overview
- Exclusion of expenses in absence of documentation
- Examples of high risk transactions that will be subject to exclusion when adequate documentation is not provided for federal and federal pass through funds:
  - Administrative salaries
  - Equipment purchased late

Later in October 2016

- A draft of the procedure will be posted to EFM website to solicit feedback. Your feedback is welcome and appreciated.
- When posted, it will be announced through ORA listserv.
Notifications

EFM will send multiple notifications to the PI and the department research administrator to communicate that a fund will soon expire or has expired and a closeout packet (COP) is due to EFM.

- Fund expiration notifications: No change
  - 90 days and 30 days prior to and on the day of fund expiration
  - PI and the department administrator

- COP reminders: will be sent 15 calendar days prior to the COP due date

<table>
<thead>
<tr>
<th></th>
<th>Under current procedure</th>
<th>Under new procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund group</td>
<td>For federal funds only</td>
<td>For all sponsored project funds</td>
</tr>
<tr>
<td>Timing</td>
<td>45 days after the fund end date</td>
<td>15 days prior to the COP due date</td>
</tr>
<tr>
<td>Recipients</td>
<td>PI, Department administrator</td>
<td>PI, Department administrator</td>
</tr>
</tbody>
</table>
Closeout Packet Deadlines

- Closeout packet (COP) deadline will remain same.

<table>
<thead>
<tr>
<th>Final due date to the Sponsor</th>
<th>COP due date to EFM</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 days or more after the fund end date</td>
<td>30 days prior to the sponsor deadline (e.g. if the sponsor deadline is 90 days, the COP due date is 60 days after the fund end date)</td>
</tr>
<tr>
<td>15-59 days after the fund end date</td>
<td>Sponsor deadline divided by 2 (e.g. if the sponsor deadline is 40 days, the COP due date is 20 days after the fund end date)</td>
</tr>
<tr>
<td>14 days or fewer after the fund end date</td>
<td>EFM requires minimum 7 calendar days prior to the sponsor deadline.</td>
</tr>
</tbody>
</table>
I do not receive any notifications. What should I do to receive them?

- EFM sends out automatic notifications using department contact info in PATS. First contact your local IT office to add yourself to a distribution list stored in PATS.
- For more detail steps, refer to FAQ #25 on EFM website.

It is critical to have the updated contact information in PATS to receive notifications.

- For the federal fund closeout procedure, EFM used to manually forward COP reminders for departments missing the contact info in PATS.
- As communicated at RAF in November 2015, the manual forwarding service discontinued effective January 1, 2016.
Past Due Financial Deliverables

- While planning to implement new fund closeout procedure effective January 1, 2016, EFM is addressing past due financial deliverables.
- High priority will be place for federal and federal pass through funds.
- Wave 1 population (Federal past due deliverables due June 30, 2014 or prior) was completed in April – June 2015.
- Federal fund closeout procedure was issued in May 2015 and applicable to federal funds expired June 30, 2015 or after.
- Wave 2 population: Federal financial deliverables due July 1, 2014 through September 30, 2015 but not completed.
- EFM accountants have been contacting the department that have wave 2 population to request submission of COPs.
- The same procedure applied to address the wave 1 population will be applied to the wave 2.
Change to Restriction of Object Codes

Jen Ear
Object Code Review

- Guess the picture

Dodo Bird
Object Code Review

- Guess the picture

Dinosaur
Object Code Review

- Guess the picture

Floppy Disks
Object Code Review

- Guess the picture

Disco
Object Code Review

- What’s the theme?

Change is good
Object Code Review

- **What is an object code?**
  - Object codes describe the nature of expenses in general categories and are intended to assist departments in budget planning and reporting.

- **Restrictions on object codes**
  - Restriction designations of “Allowable”, “Warning” and “Unallowable” are assigned to each object code.
  - Restrictions are intended to provide guidance to department users to identify what generally allowable costs are and potentially questionable costs that may require additional documentation and/or justification.
  - Restrictions assist in ensuring the University is in compliance with sponsored research guidelines.
Restrictions on object codes (cont’d)

- With changes in regulations, such as Uniform Guidance, it is appropriate that a review of restrictions is performed periodically to ensure alignment with current guidelines
Object Code Review

- Evaluating Appropriateness of Restrictions
  - Do our restrictions on object codes align with current industry standards and regulations?
  - Are our restrictions too stringent by requiring justification when industry standards do not?
  - Are our restrictions too lax by not highlighting costs generally considered questionable by industry standards?
  - Are we leaving too much room for interpretation?
  - What are the implications of restriction changes?
Object Code Review

- Impact Assessment
  - Considerations were made for all of the questions previously posed
  - EFM and CFS reassessed 437 object codes within the financial system.
  - To supplement our review, data analysis for FY14 and FY15 was conducted to determine frequency and dollar amount associated to object codes on restricted contract and grant funding.
Object Code Review

- Comparisons of Restrictions Before and After

<table>
<thead>
<tr>
<th>RESTRICTION</th>
<th>BEFORE</th>
<th>AFTER</th>
<th>INTO</th>
<th>OUT OF</th>
<th>NET CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowable</td>
<td>208</td>
<td>209</td>
<td>18</td>
<td>(17)</td>
<td>1</td>
</tr>
<tr>
<td>Warning</td>
<td>90</td>
<td>60</td>
<td>11</td>
<td>(41)</td>
<td>(30)</td>
</tr>
<tr>
<td>Unallowable</td>
<td>139</td>
<td>165</td>
<td>29</td>
<td>(3)</td>
<td>26</td>
</tr>
<tr>
<td>Close</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>437</td>
<td>437</td>
<td><strong>61</strong></td>
<td><strong>(61)</strong></td>
<td><strong>61</strong></td>
</tr>
</tbody>
</table>

- Changes yield increases and decreases in several restriction categories
- Overall 61 object codes have restriction changes proposed
## Object Code Review

### Codes with Proposed Restriction Changes

<table>
<thead>
<tr>
<th>Change From</th>
<th>Allowable</th>
<th>Warning</th>
<th>Unallowable</th>
<th>Closed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowable</td>
<td></td>
<td>11</td>
<td>6</td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>Warning</td>
<td>18</td>
<td></td>
<td>23</td>
<td>3</td>
<td>41</td>
</tr>
<tr>
<td>Unallowable</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18</td>
<td>11</td>
<td>29</td>
<td>3</td>
<td>61</td>
</tr>
</tbody>
</table>

- **17 Moved out of Allowable**
  - 11 Warning and 6 Unallowable
- **41 Moved out of Warning**
  - 18 Allowable and 23 Unallowable
- **3 Moved out of Unallowable into Closed**
Object Code Review

- Highlight of Changes
  - Warning to Unallowable
    - 4700: Office Supplies
      - FY14: $1,659,327.92 (798 count)
      - FY15: $1,686,675.88 (813 count)
    - Code will have a hard stop in the system impeding the use of the code on restricted funding.
    - For project specific supplies, department should utilize allowable code 4771: Project Specific Office Type Supplies
Object Code Review

- Highlight of Changes
  - Allowable to Unallowable
    - 3248: Bad Debt Expense-other
      - Combined FY14: $0.00 (0 count)
      - Combined FY15: $0.00 (0 count)
    - 3398: Fines And Penalties
      - FOR SPONSORED FUNDS; SPECIAL DOCUMENT REQ'D
    - 3405: Land Use
      - INTERNAL SERVICE-RECHARGES ONLY

- Code will have a hard stop in the system impeding the use of the code on restricted funding.
Object Code Review

- Highlight of Changes
  - Allowable to Warning
    - 3285: Custodial Services
      - FY14: $56,366.60 (100 count)
      - FY15: $40,548.33 (65 count)
  - Facilities maintenance type charges are normally considered part of the indirect cost pool.
  - The code will appear as a warning item and department administrators will have to provide justification on the allowability of the expense as a direct cost.
Object Code Review

- Implementation
  - Change in system will be in the coming months
  - GA website will be updated to reflect changes

- Communication
  - Campus will be notified upon implementation

- Resources
  - Non-Payroll Object Code Lookup
Object Code Review

Questions
Contact information

EFM Website

www.efm.ucla.edu

Yoon Lee

X40375

yoon.lee@research.ucla.edu

Jen Ear

X42834

jen.ear@research.ucla.edu