Agenda

- Fiscal Year 17 – 18 Closing
- UCPath and Payroll Expense Transfers
- Effort Reporting
Fiscal Year 17-18 Closing

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Fiscal Year 17-18 Closing

Recording Expenses

• **June 2018**
  ◦ Departments must conduct their monthly ledger review and reconciliation to;
    ◦ Ensure expenses are recorded to the appropriate FAU, and
    ◦ Financial adjustments have been posted, and
    ◦ Obtain invoices from vendors and subcontractors for goods and services delivered for FY17-18.
  ◦ By 10:00am June 25th
    ◦ Departments must submit invoices to Accounts Payable for FY17-18
    ◦ Departments must submit invoices to the AP office by the deadline to minimize the need to accrue expenses at fiscal year end
Expense Transfer Deadlines for EFM Review

• **Expense transfers requiring EFM review**
  ◦ Transfer impacts a restricted contract and grant fund, and
  ◦ Transfer is being completed 120 days after original transaction date, and/or
  ◦ Transfer will be posted to a fund 90 days after fund expiration, and/or
  ◦ Retransfer of an expense previously transferred

• **Payroll Expense**
  ◦ By 8:00pm June 15\(^{th}\)
    ◦ Departments must submit payroll expense transfers for the BW1 pay period 6/3-6/15
  ◦ By 8:00pm June 18\(^{th}\)
    ◦ Departments must submit payroll expense transfers for the monthly pay period 6/1-6/30
  ◦ By 8:00pm June 28\(^{th}\)
    ◦ Departments must submit payroll expense transfers for the BW2 pay period 6/17-6/30

• **Non-Payroll Expense**
  ◦ By 8:00pm July 12\(^{th}\)
    ◦ Departments must submit their non-payroll expense transfers through the financial system

• **There is no guarantee for review if expense transfers are submitted after the deadlines. Expense transfers that are not reviewed will expire and require the department to resubmit.**
• **What is an accrual for unrecorded liabilities?**
  ◦ Accruals are adjustments for expenses that have been incurred but are not yet recorded in the ledger.
  ◦ Key purpose of an expense accrual is to ensure that expenses are recorded in the proper account period (i.e. fiscal year)

• **When is an accrual needed?**
  ◦ Accrual entries are needed if invoices for goods and services rendered in FY17-18 were not recorded in the general ledger for FY17-18
Fiscal Year 17-18 Closing

Accrual of Unrecorded Liabilities – Visual Representation

FY17-18 Expenses

FY17-18 Ledger

Total Actually Occurred = 9
Total Correctly Recorded = 7
Total To Accrue = 2

FY18-19 Expenses

FY18-19 Ledger

Total Actually Occurred = 7
Total Correctly Recorded = 6
Total To Accrue = 1

FY19-20 Expenses

FY19-20 Ledger
Why does this matter?

- The Governmental Accounting Standards Board (GASB) requires the UC/UCLA financial statements to be prepared on an “accrual basis” where expenses incurred in a fiscal year are recorded to the year which goods and services were rendered.
- Failure to accrue expenses in the proper period will result in non-compliance with the standards established by GASB and UCOP policy.
- If FY17-18 expenses are recorded to FY18-19, expenses and accounts payable (liabilities) will be,
  - Understated in the financial statement for FY17-18, and
  - Overstated in the subsequent FY17-18 period
What should I do if I receive an invoice for expenses that will be recorded to a research project, after the AP deadline?

- By 10:00am July 10th
  - Departments must complete the accrual Form E online, and
  - Complete a journal justification, and
  - Submit supporting documentation to EFM at EFMOperations@research.ucla.edu
- Accrual forms and justification template can be found at http://ga.accounting.ucla.edu/fcr/
UC Path and Payroll Expense Transfers

Katie Cadle
Go-Live

• Go-Live is scheduled for September 2018

• First payroll to be processed through UCPath
  ◦ **Mo**: September 2018
    ◦ Pay Period: 9/1/18-9/30/18
    ◦ Pay Date: 10/01/18
  ◦ **BW2**: September 2018
    ◦ Pay Period: 09/09/18-09/22/18
    ◦ Pay Date: 10/03/18
Payroll Expense Transfers: Pre-UCPath Go-Live Data

- UCLA elected not to convert payroll data from Payroll Personnel System (PPS) to UCPath

- After UCPath go-live, PPS will be maintained for a limited amount of time

- While PPS is maintained:
  - PPS will update the Financial System and ERS
  - WebPET (Payroll Expense Transfers) will be supported

- Current plan is to discontinue PPS as of July 1, 2019
Transfer of payroll expenses processed in PPS after UCPath go-live while PPS is maintained:

- Transfer payroll expenses through WebPET
  - High risk cost transfers will be routed to EFM for approval

- Payroll expense transfers will be processed through the pay compute cycle and posted to the general ledger
  - For high risk cost transfers, this will occur once EFM has approved the transfer

- Downstream applications, such as Effort Reporting System, will be updated via the same process as today
Transfer of payroll expenses processed in PPS after UCPath go-live after PPS support discontinues:

- WebPET will no longer be available to transfer expenses

- If a payroll expense transfer is needed after PPS support discontinues, it needs to be processed through a financial journal which will bypass the payroll sub-ledger
  - No clear audit trail for payroll expense transfers
  - Impact to downstream systems, such as Effort Reporting System, consuming data from the payroll sub-ledger
  - Related benefits, GAEL, TIF, etc. need to be manually calculated and included in the financial journal
Required Actions by the Department

• Continue to review payroll expenses each month and upon discovery of errors, process payroll expense transfers through WebPET timely

• If there are any awards where monthly reconciliation has not been completed, review payroll expenses now and process payroll expense transfers upon discovery of errors

• Target to complete all transfers of payroll expenses processed in PPS before UCPath go-live: September 2018
  ◦ Only payroll expenses processed in August 2018 should be left for review after UCPath go-live
EFM Procedure

- EFM standard procedure will be to not accept pre-UCPath go-live payroll expense transfers debiting sponsored project funds after PPS support discontinues (currently scheduled for July 1, 2019)
- Department will be responsible for finding unrestricted source(s) of funding for these payroll expenses
- If payroll expenses need to be transferred off sponsored project funds after PPS support discontinues, EFM will require the department to submit the following:
  - Comprehensive explanation of circumstances why payroll expense errors could not be corrected timely in addition to standard questions for cost transfers
    - This will need to be signed by the PI and department fund manager
  - Detailed action plan on how the department will ensure manual adjustments to all affected downstream system reports:
    - e.g. for effort reports, a complete list of all employees whose salaries are transferred including affected effort report periods, pay rate, pay distribution before and after, etc.
  - Endorsement of Department CFO, CAO, Director or equivalent on explanation and action plan
Key Takeaways

• UC Path go-live is September 2018

• Payroll processed in PPS will not be converted into UCPath

• Review payroll now to ensure all payroll expense cost transfers are completed prior to WebPET discontinuation

• After WebPET discontinuation:
  ◦ Payroll expense cost transfers debiting sponsored project funds will not be allowed
  ◦ Payroll expense cost transfers crediting sponsored project funds will require additional explanations and action plans
Effort Reporting

Katie Cadle
ERS Version 11.0 Deployment

- Deployed May 21, 2018

- Prepares ERS to receive data from both PPS and UCPath

- Until UCPath go-live payroll data will continue to be loaded through PPS

- After go-live payroll data will be loaded from:
  - UCPath – Payroll processed after UCPath go-live
  - PPS – Payroll processed under PPS including Payroll Expense Cost Transfers
ERS Version 11.0 Deployment

• System Changes
  ◦ New columns:
    ◦ Pay Amount
    ◦ OTC Ind. (Over the Cap Indicator)
      ◦ Will remain blank until UCPath
  ◦ New column headers representing a hybrid of field names from PPS and UCPath
Effort Reporting Statistics

As of June 13, 2018

• Fall 2017 & Winter 2018 (7/31/18 deadline)
  ◦ Generated: 10,132
  ◦ Certified: 1,852
  ◦ Open: 8,280
  ◦ On-Time Rate: 18%

• Spring 2006 – Summer 2017 (Prior Quarters)
  ◦ Generated: 278,727
  ◦ Certified: 277,706
  ◦ Open: 1,021
  ◦ On-Time Rate: 99%

• All Quarters Rate: 96%
Past Due and Current Due Reports

- Notifications automatically sent to departments with open effort reports on the 15th of the month
  - Past Due: Spring 2006 – Summer 2017
  - Current Due Reports: Fall 2017 & Winter 2018
Reminders

Fall 2017 & Winter 2018 Effort Report Deadline: Tuesday, July 31, 2018

• ERS Notifications:
  ◦ To subscribe: Send an email to ers-subscribe@lists.ucla.edu

• Training Materials, FAQs:
  ◦ http://ora.research.ucla.edu/efm/Pages/EFMHome.aspx

• ERS Helpdesk
  ◦ ershelp@research.ucla.edu