UCLA Financial Policy

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Principles of Financial Accountability

I. Policy

   The Chancellor delegates the accountability for the financial management of UCLA resources to functional units on campus. Each campus unit is accountable for managing its own financial resources.

   The head of each unit will normally delegate the overall financial management responsibility to the Chief Administrative Officer (CAO). The CAO is responsible for developing an appropriate structure for handling the unit's financial resources. This will involve delegating a variety of tasks to employees within the unit.

   Each unit head shall be responsible for developing an accountability structure that adheres to the following principles and responsibilities.
II. Principles

Principle 1: A person cannot delegate greater accountability than he or she has.

Principle 2: Tasks shall only be delegated to people who are qualified to perform them.

A qualified person must:
1. be actively involved in the tasks being performed,
2. have the appropriate knowledge and technical skills to perform those tasks, including knowledge of relevant regulations and policies, and
3. have the authority to carry tasks out without being countermanded.

Principle 3: A person delegating tasks is responsible for ensuring that those tasks are being properly performed.

Principle 4: A person who delegates tasks must keep a secure, up-to-date record of those delegations as well as modifications to them. A Department Security Administrator (DSA) should be enlisted to maintain this record.

Principle 5: A second person shall be assigned to review each financial transaction to ensure that the preparer has properly fulfilled their function.

Principle 6: The head of each unit, or the CAO, must periodically:
1. review the official record of who is accountable for the various financial functions, and
2. ensure that each person assigned tasks that involve financial accountability is performing their duties with competency and honesty.

Principle 7: Each unit head is responsible for monitoring the effectiveness of the accountability structure.

III. Responsibilities

Section 1: Maintaining and Securing an Effective Accountability Structure

An effective structure for the delegation of accountability includes provisions that:

A. Only one person (normally the unit head or CAO) should be responsible for managing the accountability structure of a unit. That person is responsible for ensuring that the structure clearly defines all areas of responsibility.

B. If that person chooses to delegate financial management tasks within the unit, the tasks must be clearly defined and assigned to qualified people. A qualified person is someone who:
   1. does not have conflicting duties,
   2. fully understands what is expected of them,
   3. has sufficient training to complete the tasks successfully,
   4. has the knowledge and experience to make sound judgments concerning each task, and
   5. knows who to contact, or what action to take, if problems arise such as a person of higher authority attempting to override compliance with requirements.
F. Ensuring that there is a reasonable distribution of workload in accordance with the available resources.

G. Informing involved individuals of their assigned roles, and training them when necessary.

H. Designating a Department Security Administrator (DSA) responsible for keeping a secure, up-to-date record of accountability delegations, which includes:
   1. Recording the initial delegation of tasks to people in the unit, and subsequent changes to those delegations,
   2. Updating the Distributed Administrative Computing Security System (DACSS) to grant access to Prepare, Review, or inquire against on-line systems, and
   3. Ensuring that the record is secured from unauthorized changes.

C. Reviewing the official record of accountability delegations kept by the DSA on at least a quarterly basis to ensure that the record kept by the DSA is accurate, complete, current and secure.

D. Monitoring the effectiveness of the Accountability Structure on a regular basis through the use of exception, summary, reconciliation, or other reports, and reviewing selected transactions.

*For further information, contact Administrative Information Services.*

Section 2: Preparing and Reviewing Budgetary and Financial Transactions

Both a Preparer and Reviewer must be involved in each budgetary or financial transaction. Specifically:

E. A **Preparer** must understand all relevant regulatory requirements, UCLA systems and policies as well as the purpose of each transaction in order to:
   1. enter accurate data into all fields on a transaction document or application system screen,
   2. record an accurate and thorough explanation of each transaction,
   3. ensure that the proper Full Accounting Units (FAUs) are entered,
   4. ensure that any new account and fund linkages requested are appropriate,
   5. be aware of basic policy, regulatory, and other requirements,
   6. resolve any questions which come to mind during the completion of the transaction, or are raised via on-line edits and related messages, and
   7. forward the completed transaction, with any supporting documents, to a Reviewer.

F. A **Reviewer** must:
   1. review all transactions within two working days of receipt,
   2. inspect each transaction to ensure the Preparer properly fulfilled their responsibilities,
   3. ensure that each transaction complies with policy, regulatory, and other requirements,
   4. resolve all questions that arise with a transaction, or ensure the transaction is reversed until the questions are resolved,
   5. notify the DSA if they will be absent from work for two or more business days, so another Reviewer can be assigned, and
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6. notify the DSA when they are returning to work from an absence of two or more business days.

For further information contact Administrative Information Services

Principles of Financial Management

I. Policy

Each operating unit on campus requires financial resources in order to perform its role in the University's mission of research, teaching and public service.

Each unit head is responsible for ensuring that their units manage financial resources in an efficient and cost-effective manner.

Each unit head shall adopt the following principles and responsibilities to ensure sound financial management.

II. Principles

Principle 1: A budget must be established to provide a tool to:
   a. project resources necessary to achieve a unit's goals and objectives,
   b. measure current financial performance,
   c. discover significant transaction errors, and
   d. detect substantial changes in circumstances or business conditions.

Principle 2: A budget must be realistic, reasonable and attainable.

Principle 3: A budget must be based on a thorough analysis that includes:
   a. a clear identification of the budget's purpose to the unit's mission, goals and objectives,
   b. a comprehensive assessment of the unit's financial needs in order to fulfill its goals, and
   c. a plan to increase resources or modify goals and objectives, if current resources fall short of meeting a unit's needs.

Principle 4: Actual financial results must be compared to the budget on a regular basis to:
   a. detect changes in circumstances or the business environment,
   b. discover transaction errors,
   c. measure financial performance,
   d. ensure unnecessary costs are being avoided,
   e. ensure that expenditures are reasonable and necessary to accomplish the unit's goals, and,
   f. transactions are adequately supported.

Principle 5: When actual financial results vary significantly from the budget, a manager must:
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a. determine the cause,
b. evaluate the activity, and
c. take corrective action.

**Principle 6:** Units must operate within their budget. Where expenditures exceed budget, justification for such excess must be provided. Additionally units must develop a formal plan to eliminate deficits generated.

**Principle 7:** All expenditures must comply with all relevant policies, rules and regulations.

**Principle 8:** Each unit must evaluate the financial consequences before a new activity is started or a current activity is a changed or eliminated.

**Principle 9:** Each unit must ensure that the anticipated benefits are greater than the costs for any planned or ongoing activities.

**Principle 10:** Each unit must provide adequate safeguards to protect against the loss or unauthorized use of University assets.

III. Responsibilities

Section 1: Planning and Budgeting

All planning and budgeting must include:

i. A mission statement with goals and objectives for each unit. This statement should be simple, direct, attainable, and include measurable goals. It must be specific enough to be integrated into the overall planning and budgeting process.

j. A thorough process for identifying, implementing and evaluating activities required to achieve the unit's goals which are based on prudent and supportable projections which have taken into account the needs and impact on certain key factors including:

4. student enrollment,
5. supporting and auxiliary services required,
6. supporting and auxiliary services required,
7. space, equipment and supplies requirements,
8. salaries and benefits,
9. anticipated revenue,
10. capital expenditures that are not included in the campus master plan, and
11. interdependency among units.
12. interdependency among units.

E. Consistent use of proven methods for gathering and analyzing data.

F. Sufficient detail and descriptive narration to clearly portray how all of the unit's operations are being financed, including:

1. all funding sources,
2. revenue estimates,
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3. major expenditures by category,
4. major assumptions and forecasting methods used,
5. significant changes in current activities, and
6. contingency plans.

In addition, all budget data should be cross-referenced to the unit’s stated goals and objectives.

E. A cash management plan to maximize the cash resources available to the University.

G. A thorough re-evaluation of all assumptions, analyses, plans and budgets used in the previous year’s planning and budgeting process. Since goals and objectives may change from year to year, all data feeding into current plans and budgets must be reevaluated each year to ensure that they reflect today’s environment.

For further information contact the Office of Academic Planning and Budget

Section 2: Monitoring and Evaluating Financial Data

All systems for monitoring and evaluating financial data must include:

A. Monthly financial reports that are appropriate and accurate. These reports must:
   1. be clear, concise and detailed,
   2. identify all sources of revenue and expenditure,
   3. provide budget verses actual comparisons,
   4. clearly identify trends and special areas of concern, and,
   5. highlight exception items.

B. A method for reviewing revenue and expenses at the end of each ledger cycle:
   1. If such a review reveals problems or exceptions, these must be addressed in time to take appropriate action before the next cycle ends, and
   2. If reporting exceptions continue to occur, control procedures must be implemented to correct the situation.

C. A monthly sampling of financial transactions. The sampling must be large enough to ensure:
   1. the proper full accounting units are being posted to,
   2. terms, conditions and restrictions imposed by University policy or external funding sources are being adhered to,
   3. names appearing on salary and benefit transactions are valid and appropriate,
   4. salaries reconcile to time sheet records, and
   5. other expenditures are appropriate and include adequate supporting documentation.

D. For each significant deviation, an examination must be completed to determine the cause, including:
   1. deviations from policies or regulations,
   2. deliberate decisions to depart from the budget,
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3. transaction errors, or,
4. abuse of authority.

E. A method for taking corrective actions, which includes:
1. revising plans or budgets to reflect changed circumstances,
2. changing or eliminating activities,
3. obtaining additional funding,
4. modifying goals or objectives,
5. correcting transaction errors,
6. altering future budget assumptions,
7. implementing new control procedures, or
8. documenting managerial decisions that depart from the budget.

F. Documentation of the corrective actions, which includes:
1. why the variance occurred,
2. how the budget was revised,
3. what accounts were affected,
4. when the actions were taken, and
5. who authorized the actions.

For further information, please contact the Finance Office

Section 3: Analyzing Costs, Benefits and Risks
Management must weigh the costs and risks before deciding to significantly add, change, or eliminate activities. This analysis is to be followed with a formal proposal which includes:

A. a clear statement of purpose,
B. a quantified statement of benefits to the unit, the University and any outside interests,
C. references to previous similar proposals,
D. references to other related activities and to other units that will be affected,
E. a thorough quantification of all direct and indirect costs, FTE counts, space needs and capital expenditures,
F. anticipated funding sources,
G. potential problems,
H. significant underlying assumptions, and,
I. identification and assessment of all financial, service and organizational risks to the unit and to the University.

For further information, contact the Office of Academic Planning and Budget
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Section 4: Safeguarding University Assets

University assets must be safeguarded from loss or unauthorized use. Adequate safeguards include that:

A. All cash, checks or cash equivalents collections at major cashiering stations and collections in excess of $500 at subcashiering stations are deposited on the day they are received. Cash equivalents that total less than $500 at subcashiering stations may be deposited weekly.

B. Cash equivalents that cannot be readily identified with a particular unit, must be deposited to the Full Accounting Unit specified by the Office of Accounting Services.

C. All cash shortages and excesses must be promptly reported to a supervisor, who must investigate them immediately.

D. All petty cash and change funds must be authorized by the Finance Office. Once established:
   1. only one employee must be responsible for managing such funds, and
   2. a second employee must monitor and review the fund to ensure honest and accurate disbursement.

E. A physical inventory of all inventoriable equipment must be conducted at least once per year. All discrepancies must be promptly reported and investigated.

F. Adjustments to asset records must be documented and approved.

G. Access to any forms or on-line systems that can be used to alter financial balances must be restricted to employees who require such access to perform their University duties.

H. Delinquent account balances must be carefully examined and all follow-up collection or write-off actions must be completed in a timely manner.

For further information, contact Internal Audit

Principles of Data Integrity

I. Policy

Financial management decisions affect every aspect of the University, but such decisions can only be as good as the data on which they are based. Consequently, each unit must establish and implement a system to ensure data integrity. This system must provide reasonable assurance that transactions are in accordance with management’s authorization and are recorded in the University records in an accurate and timely manner.

Each unit head shall be responsible for developing a system to ensure data integrity that adheres to the following principles and responsibilities.

II. Principles

Principle 1: An adequate data control system including independent checks and balances must exist within and between operating units.

Principle 2: All employees engaged in financial management activities are responsible for ensuring that adequate data controls are being employed. If they are not, all employees must take an active role in developing and implementing appropriate corrective actions.
Principle 3: Each unit must ensure that recorded assets match actual existing assets. A mechanism must be in place to spot discrepancies and to ensure that corrective actions are taken.

Principle 4: Each unit must ensure that all financial transactions are recorded correctly. Correct transactions must:
   e. reflect the actual values involved,
   f. contain sufficient detail for proper identification and classification,
   g. be posted on a timely basis in the proper accounting period,
   h. be stored securely,
   i. be readily retrievable for inquiry or reporting, and
   j. be safeguarded against improper alteration.

Principle 5: All systems that affect or are used to report financial data must be secure, reliable, responsive and accessible. These systems must be designed, documented, and maintained according to accepted development and implementation standards. They should be built upon sound data models and employ technology that allows data to be shared appropriately.

Principle 6: All financial systems should meet the users' needs. In addition, all interfaces affecting any financial system must contain controls to ensure the data is synchronized and reconciled.

Principle 7: All technical networks, including electronic mail, through which departmental users access University financial data must be reliable, stable and secure.

III. Responsibilities

Section 1. Establishing and Monitoring Data Integrity Controls

A system of data integrity includes:

A. Allowing no one individual complete control over all key processing functions for any financial transactions. Such functions include:
   1. recording transactions into the Financial System directly or through an interfacing system,
   2. authorizing transactions through preapproval or post audit review,
   3. receiving or disbursing funds,
   4. reconciling financial system transactions, and
   5. recording corrections or adjustments.

If insufficient personnel within the unit requires that one person perform all of these functions, the unit must assign a second person to review the work for accuracy, timeliness and honesty.

B. Ensuring that all employees who prepare financial transactions provide adequate descriptions, explanations, and back-up documentation sufficient to support post-authorization review and any internal or external audit.
C. Keeping "office of record" documents (both forms and new paperless transactions) physically secure and readily retrievable. These documents must be retained for the periods specified in the University Records Disposition Schedules Manual.

D. Ensuring that staff reconcile transactions appearing on the general ledger at the end of each accounting period.
   1. All transactions must be verified for:
      a. amount,
      b. account classification (FAU),
      c. description, and
      d. proper accounting period.
   2. All reconciliations must be performed in a timely manner.

G. Using exception reporting, variance analysis, and other mechanisms to monitor, review, and reconcile financial activity to ensure that:
   6. Employees are adequately trained in preparing and processing financial transactions,
   7. Transactions and balances that exceed control thresholds or counter policies, regulations or laws are questioned and thoroughly analyzed, with corrections or adjustments fully documented and processed in a timely manner,
   8. Locally generated reports do not distort or misrepresent the source data used to prepare them. In particular,
      a. one must be able to reconcile reports back to the original data, as it appears in the Financial System, and
      b. any adjustments made in preparing a local report must be documented and recorded immediately, where appropriate in the Financial System,
   9. All unit assets are properly described and accounted for in the Financial System or other "official books of record", and
   10. Actual physical assets are compared to recorded assets in the Financial System and discrepancies are resolved in a timely manner.

H. Encouraging all employees to report any break down or compromise in the unit's data integrity without fear of reprisal.

For further information, contact Internal Audit

Section 2: Establishing and Maintaining a Financial Computing Environment

A reliable financial computing environment includes the following components:

B. A long-term administrative computing plan that follows a thorough assessment of all major business processing and data needs. The plan defines the technical infrastructure and each of the system projects required to meet the unit's needs for the next three years. The plan should be updated annually.
C. Experienced and well-trained technical professionals to meet the unit's computing needs, including as a minimum, a Computing Support Coordinator.

D. Follow these steps in initiating and developing computing projects:

6. Project Initiation.

This includes:

   a. gaining appropriate administrative approval,
   b. defining the nature, scope, benefits, risks, priorities, timing and most likely development and implementation method for the project,
   c. identifying areas and individuals affected by the project,
   d. anticipating staffing, equipment and other requirements,
   e. determining funding requirements and funding sources for the project life cycle and ongoing maintenance, and
   f. naming a project coordinator, if the complexity of the project warrants it.


This includes:

   a. identifying the functional, informational and technical requirements of the proposed system, and
   b. using data models or similar tools to ensure that the systems will be developed separate from the data, data redundancy will be minimized, and overall referential integrity will be satisfied.

3. Acquiring Hardware and Software.

This involves a written proposal when significant hardware and software purchases are being requested. Such proposals should always cross reference specific projects defined in the long-term administrative computing plan.

4. Implementation.

This includes:

   a. developing a detailed project plan that identifies all tasks that need to be completed, who will do them and when they will be done,
   b. ensuring that all aspects of the project will adhere to central data administrative standards, and
   c. testing to ensure that the new system interfaces smoothly with other systems, and that audits, controls and checkpoints function properly.

5. Post Audit.

Once operational, the unit responsible for the new system must ensure that the agreed to level of service provided to the users is being satisfied and that proper maintenance, backup and recovery systems are in place.

D. Ensure that no completed system become operational unless an appropriate level of service to its users is in place. The minimum requirements include:
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a. **Availability.** The system must be available when the users need it,

b. **Data Access.** The system must provide access to data in ways that are timely, compliment work flow processes, and are retained as specified in University Records Disposition Schedules Manual,

c. **Performance.** The system must meet users' performance needs,

d. **Support.** Users must receive training and documentation and have individuals to contact to help resolve problems,

e. **Maintenance.** The system must provide reliable service, and should be upgraded as technology or user needs change, and

f. **Security.** Access to the system must be protected at a minimum by user IDs and passwords. The system must also be protected from theft and vandalism.

E. Ensure that technical considerations are fully addressed.

These include:

1. **Connectivity.**
   
   If several campus units use the new system, it should operate through the campus backbone network. It should also support TCP/IP, the primary communication protocol for UCLA and UC computing.

2. **Hardware.**

   Hardware purchases should be evaluated with several criteria in mind, including:
   
   a. connectivity,
   
   b. performance,
   
   c. reliability,
   
   d. ease of maintenance,
   
   e. efficiency,
   
   f. availability of software,
   
   g. vendor support,
   
   h. cost.

3. **Software.**

   Software purchases should also be evaluated with several criteria in mind:
   
   1. The choice of operating system should consider such issues as connectivity, consistency of user interfaces, vendor support, and ease of application interfaces.
   
   2. UCLA administrative applications should be based on relational databases, with SQL the standard database access and manipulation language.
   
   3. The selection of a programming language should depend upon code availability, performance, staff skills, development time, interoperability, long-term vendor support, and how well the programs will work with existing programs.
4. **User Interface.**

Administrative applications should provide a standard, consistent and friendly user interface incorporating screen appearance, navigation procedures, menu selections, function keys, colors, messages, on-line help and terminology.

*For further information, contact Administrative Information Services*

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**Principles of Regulatory Compliance**

**I. Policy**

Every employee who conducts transactions that affect University funds must comply with all applicable laws, regulations, and special restrictions.

To ensure compliance with applicable laws, regulations, and special restrictions, each unit head shall adopt the following principles and responsibilities.

**II. Principles**

**Principle 1:** Individuals conducting business transactions shall be *personally* responsible to face punitive actions resulting from blatant violations of laws, regulations or restrictions affecting the conduct of those transactions.

**Principle 2:** Anyone who is aware of fraudulent or illegal business transactions conducted in the name of the University shall report them immediately.

**Principle 3:** Each unit is responsible for the restitution of any disallowances due to noncompliance with laws, regulations or special restrictions.

**Principle 4:** Every employee who conducts University business transactions is responsible for staying abreast of ever-changing legal and regulatory requirements.

**Principle 5:** Legal and regulatory requirements, as well as any donor-imposed restrictions, shall be maintained on record with the University and be readily accessible.

**III. Responsibilities**

**Section 1: Financial Reporting**

Financial reporting in compliance with regulatory requirements includes:

A. Following Generally Accepted Accounting Practices (GAAP), Financial Accounting Standards Board (FASB) Statements, Governmental Accounting Standards Board (GASB) Statements, and Cost Accounting Standards Board (CASB) Statements.

The basic requirements of these standards as applied at UCLA include the following:

2. Sources and uses of funds must be aggregated by the type of activity they support, and in accordance with any restrictions imposed on their use.

3. Revenue is reported when earned, and expenditures are reported when goods or services are received.
a. In general, revenue is earned when the University provides goods or services; for example, on a cost-reimbursement research grant, revenue is earned as the costs are incurred for the conduct of the research.

b. Likewise, expenses are incurred as the University uses goods or services; for example, when laboratory supplies are received, the University incurs the expense. Holding an invoice does not prevent the expense from being incurred.

4. Accounting principles must be applied consistently, both within fiscal years and between fiscal years. The Office of Accounting Services is charged with ensuring consistent, university-wide application of these accounting principles.

5. Transactions must be classified and recorded consistently.

6. Revenue and expenses must be recorded in the proper accounting period.

F. Reporting to sponsoring entities according to the specific reporting requirements. In general, most sponsoring entities require adherence to GAAP. Additionally, federal agencies and entities which serve as conduits for federal funds require adherence to either Office of Management and Budget Circulars (OMB) and/or Federal Acquisition Regulations (FAR). Two primary OMB circulars include:

5. OMB Circular A-21, provides the cost principles for educational institutions. These principles define allowable costs as those which are reasonable, allocable, consistently treated and in conformance with any special limitations. Circular A-21 also defines direct versus indirect costs, and provides guidelines for calculating indirect costs, and

6. OMB Circular A-110, provides uniform administrative requirements for grants and other agreements with institutions of higher education, including financial reporting requirements.

B. Making all financial reporting systems open to regular internal and external audits. External auditors must be cleared and coordinated by the UCLA Audit Coordinator.

For further information, contact the Finance Office

Section 2: Records Retention

Maintaining financial records compliance with regulatory requirements includes:

A. Records must be maintained for a period of three years from the later of the end of the budget period or the filing of all required reports.

B. In cases where there is pending litigation or audits, records must be maintained until the action is concluded.

C. Records for equipment, loans, or similar assets must be maintained for at least three years after final disposition or pay-off.

For further information, contact the Finance Office

Section 3: Cash Management

Managing cash in compliance with regulatory requirements includes:
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C. Excess balances of federal funds shall not be maintained,
D. Any interest earned on federal cash balances is remitted to the Federal Government by the Finance Office,
E. The Finance Office ensures that accounts holding federal funds are FDIC insured, and
F. Approval for new bank accounts must be obtained from the University Treasurer's Office.

For further information, contact the Finance Office

Section 4: Expenditures
Incurring expenditures in compliance with regulatory requirements includes:

H. All employees behave ethically when conducting University business.
I. Encouraging the use of vendors which are small businesses and businesses owned by women, minorities, and disabled veterans.
J. Federal restrictions are obeyed, including:
   a. federal funds cannot be used to support political activities of any kind,
   b. no person shall be excluded from or discriminated against because of race, color, national origin, sex, age or physical impairment,
   c. no officer, employee or agent shall be involved in a contract that where they or their immediate family or partner has a vested interest, and,
   d. accepting payments (kick-backs) to secure contracts is prohibited.
I. All University Human Resource policies and regulations are followed.
J. In addition, when purchasing goods and services for the University, the following requirements apply:
   The Purchasing Director, authorized buyers or specified University departments must execute the purchases of:
   a. real estate and construction projects,
   b. the services of independent consultants,
   c. legal services,
   d. debt service, or
   e. any purchases where payment terms exceed seven years.

The authority to purchase goods and services with a value under $2,500 does not provide the authority to issue, approve or execute contracts and licenses.

Any person who makes unauthorized purchases shall be responsible for the payment of all charges incurred.

Purchases exceeding $2,500 must be conducted through the Purchasing Department. The Purchasing Department must maintain documentation of solicitations made to vendors, vendor responses, sole source justifications, and the contracts awarded.
The Director of Purchasing must authorize the purchase of narcotics, dangerous drugs, ethyl alcohol, and radioactive or other hazardous materials.

Goods and services for individuals or for non-University activities shall not be made using University credit, purchasing power or facilities. If purchased items appear to be of a personal nature, they must be properly documented.

When pooled purchase orders or commodity agreements exist, goods and services shall not be purchased from other sources, unless special delivery dates or unusual specifications preclude the use of these sources.

Purchases cannot restrict fair trade practices.

Contractors must pay laborers and mechanics employed by them at wages no less than the prevailing wage rate, as it is defined by the Secretary of Labor, where applicable.

Unnecessary or redundant purchases must be avoided.

C. Equipment purchased with funds from federal awards involves the following additional requirements as specified in OMB Circular A-110:

3. a description of such assets be maintained in the University's equipment inventory records,
4. a physical inventory be conducted at least once every two years,
5. property owned by the federal government be identified as such,
6. people responsible for federally-owned equipment know the basic requirements for the use and disposition of such equipment, and
7. an inventory report be submitted annually. This report is submitted by the Office of Accounting Services.

C. Actions which affect a person's compensation must adhere to the following additional requirements:

4. providing the Payroll Office through input to the on-line system with all the data needed to process that person's paycheck, including:
   a. name,
   b. Social Security number,
   c. tax withholding forms,
   d. pay rate,
   e. terms of appointment,
   f. appointment end date,
   g. title code,
   h. hiring department code and name, and
   i. Full Accounting Unit (FAU) to be charged;
5. updating such information so that checks may be issued in a timely manner;
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6. ensuring that other payroll information is updated accurately and timely that affects such items as:
   a. Medicare,
   b. OASDI,
   c. retirement plans, and
   d. voluntary withholdings such as insurance, various employee benefit programs,
      and credit union payments;
7. adhering to all time keeping requirements whether for compensation or allocating charges to federal awards; and
8. ensuring compliance when payments are made for unusual circumstances, such as housing allowances, car allowances, foreign subsistence when assigned to work in a foreign country, etc.

For further information, contact the Finance Office

Section 5: Tax Laws and Regulations

To comply with tax regulations, appropriate personnel must be informed of the various taxing authority requirements applicable to their operations. In general, taxes applicable to University operations include:

E. Income tax on income-producing activities which constitute a regularly carried on trade or business that is not related to the furtherance of educational activities. Consequently, employees who are engaged in such activities must:
4. Maintain information that supports whether or not a particular activity is subject to income tax,
5. Notify the Finance Office of any income taxable activities and complete the various questionnaires and worksheets prescribed by the Office of Accounting Services, and,
6. Account for all taxable income earned in an income producing fund approved by the Finance Office which is responsible for the actual completion of the Form 990-T Exempt Organization Business Income Tax Return.

F. Sales and use tax on certain sale and purchase transactions as required by the California State Board of Equalization. Purchases made for resale are generally exempt in cases where the seller obtains evidence from the purchaser such as a certificate of resale. Otherwise:

Units that conduct sales activities must charge sales tax and properly account for sales tax collected by coding related deposits against sales tax payable account numbers designated by the Finance Office, and

Units making purchases must include a provision for such taxes when making orders. Further they must ensure these payments have been included on their invoice payments or through other charging methods used by the Office of Accounting Services which is responsible for the actual filing and remitting of sales and use tax payments.

E. Federal and State income taxes assessed on University employee base salary and wages, supplemental pay, undocumented reimbursements, and various allowances (such as car and
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housing) in accordance with the Internal Revenue Code and California Revenue and Taxation
Code. In this process:

1. The Payroll Office is responsible for withholding taxes on compensation based upon the
individual’s Form W-4, Employees Withholding Allowance Certificate on file. They are
also responsible for remitting the actual tax payments to the Federal and State
governments, completing the required quarterly tax returns, and for distributing Forms
W-2 Wage and Tax Statements to employees.

2. Units on campus are responsible for submitting accurate and timely data to payroll for
the completion of these forms, and determining whether individual’s are to be
considered employees or contractors for tax purposes.

F. Other important tax considerations include that:

5. Income paid to payees outside the university (such as payment of fees, commission,
rents, and royalties) or University employees (such as prizes and awards) must
accumulated and reported as taxable income. In this process:
   a. Units must provide tax identification numbers when processing these type of
      payment transactions, and
   b. The Office of Accounting Services is responsible for reporting this information to
      the payees via annual reporting forms such as the Forms 1099, W-2, or 1042S.

6. The University is generally exempt from paying property taxes. When necessary, the
Office of Accounting Services will file the exemption reports and claims to receive
refunds of such taxes paid on leased property.

For further information, contact the Office of Accounting Services

Section 6: Reporting Fraudulent or Illegal Acts

Properly reporting fraudulent or illegal acts includes:

E. Individuals conducting business on behalf of the University are personally responsible for the
consequences of any violations of laws, regulations or special restrictions which they commit.

F. Individuals conducting business on behalf of the University must do so for the benefit of the
University. Where a potential for personal gain exists, this potential conflicts of interest must be
reported immediately, and be carefully evaluated before any financial transactions are allowed
to occur.

G. Individuals conducting business on behalf of the University must not benefit financially in any
way from the conduct or course of that business. This includes both personal benefit and any
benefit accruing to a close relative.

H. Any person who suspects that fraud or illegal activities are taking place in their unit must report
that suspicion immediately to their immediate supervisor. If the employee believes that this
supervisor is involved, or is otherwise uncomfortable reporting in this manner, they must
immediately notify the Internal Audit Department. Supervisors to whom such reports are made
must review them, and if they have merit, report them to the next level of management or to
the Internal Audit Department.
For further information, contact Internal Audit

Section 7: Response and Resolution of Audit Findings

Responding to audit findings includes ensuring that:

A. The central UCLA Audit Coordinator is notified prior to commencement of any audit or review.
B. A full investigation of the facts is conducted to ensure accuracy of any findings.
   1. If a finding is in error, full documentation must be sent immediately to the UCLA Audit Coordinator.
   2. If a finding is valid, corrective action must be taken immediately to correct the deficiency and ensure the situation does not recur.
   3. Where findings result in disallowances, units must cover the disallowances with other unit funds. If a unit does not take prompt action, central accounting units may step in to take action.

Where findings result in extrapolated disallowances, the Chancellor will review the circumstances and decide upon an appropriate allocation of the disallowance.