

COVID-19 Impact Tracking

(Last updated: April 28, 2020)

Contents

- 1. Overview 2
- 2. Tracking of extraordinary impacts 2
 - a) Impacts in the form of not realizing expected revenue or costs included in budgets or forecasts . 2
 - b) Impacts in the form of additional costs or revenues being incurred..... 2
 - i) Non-Labour related costs..... 2
 - ii) Labour related costs..... 3
- 3. FAQs 3
 - a) What is the current G/L Account Code Structure? 3
 - b) What is an extraordinary expense? 3
 - c) Is there a level of materiality associated with expenses that units should be using to identify these extraordinary costs?..... 4
 - d) Will the center be covering these extraordinary costs business units are incurring? 4
 - e) How should costs incurred related to donated items be recorded (i.e. PPE and other items)..... 4
 - f) How should we handle costs resulting from new 'non-core' operations (i.e. 3D printing of material for PPE manufacturing to support front line workers COVID-19) 4
 - g) Costs have already been expensed. How do I now go back to flag the transaction as being COVID-19 related? 5
 - h) Who do I contact if I have questions?..... 5
- 4. Version Tracking..... 5

1. Overview

Due to these unprecedented times, we understand that units are likely to experience extraordinary financial impacts due to COVID-19. The effects of COVID-19 continue to raise many important questions across our institution. Although we cannot predict the full extent of its impact, we understand the added challenges units might be facing and hope to provide some guidance.

Our first step is to understand and capture these **extraordinary impacts**, both on revenues and expenses.

2. Tracking of extraordinary impacts

These impacts will be tracked in one of two ways depending on the nature of the impact.

a) Impacts in the form of not realizing expected revenue or costs included in budgets or forecasts

Impacts in the form of not realizing an expected revenue or cost included in budgets or forecasts will be tracked outside of the General Ledger and gathering of those impacts will be coordinated by Institutional Research and Planning (IRP). To track revenue impacts, IRP asks that business units track this independently and IRP will work closely with departments as this situation continues to unfold.

Please reach out to **Christine Philbert, Director, Budget and Resource Planning or your budget liaison** to discuss any questions you may have on how to best track these impacted revenues.

b) Impacts in the form of additional costs or revenues being incurred

i) Non-Labour related costs

Other extraordinary impacts may be in the form of additional costs or revenues being incurred. Those will be tracked within the General Ledger using the processes outlined below.

A new **project** code (**899999** – COVID-19 Incremental) has been setup, which can be used to track extraordinary incremental costs for transactions not requiring an existing grant or project code.

Where an existing grant or project needs to be tracked as part of the transaction, we have set up a new **unit** code (**099989** – COVID-19 Incremental). This unit code rolls up under department “0999XX- Miscellaneous Institutional”, and sub-division “S51650 – University General Expenses”. Generally, this unit should only be used for transactions in research and OMAFRA funds (not fund 100).

Below are some examples of additional costs, that should be charged to this new project code:

- Non-refundable travel costs incurred for travel cancelations
- Additional one-time costs to clean or sanitize facilities

- Additional emergency bursaries to support getting students (i.e. Getting students home who are studying abroad)
- Additional software and licenses to provide an online working and learning environment

Transactions should be recorded against the department incurring the cost using appropriate object code as we need to maintain a record of 'where' these costs were incurred as well as 'what' costs were incurred..

Please contact **Alexa Hinsperger, Controller** if you encounter a situation where either this project code or this unit code is not suitable.

Please contact **Amanda Sawlor, Director Research Finance** if you have questions about coding for research grants.

ii) Labour related costs

Cost for labour will be tracked centrally. HR has developed two new time codes, CV- COVID Sick and CL – COVID Paid Leave of Absence, to track labour costs using the HR time system.

Please contact **Melissa Jutzi, Director – Human Resources (Total Compensation)** if you have any questions.

3. FAQs

a) What is the current G/L Account Code Structure?

The current G/L Account Code Structure is: FFF-UUUUUU-GGGGGG-PPPPPP-OOOOO

FFF = Fund

UUUUUU = Unit

GGGGGG = Grant

PPPPPP = Project / Program

OOOOO = Object

b) What is an extraordinary expense?

This is a net new expense related to COVID-19 that would not have occurred otherwise.

For example, undergraduate and graduate emergency bursary expenses for international students as a result of COVID-19 would be an example of a new expense that would not have occurred under normal operating conditions.

A second example would be in CCS additional VPN licensing expenses related to increased staff and faculty members working from home as a result of COVID-19. This increased need for licensing would not have occurred under normal operating conditions.

c) Is there a level of materiality associated with expenses that units should be using to identify these extraordinary costs?

As a general guide, materiality of \$500 can be applied, however, where external funding with specific terms & conditions is involved (i.e. research), a lower level of materiality may need to be applied when determining whether or not to flag transactions using these new codes.

For example, if an employee requires noise cancelling headphones to perform their duties at home and this is the only cost the business unit incurs for COVID-19 costs – this **would not** be considered an extraordinary cost warranting separate tracking.

d) Will the center be covering these extraordinary costs business units are incurring?

The first step in assessing the financial impact of COVID-19 on the institution is to understand and capture extraordinary expenses and lost revenues at the business unit level. Source of funds for these impacts may be assessed at a later date.

e) How should costs incurred related to donated items be recorded (i.e. PPE and other items)

How this is recorded depends on how the materials were originally recorded.

- i) If materials were previously recorded as an operating cost, adjust the transaction to reflect the new COVID-19 project 899999.
- ii) If materials were previously recorded in a research grant, adjust the unit code to the new COVID-19 unit 099989 and please ensure that Research Financial Services is aware of any adjustments.
- iii) If materials were previously reflected as part of an inventory balance (not expensed yet), they will need to be recognized as an expense including project code 899999 and factored into any inventory counts or regular adjustments as appropriate. Please ensure that someone in the Controller's office is aware of any adjustments pertaining to inventory for year-end reporting and audit purposes.

f) How should we handle costs resulting from new 'non-core' operations (i.e. 3D printing of material for PPE manufacturing to support front line workers COVID-19)

These incremental costs would be recorded using the new project code (or a unit number for grants).

One example of this would be if we start using SHS to provide community services (i.e. housing health care workers, homeless, other)?

g) Costs have already been expensed. How do I now go back to flag the transaction as being COVID-19 related?

Wherever possible, it is best to update the source transaction. For instance, if the item was processed through AP, the ideal approach would be to correct the coding to the new COVID-19 project or unit through the AP system. All other segments of the G/L account code (i.e. fund & object) should remain as previously coded.

Where that is not feasible, a journal entry can be used to re-allocate the costs. Please ensure that you provide detail as to the sources / calculation for any J/Es so that there is a clear audit trail.

For Labour, any adjustments should be made through the time code. Please contact HR to confirm how this can be done. Summarized impacts on personnel costs will be pulled through HR and adjusted by the Controller's office for purposes of external reporting. No journal entries should be booked by departments for personnel related COVID costs.

h) Who do I contact if I have questions?

HR / Payroll coding:	Melissa Jutzi
Financial accounting (non-research):	Alexa Hinsperger
Research grant coding:	Amanda Sawlor
Institutional Research & Planning (Budget):	Christine Philbert or your budget liason officer

4. Version Tracking

Initial version: April 28, 2020