

Department of Medicine
RSA Monthly Meeting
September 18, 2008
8:30 to 10:00 AM, Laurel Heights Room 416

Present: Connie Archea, Ross Beard, Michele Benjamin, Nancy Bucy, Michele Carter, Alice Chin, Allen Chude, Maxine Davis, Christina Delgado, Jane Drake, Raymond Fong, Lowell Huang, Nancy Huynh, Jennifer Kellen, Donna Langston, Susan Lau, Vicky Lee, Samantha Lieu, Annie Mar, Lourdes Ocbena, Mariebeth Ruperto, William Rypcinski, Renuka Sippy, Kate Shumate, Suzanne Sutton, Susana Szeto, Julie Tang, Kapo Tam, Joseph Wilson, Lei Lei Win, Eric Wu.

Procurement to Pay (P2P) Presentation

Karen Lauritzen, Controller for the Department of Medicine, was invited to present on the implementation of P2P and how the new system might affect RSAs in their daily responsibilities. She is a subject matter expert (SME) for the system so she was part of the design and implementation process. There is training for P2P users, which goes into greater detail some of the following highlights.

There are multiple roles within the system and the designation of which staff will perform which roles is critical. Normally, the division administrator will determine the roles for the division and/or specific laboratory. The requestor is primarily the person who places orders with vendors via P2P, searches for items, edits orders, cancels requisitions, and manages missing receipts. The requestor is expected to know and be responsible what and for whom they are purchasing for so that they can correctly charge DPA\Fund\FY's associated with the purchase. (Currently, only items and not services can be procured through P2P. A list of vendors is available at <http://cpbc.ucsf.edu>). A self-approving requestor (SAR) has the same responsibilities as a requestor, but can also approve the requisition for non-restricted goods of up to \$2,500. Requisitions that exceed \$2,500 must be routed to a default approver. The default approver approves all requisitions from their assigned requestors. There is only one approver for every requestor. An ad hoc approver provides confirmation for purchases when the default approver is not able to verify the validity or allowability of the expense. All approvers need to be aware of business rules that apply to the requisition. A receiver records the receipt of goods into P2P to ensure that all goods are received and in good condition. The action of the receiver is what indicates to A/P that payment should be remitted to the vendor so this position is critical to provide internal control of purchases. Proxy approvers are used when the default approver is unavailable, and the requestor has not been assigned a default approver. Proxy approvers should only be used in urgent situations.

The P2P system is critical to the work of RSAs because the system eliminates many of the financial risks associated with incorrect purchases. The separation of duties between an approver and the receiver provides confirmation of the correct purchases to the correct DPA-funds. As soon as the receiver confirms the receipt of the correct purchase, the system executes payment to the vendor based on the information approved during the requisition phase. The payment of the

expense will also show up as a liened item in the general ledger, providing greater accuracy in the projection of the balances on sponsored awards. A number of laboratories have opted for the postdoctoral fellows and other lab personnel to be requestors since they can best recognize the items they need for the science. This eliminates an administrative step for the accounting assistant and the possibility for error when translating information of what is needed and what might be purchased instead. The system also contains the contracted rates with vendors that are valid for at least 12 months so that PIs get the best purchasing price. RSAs may or may not have a role in the P2P system for their division depending on how the division administrator has determined the roles. In either case, RSAs should understand who has been assigned what roles in their division as it affects the sponsored awards they are responsible for managing.

Annual GL Audit on Federal Awards

The Department conducts a random review of general ledger expenses to federally sponsored awards on an annual basis to pre-empt findings during an external audit and to provide ongoing training. The following is a review of the audit for FY 2008.

- 56 active federal funds from non-SFGH divisions with end dates on or after June 30, 2008 were chosen randomly.
- Every non-payroll line from September of 2005 to May of 2008 was reviewed.
- 558 line items were identified as requiring justification or cost transfer because of unallowability.
- 135 of the 558 line items (24% error rate) were transferred to discretionary funds due to unallowability and/or lack of justification.

We reviewed some of the more common errors (please see slides attached) and the importance of transferring unallowable expenses promptly off that are found during the monthly reconciliation process. Since the OIG determines a refund amount based on the error rate as a percentage of total dollars awarded, the Department's 24% error rate is significant. The audit will be conducted for SFGH divisions in FY 2009.

Expenses that are unallocable must entirely be paid from discretionary sources. Questions about whether an expense is allowable can be answered by referring to the updated Cost Accounting Standard Guideline for UCSF at

http://acctg.ucsf.edu/extramural_funds/policies/CAS_Guideline_1.htm, by contacting Matt Suelzle (MSuelzle@finance.ucsf.edu) or Charles Taylor (CTaylor@Finance.ucsf.edu) in the UCSF Office of Budget and Management, or Suzanne Sutton or Joseph Wilson in the Department.

The next RSA meeting is scheduled for Thursday, October 16th from 8:30-10:00 a.m. in Laurel Heights 376.



Annual GL Audit on Federal Awards

DOM RSA Meeting
September 18, 2008

The Audit



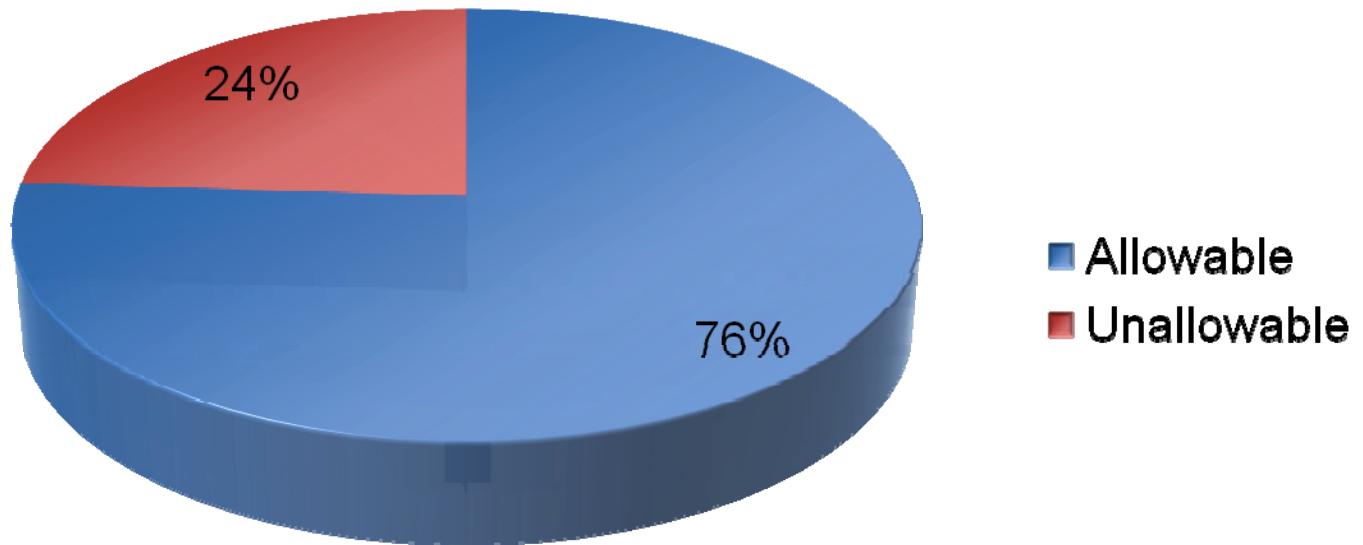
- 56 active (end date on or after 6/30/08) federal funds chosen randomly
- All DOM, non-SFGH based divisions
- Each non-payroll line of GL from 9/05-5/08 reviewed
- 558 non-payroll lines identified for research or cost transfer

Results

- 135 GL lines were moved to discretionary funds because of unallowability or lack of justification
- 423 GL lines were justified
- Error rate is extrapolated against total amount of awards as basis of refund



Proportion of Errors



Examples of Errors



- ID Cards
- Fingerprinting
- Administrative supplies, “General Office Supplies”
- Equipment storage
- General computer software
- Fedex: non-descript, personal, and/or Visa applications

Examples of Errors



- Memberships
- Messenger services with non-descript documentation
- General staff training
- Multi-purpose cell phones
- OAAIS additional storage
- Visa expedited fees

Resources



- Updated Cost Accounting Standard Guidelines
http://acctg.ucsf.edu/extramural_funds/policies/CAS_Guideline_1.htm
- UCSF Office of Budget and Management (Matt Suelzle or Charles Taylor)
- DOM Research Administration