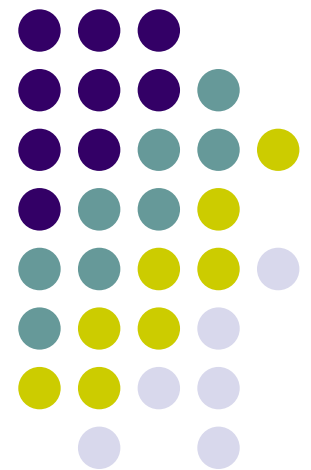


08/09 Fiscal Closing Campus Briefing

May 2009





Agenda

- **SAS Verification of Expenditures. Preparation for year-end close and audits**
 - Best Practices
 - Questions for Checklist
 - Items to Consider
- **Year End Close**
 - Key Dates
 - Distributed Journals Process
 - Payroll
 - Accounts Payable
- **Audits**
 - SAS 112
 - A-133
 - Financial
- **Next Steps**
- **Questions**

SAS 112

Verification of Expenditures



- Best Practices

- Develop and document procedures for unit/school/dept

http://acctg.ucsf.edu/internal_controls/sas112/key_controls/UCSF_Verification_Review_Process.pdf

- Develop a checklist for steps and funds
- Define frequency of the verification
- Email expense summaries to PI and receive their acknowledgement by email

SAS 112

Verification of Expenditures



- Best Practices (cont'd)
 - Federal funds verified monthly, clear reconciling items within 60 days
 - Set review standards/guidelines for expenditures, at a minimum review all expenditures that are \$2,500 and greater (#300-14 and #300-24)

SAS 112

Verification of Expenditures



- Questions for Checklist
 - Signed and dated Evidence of Review
 - \$2,500+ expenditures been reviewed
 - High risk vendors (Unfamiliar/unknown vendors, vendors dealing with controlled substances or restricted goods and services)

SAS 112

Verification of Expenditures



- Questions for Checklist (cont'd)
 - Review P2P Buyer Exception Report
 - Review P2P transaction “procurement dept codes”
 - Review revenue and recharges
 - Clear reconciling/outstanding items from previous recons

SAS 112

Verification of Expenditures



- Think and Question
 - What are the procedures for verifying expenditures?
 - What is the minimum value for expenditure that must be verified?
 - What is the risk tolerance for the fund being charged?
 - Where are the risks?

SAS 112

Verification of Expenditures



- Think and Question (cont'd)
 - How many transactions (expenditures) are there to verify or review?
 - How can the transactions be effectively reviewed to reduce risk?
 - Is the transaction known and are copies of the invoice needed?
 - Are there missing expenditures that were expected?

SAS 112

Verification of Expenditures



- Think and Question (cont'd)
 - What can be done to improve the verification process?
 - Without increasing cost, how can risk be reduced?



Year End Close – Key Dates

- **June 19, 2009**
 - Carry Forward Requests due to Budget Office
 - Last date to submit intercampus recharges
- **July 10, 2009**
 - June Prelim Close
- **July 23, 2009**
 - June Interim Close, last day for departmental input into PeopleSoft
- **August 7, 2009**
 - June Final Close

Year End Close – Distributed Journals



- **Journal Id-ease of tracking during June**
 - Recommend using 12xxxxxxx for Prelim
 - Recommend using 13xxxxxxx for Interim
 - Recommend using 17xxxxxxx for Final
 - Utilize 14xxxxxxx for journals that will reverse in next period. Check box in Peoplesoft
- **July 10th - Prelim Process-normal**
 - Journals requiring Budget and/or Accounting approval cut-off July 7th

Year End Close – Distributed Journals



● July 23rd Interim

- Journals requiring Budget and/or Accounting approval cut-off July 20th
- Journals required for year-end close, preparer will have to resubmit journal
- Control Points will determine if required for year end audit and approve if required.
- Fiscal Close Approver has final say on journals to be processed after Interim
- If journal not required should be prepared in Period 1 of 2009-2010

Year End Close – Distributed Journals



- **July 28th - 19900 Reconciliations due to Budget Office**
- **August 7th Final**
 - All journals go through the Control Point
 - Fiscal Close Approver has final approval authority
 - June 2009 journals submitted and not approved will be deleted by Accounting

July and August 2009 – Distributed Journals



- **July Opening – August 10^h**
 - July journals can be created until July is opened
 - They will be future dated using JULY dates
 - Future dated journals can only be CREATED and SAVED
 - When July is opened (Period 1), preparers need to identify any journals created before opening, edit and submit for approval
 - Check re-appropriations and carry forward balance for accuracy
- **July Month End – August 17th**
- **August Opening – August 18th**
 - 1st updated for August
 - Return to normal process

Year End Close - Sponsored Research



- June 30th
 - Final Day to Deposit Cash for FY09*
- July 20th
 - Last day to submit journals that requires Controller's Office approval for FY09
- July 23rd
 - Journal must be submitted and have ***all required approvals*** no later than July 23rd to be included
 - Journals after this date will be deleted and need to be entered into FY10

* For Sponsored Research, don't journal deposit. Send all info to EMF to journal.

Year End Close – Payroll Important Dates



Due Date	Item	Compute Date	Pay Date	Available in Weblinks DPE AM
06/23/2009 Guaranteed for 08-09 FYE	PET*	07/01/2009	07/08/2009	07/02/2009 - Prelim
06/30/2009	EDAT**	07/01/2009	07/08/2009	07/02/2009 - Prelim
07/06/2009 Only errors from Regular June or 7/01 computes	PET*	07/10/2009	07/15/2009	07/11/2009 - Prelim
07/08/2009	EDAT**	07/10/2009	07/15/2009	07/11/2009 - Prelim

Year End Close – Payroll Important Dates

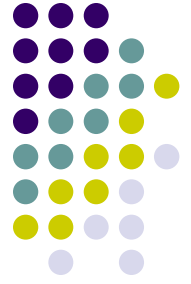


Due Date	Item	Compute Date	Pay Date	Available in Weblinks DPE AM
07/13/2009 Only errors from 7/10 compute	PET*	07/16/2009	07/22/2009	07/17/2009 - Interim
07/15/2009	EDAT**	07/16/2009	07/22/2009	07/17/2009 - Interim

*PET – “Payroll Expense Transfers” submit first to EMF for review.

**EDAT transactions include: Additional Pay, LX/RX, FT’s and RA’s

Year End Close - Accounts Payable



- July 6th (In Accounts Payable Office by Noon)
 - Submit invoices to AP for FY09
 - Travel Expense (TEV/CREME, Etc.)
- July 10th
 - Accounts Payable closes for FY09
- July 11th
 - Accounts Payable opens for FY10
- July 14th
 - Accrual requests to AP for FY09
 - Invoices over \$25,000, after this date only invoices over \$100,000 will be accrued for audit purposes.

Year End Close - Purchasing



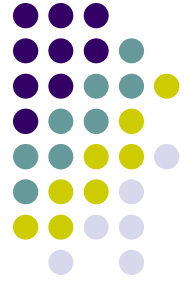
- Last day to guarantee PO for purchase June 12, 2009
- Last Day to remove liens June 29, 2009 ledgers
- Submit an e-mail request to Campus Procurement at purchasing@finance.ucsf.edu
 - Include the PO number, DPA, Fund/FY, NCA, dollar amount and description of the PO you want removed.
- Ensure before July 10th AP close, complete 3 way match of all June transactions

SAS 112

Internal Controls Audit



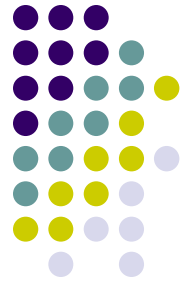
- June 8 – June 19, 2009
- Audit key controls for both the Controller's Office and Departments
- Controller's Office will be liaison between Auditors and Departments
- Be Prepared
 - Evidence of Review Signed
 - Have Documentation Readily Available
 - Think of Compensating Controls



A-133 Audit

- June 8 – June 19, 2009
- Scope:
 - Student Financial Aid (update)
 - Controls update
 - Review updated controls documentation
 - Research & Development (update)
 - Controls update
 - Review updated controls documentation

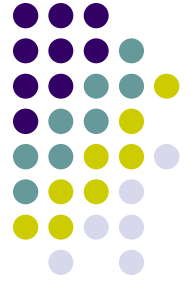
Procedures for Compliance Audit



- Field Work: June 8 – June 19, 2009
 - UCSF Service Center
 - Review UCSF recharge policy
 - Review UCSF Recharge Center Financial Statements for FY08 and FY09
 - Sample recharge details by account

Note: Not all inclusive, results may lead to more tests or samples

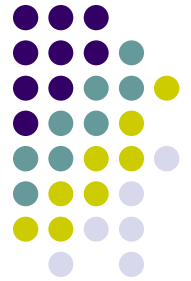
Procedures for Compliance Audit



- Testing schedule for each award selected
 - Complete compliance questionnaire (72 questions)
 - Review award agreements
 - Test 40 direct charge transactions (20 salary, 20 non-salary) – salary, equipment, travel, sub-recipient, etc. – provide documentation requested
 - Test application of indirect cost rates
 - Test 30 cost transfers

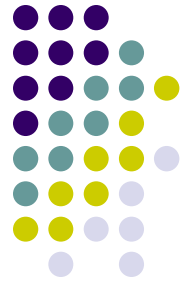
Note: Not all inclusive, results may lead to more tests or samples

Tools for Compliance Audit



- UCSF A-133 Survival Guide
- Example: Documentation requirement for selected salary charges for testing –
 - Support for pay rate (e.g. offer letter, personnel change form, etc.)
 - Support for hours charged to the grant
 - Appointment or employment letter if applicable

Tools for Compliance Audit



- Effort Report Certification
- Other information to allow auditors to recalculate expense
- Description of person's role in the grant and evidence of that role in the grant documents, e.g. budget page
- Evidence of payment being made to the employee for the period

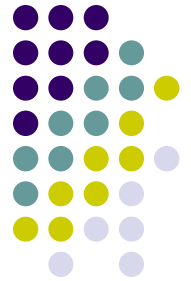
A-133 Audit – Late Cost Transfers



Finding

- Our independent external auditors have cited UCSF twice over the past several years on late cost transfers with the concern that it might affect our ability to administer a federal program.
- Requirements in response to the Audit Finding
 - Institution of a cost transfer monitoring and enforcement program – starting Q1 FY08-09 for non-payroll
 - Extending this program to payroll expense transfers starting Q1 FY09-10

A-133 Audit – Late Cost Transfers

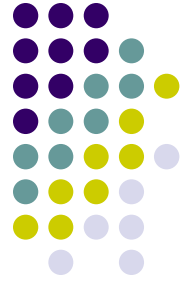


- Expectations
 - Departments to reconcile ledgers in a timely manner so cost transfers can be prepared, posted, and approved within 120 days to be compliant with UC system policy.
 - Policy exceptions submitted directly to the Controller and AVC

- References:

[UCSF Policy 300-22 on Cost Transfers](#)

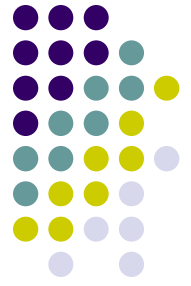
[NIH's policy](#)



Financial Audit

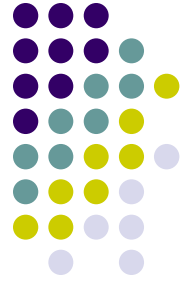
- August 24, 2009
 - Commencement field work
- September 11 2009
 - Completion of field work
 - Roll-up certifications provided to campus
- September 11 2009
 - Roll-up certifications due back to accounting
- September 22, 2009
 - Management Representation Letter signed

Next Steps: Expectations for Departments



- Complete verification of expenditures for:
 - April ledgers no later than May 29, 2009
(Auditors will examine as part of Internal Controls in June)
 - May ledgers no later than June 19, 2009
 - June ledgers and any related journals no later than July 16, 2009
- Review Appropriations codes for funds and correct, if necessary by July 10, 2009
- Close out all sponsored funds that expire on or prior to October 31, 2008 by July 16, 2009

08/09 Fiscal Closing Campus Briefing



Questions

- Jeff Yepsen 502-7430
- Scott Fong 476-0834
- Christine Durieux 476-1340
- Wendy Hom 476-8688

NOTE: Complete Closing Information Available June 1, 2009 at:
http://acctg.ucsf.edu/financial_reporting/Year_end_2009/index.htm