Improving Financial Fluency in Contracts and Grants Management

Bridging the Gap
May 19, 2014

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Implementation Goals
for the Contracts & Grants System

PIs, Departments, CAOs
- Authority to Spend information that's accurate and timely
- Clear, practical business processes supported by tools, systems

Research Administration
- Defined use of COA for accurate and consistent reporting of award financial data
- Consistent application of business processes across all campus departments and research units
- Improved support to meet deadlines, documentation to improve compliance with terms and regulations

Contracts and Grants Accounting (CGA)
- Accurate and consistent capture/tracking of all award financial data, deadlines, documentation
- System and processes that support and improve compliance with sponsor requirements and federal regulations

Campus
- Secure technical platform with continued progress toward true data integration across systems

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Executive Steering Committee

Project Sponsors
- Delphine Regalia
- Patrick Schlesinger
- Lyle Nevels

Contracts and Grants Accounting (CGA)
- Youssef Kubis

CSS Research Administration (CSS-RA)
- Karen Wilson
- Cathy Jen
- John Kaso

Campus Administrative Officers (CAO)
- Denise Harter
- Heidi Wagner

Budget Office
- Laurent Heller

Sponsored Projects Office (SPO)
- Neil Maxwell

**Berkeley Financials System (BFS)**
- Jane Valentine

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Challenges and Opportunities

Post-Award Environment

Challenges	Opportunities
Contracts and Grants Accounting (CGA) must replace the aging, stand-alone InvAR system	Move to a BFS technology platform that integrates grants management with other campus and UC financial entities
Chart of Accounts is not set up to consistently and completely support award financial info	Improve/expand Chart of Accounts and develop consistent practices to support grants management
PIs and their teams have differing needs, practices and expectations	Develop a consistent award management approach, supported with training and documentation, that still provides flexibility
Grants management is filled with complex business rules that vary based on sponsors	Automate calculations to provide easier and more accurate information
Relevant data comes from many systems (GL, HCM, Payroll, Phoebe), not integrated or delivered in a timely fashion	Integrate systems to provide "real-time" data for informed spending decisions, improved compliance

Contracts & Grants System

- The C&G Suite introduces an award-specific sub-ledger into BFS 9.2, integrating the grants management technology platform with other campus and UC financial systems

- System implementation complemented by business process clarification and improvement
  – Cross-functional teams reviewing processes end-to-end to improve compliance

- On schedule for Go Live July 1, 2014
  – Effects awards that expired April 30, 2014 and after

PEOPLE

PROCESS

SYSTEM

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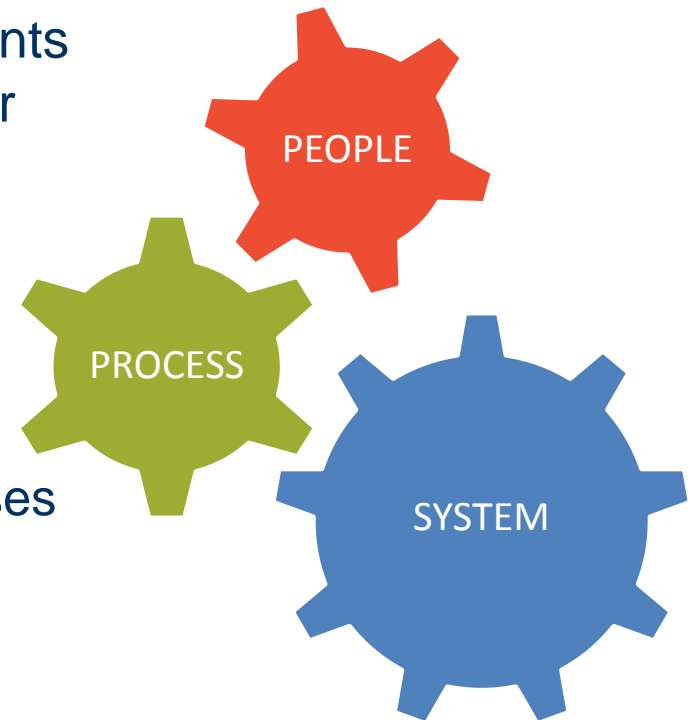
System-Enabled Changes

Expand BFS, Chart of Accounts

- The C&G Suite introduces new ChartFields specific to award management to the COA
  - PC BU (Project Costing Business Unit)
  - Project: a body of work defined by the sponsor agreement
  - Activity: the budget/reporting period required by the sponsor

- New ChartFields will be used in BFS from C&G go live, but feeder systems will have to be upgraded to incorporate and use the new fields
  - Until companion systems can be upgraded/integrated, mapping tables will be necessary to relate the 'old' Chart Strings to expanded Chart Strings

- Journal entries identified with a value in the Journal Class field

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Integration Timeline

Summer 2013/ Fall 2013

C&G Team meets with CGA and dept SMEs to define business processes and interfaces

Configuration and modifications of C&G modules defined to meet business needs, integrate with other systems
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PI Portfolio goes live with award data

Late 2013/ Early 2014

New C&G ChartField structure created, Chartfields attributed, confirmed by dept SMEs

Mapping table created to default existing BFS field values to new C&G ChartFields
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Interfaces from feeder systems (**HCM-PPS, Bear Buy, etc..**) updated to map to C&G ChartFields when C&G goes live

Spring 2014

C&G rigorous system testing, new ChartFields populated using mapping table

C&G staff training, plus user training to prepare for go live
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PI Portfolio–Phase 2 goes live with fac. Fund data

BFS 9.2 goes live

No change to BAIRS reports

C&G Goes Live ~July 1, 2014

C&G goes live, integrates modules, new ChartFields in BFS 9.2 production.

Expense, and revenue balances updated daily. Overhead calculated daily

Cost Sharing and Program income tracked

Revenue aligned with expenses in **BAIRS**

PI Portfolio displays data updated daily

CalAnswers for Financials Goes Live

Cal Answers used for financial reports (transition from BAIRS), C&G ChartFields viewable in Cal Answers

(use of CF1 and CF2 remains the same)

UC Path Goes Live

New ChartFields used in all systems

Cal Answers for HR and Finance is live, BAIRS Retired

PI Portfolio displays more timely payroll data

C&G Chartfields available in BFS at go live:

- **GL journal entry**
- **Voucher inquiry/entry**
- **BluCard/PCard entry**

Available later in:

- **Bearbuy**
- **BAIRS, then Cal Answers**
- **UC Path (replaces HRMS-PPS)**
- **Other subsidiary systems**

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Access to Award in BFS

- BFS Grants WorkCenter for grants-related financial information and tasks

  - Budget form and upload procedure

  - Queries for ChartField Lookup

  - Mapping Table Validation

  - Dept. Contacts, Conversations

  - Closeout Certification form and online submission procedure

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"Real Time" Data at Go Live
in BAIRS and PI Portfolio

- Daily calculation of F&A as expenses recorded in the system
  - one F&A transaction for every expense transaction, with the daily total F&A expense reported in PI Portfolio and BAIRS

- Daily recognition of revenue for cost reimbursable and scheduled payment awards
  - revenue booked using the same ChartFields as the underlying expense (directly associates revenue to expense/award)
  - both direct and indirect expenses booked daily, i.e., one revenue transaction row for every corresponding expense and F&A transaction row

- Scheduled recognition of revenue for fixed price awards
  - revenue booked using the same ChartFields as the initial budgeted expense
  - depending on the award terms, revenue recognized either ratably (i.e., even amounts over award period), or as milestones are met

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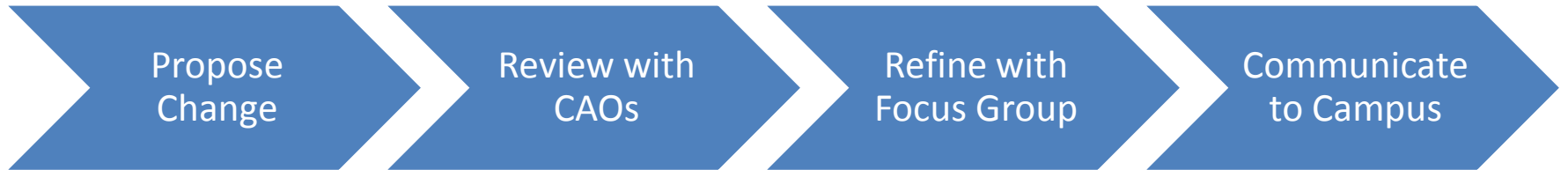
Additional Changes
enabled by the C&G system

- Expenses tracked to specific budget periods
  - New "Activity" ChartField defines budget period, associates expense transactions to period regardless of transaction date

- Revenue aligns with expenses on BAIRS reports
  - Revenue transactions booked using the same ChartFields as expenses

- Budget transactions move from the TempBudg ledger to the Commitment Control (KK) ledger
  - KK is not used for recording revenue budgets

- New BAIRS reports
  - Existing BAIRS reports will remain, new BAIRS reports will be available following C&G go live
    - Report will provide ability to view Authorization to Spend across all funds

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Tracking Cost Share in C&G

- A specific range of ChartField1 values -- beginning with 2 -- has been established to identify and track cost sharing in a consistent manner.
  - CGA will establish a CF1 for each cost-shared award (2xxxx), selecting the attribute "cost share" to associate it with the specific award
  - CF1 identifies expenses as cost sharing as they are incurred

- Using an award-specific CF1 to budget and record cost sharing transactions will provide a proper audit trail required by federal regulations.
  - This is an interim solution until other systems are integrated

Business Process Improvements

Business Process Review

Propose Change → Review with CAOs → Refine with Focus Group → Communicate to Campus

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Post-Award Business Processes

Award Setup

- Complete budget due to CGA within 2 days of Notice of Award
- Include Cost Share budget with submitted award budget
- Identify Program Income if known
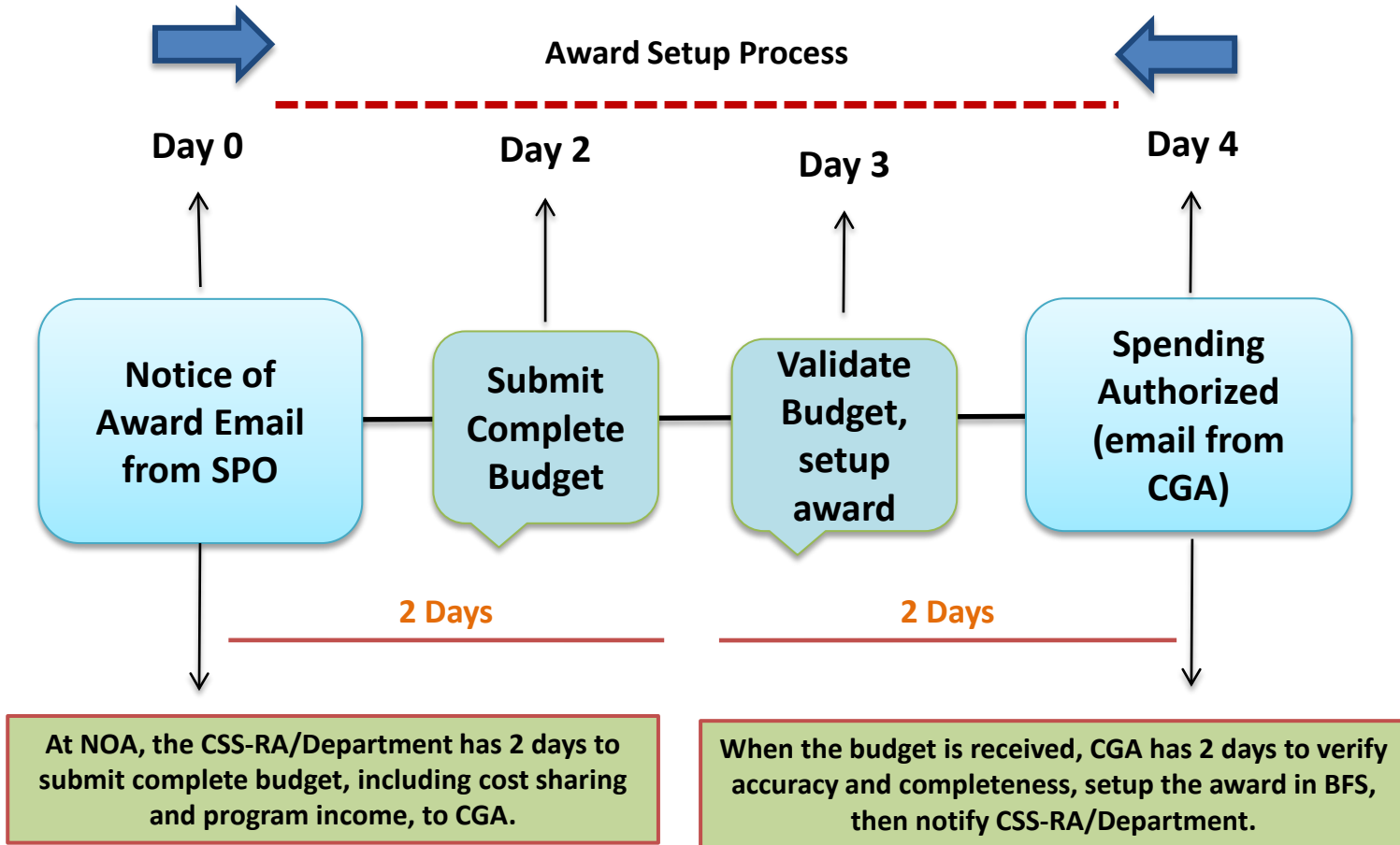- No spending until award is set up in BFS (inclusive of fund advance)

Award Management

- Identify journal entry transaction type
- Department contacts maintained by departments
- Accounts Receivable partnership
- Track Cost Share via CF1
- Identify and track program income

Award Closeout

- Award Termination Notification 90, 60, 30 days prior to award expiration date
- No-cost extensions requested no later than 60 days prior to award expiration date
- Only expenses recorded in the GL can be included in the Closeout Certification
- Subawardees/subcontractors submit final invoice within 45 days following award expiration
- Payroll transfers must be processed through the Payroll System
- Purchase orders must be closed before the Final Financial Report/Final Invoice date
- Overspending will be deficit cleared regardless of the dollar amount

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Award Setup Timeline

Award Setup Process

Day 0   Day 2   Day 3   Day 4

Notice of Award Email from SPO — **Submit Complete Budget** — **Validate Budget, setup award** — **Spending Authorized (email from CGA)**

2 Days   **2 Days**

At NOA, the CSS-RA/Department has 2 days to submit complete budget, including cost sharing and program income, to CGA.

When the budget is received, CGA has 2 days to verify accuracy and completeness, setup the award in BFS, then notify CSS-RA/Department.

If the submitted budget is inaccurate or noncompliant, the award setup will be delayed.

Award Setup

- Submit complete budget at NOA
  - Budget at either summary (dir/idc) or BUDSUM detail level, with complete Chart String for each expense category
    - Upload spreadsheet in BFS Grants WorkCenter
  - 4-day award set-up timeframe has not changed

- NO spending until award set up in BFS is complete
  - Even fund advances must be set up before spending may begin

Award Setup

- Include Cost Share in award budget submitted at NOA

    - Submitted budget identifies and quantifies cost share plan, enables tracking of cost sharing activities

    - CGA will establish a unique CF1 value (beginning with 2) for awards with cost share.

    - RAs/Departments will use this CF1 to identify cost share Chart Strings in the submitted award budget
        - Ensures cost shared funding used only once, and for only one award
        - Best Practice to gather cost shared funding ChartString at proposal

- Program Income will be identified at award setup, if known

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Award Management

- CSS-RA/Department uses BFS Grants WorkCenter

  – Maintains "Department Contact" information so award notices are always sent to the correct person

  – Access to view and maintain "Customer Conversations"

    - Work with CGA to manage Accounts Receivable activity

Award Management

- Identify journal entries with an Analysis Type

- Code cost-sharing transactions with correct CF1 to capture/track these expenses as they are incurred

- Notify CGA if Program Income will be generated, use Revenue Account 45050, CF1 and award fund for income
  - Program Income is part of the award and must be managed according to sponsor's requirements (even if income was not anticipated in the original proposal)
    - Program Income can be additive, deductive…determined by sponsor
  - Follow Accounts Receivable and Cash Handling & Banking Services processes for invoicing, collecting fees

Award Closeout Timeline

effective July 1, 2014
(dates in blue are example only)

Final Award Activities

May 2, 2014	June 1, 2014	July 1, 2014	July 31, 2014

Award Closeout Process

October 8, 2014	October 29, 2014	November 27, 2014

90 Days - Termination Notice

60 Days - Termination Notice

30 Days - Termination Notice

Award Expired - Day Zero

70 Days - Closeout Certification form due

90 Days - Award Closed & Final Financial Report is Submitted

~120 Days - Deficit Clearing

30 Days — 30 Days — 30 Days — ~70 Days — ~20 Days — 30 Days

PIs and RAs rec'v system-generated email notification for each award separately. CAOs and Managers rec'v email notifications that include all awards with the same expiration date.

No-cost extension should be requested if needed, but no later than 60 (and for some sponsors, 30) days prior to the award's expiration date.

Make an follow a closeout strategy/plan.

Expenditures incurred after this point are not allowed. Most award expenses should have been posted into the GL.

All expenses for the award are posted to the GL (actual or accrual), Closeout Certification form and Cost Sharing Contribution Report submitted to CGA for review.

CGA reviews closeout forms and documents, verifies accuracy and completeness, and closes the award based on the GL records. All open POs must be closed.

Expenses still outstanding must be re-arrcued by RA. CGA deficit clears all balances to department unrestricted fund.

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Award Close Out

- Expiration Notice sent at 90, 60, and 30 days

- Request no-cost extension no later than 60 days prior to award expiration date

- Only expenses posted to GL can be included in the Closeout Certification form and invoiced
  – Process cost transfers by cutoff date for 2nd accounting period after expiration

  – Accrue non-payroll expenditures not in GL by cutoff date for 2nd accounting period after expiration

  – Process payroll transfers using UPAY within 50-57 days

  – Provide Closeout Certification, Cost Sharing Contribution Report within 70 days

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Award Close Out*

- Subawardees/subcontractors submit final invoice within 45 days after Award Expiration date

- Payroll cost transfers through journal entries are not allowed

- Close POs before the Final Financial Report/Invoice due date

- Any overspending will be included in deficit clearing for the award, regardless of dollar amount

*NOTE: For awards that specify a less than 90-day closeout period, the Closeout Certification and subcontractor final invoice deadlines will be determined by sponsor and CGA requirements.

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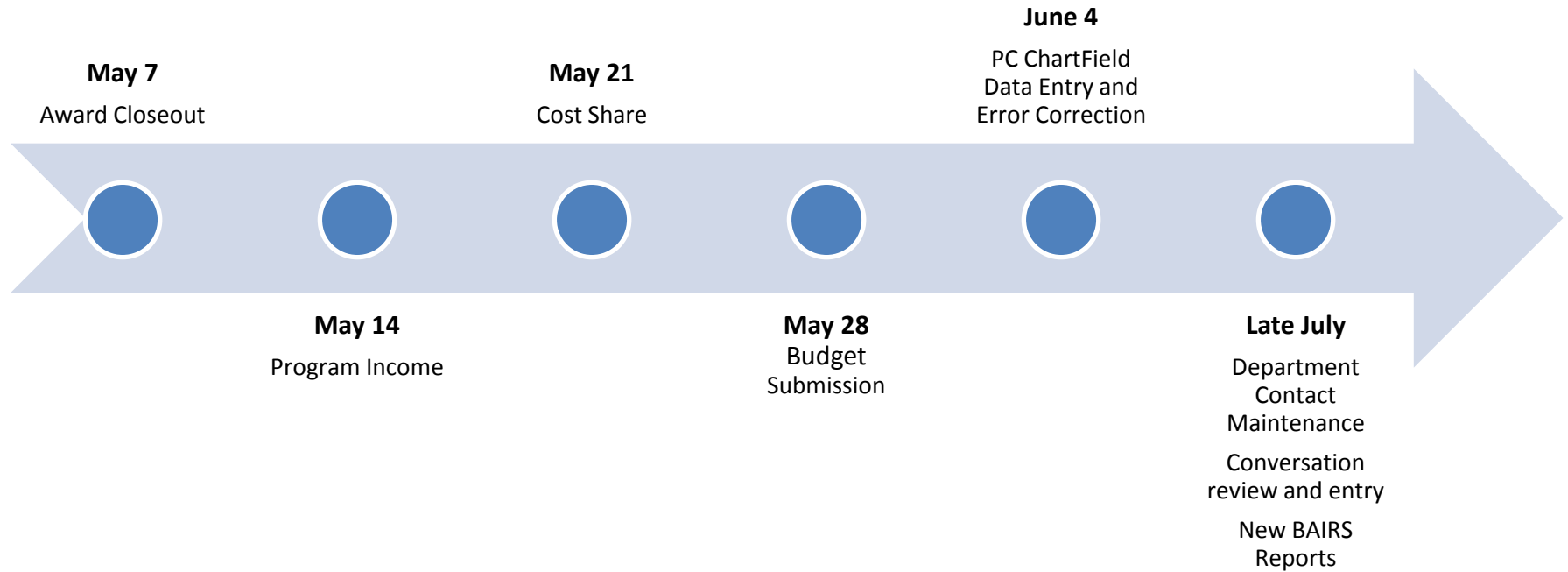
Training Approach

C&G Project Team

CSS-RA Managers
Department Managers

Research Administrators

- **Training materials**
  - Focus group of staff from CSS-RA, department managers, and C&G Project Team are creating 7 training sessions, 11 videos and associated printable instructional materials

- **Training approach**
  - C&G Project Team will train managers, managers to train staff
  - Q&A mailbox
  - FAQ website postings, updated as training delivered

Training Schedule

May 7

Award Closeout

May 14

Program Income

May 21

Cost Share

May 28
Budget
Submission

June 4

PC ChartField
Data Entry and
Error Correction

Late July

Department
Contact
Maintenance

Conversation
review and entry

New BAIRS
Reports

Training videos available for viewing prior to training sessions, enables managers to come to sessions with open questions and knowledge of topics to be covered

Contracts & Grants Implementation Project

http://controller.berkeley.edu/departments/CGA

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