



Extramural Fund Management

August 9th, 2018

Agenda

- **UCPath Composite Benefit Rates and Vacation Leave Assessment**
 - Unallowable Benefit Expenses in NRSA Grants
 - UCPath Payroll Reports as Supporting Documentation
 - Payroll View Details Reports in the Effort Reporting System
- **UCPath and Payroll Related Reports in the RAPID Tool**

UCPath Composite Benefit Rates and Vacation Leave Assessment

Unallowable Benefit Expenses in NRSA Grants

NIH Grant Policy Statement, 11. RUTH L. KIRSCHSTEIN NATIONAL RESEARCH SERVICE AWARDS

- **11.2 INDIVIDUAL FELLOWSHIPS / 11.2.9.7 Employee Benefits**

Since Kirschstein-NRSA fellowships are not provided as a condition of employment with either the Federal government or the sponsoring institution, institutions may not seek funds, or charge individual fellowship awards, for costs that normally would be associated with employee benefits (for example, FICA, workman's compensation, life insurance, union dues, and unemployment insurance). Concerning union dues or other similar costs otherwise paid personally by the fellow; if a fellow requests the institution deduct such a cost from the stipend amount, the institution can provide the fellow such a service. However, in no case can such a deduction from the stipend be made automatically without the approval of the fellow.

- **11.3 INSTITUTIONAL RESEARCH TRAINING GRANTS / 11.3.8.7 Employee Benefits**

Because Kirschstein-NRSA awards are not provided as a condition of employment with either the Federal government or the recipient, it is inappropriate and unallowable for organizations to seek funds, or to charge Kirschstein-NRSA institutional research training grants, for costs that normally would be associated with employee benefits (for example, FICA, workers compensation, life insurance, union dues, and unemployment insurance). Concerning union dues or other similar costs otherwise paid personally by the trainee, if a trainee requests the institution deduct such a cost from the stipend amount, the institution can provide the trainee such a service. However, in no case can such a deduction from the stipend be made automatically without the approval of the trainee.

Unallowable Benefit Expenses in NRSA Grants

The Current Process Before CBR

- Worksheet in the RAPID COP [PAYROLL: Training Grant– Allowable/Unallowable benefits]**

- The worksheet segregate allowable expenses and unallowable expenses based on object codes by person in two tables.
- Department fund manager reviews accuracy and submit it to EFM as a part of Closeout Packet.
- Department works with the central Payroll office to transfer off unallowable expenses from the grant fund via financial journal entries.

Allowable Benefits				
Paid/Lien	Total	Joe Bruin	Josephine Bruin	Brown Bear
Paid	4,457.32			4,457.32
Lien	5,017.62	1,578.24	0.00	3,439.38
Total Allowables	9,474.94	1,578.24	0.00	7,896.70

NIH PSBP Unallowable Charges				
Paid + Lien	Total	Joe Bruin	Josephine Bruin	Brown Bear
Work Comp (8501)	1441.79	375.92	425.89	639.98
Life Ins. (8751)	52.25	9.15	0	43.1
Disability (8741)	166.6	29.4	0	137.2
Total Unallowables	1660.64	414.47	425.89	820.28

Grand Total	11,135.58	1,992.71	425.89	8,716.98
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Unallowable Benefit Expenses in NRSA Grants

The Future Process with CBR

- **Benefit expense will be charged as a lump sum based on the Composite Benefit Rate (CBR) for each employee group.**
- **CBR include benefit expenses not allowed by NIH Grant Policy for NRSA grants and detailed breakdowns of different types of benefits are not available.**
- **How can we ensure not to charge unallowable expenses to NRSA grants?**
 - CBR is assessed only when salaries are paid to employees.
 - Trainees/Fellows receive stipends (not salaries) on NRSA grants.
(Excerpts from NIH Grant Policy Statement in the next slide)
 - No benefit is assessed to NRSA grants.
 - No risk of charging unallowable benefit expenses to NRSA grants.
 - Two training grant worksheets in the RAPID COP will be discontinued.
 - Training Grant – Postdoc Allowable/Unallowable Benefits.
 - Training Grant Benefits.

Unallowable Benefit Expenses in NRSA Grants

NIH Grant Policy Statement, 11. RUTH L. KIRSCHSTEIN NATIONAL RESEARCH SERVICE AWARDS

- **11.2 INDIVIDUAL FELLOWSHIPS / 11.2.9.2 Stipends**

A **stipend** is provided as a subsistence allowance for Kirschstein-NRSA fellows to help defray living expenses during the research training experience. **It is not provided as a condition of employment** with either the Federal government or the sponsoring institution.

- **11.3 INSTITUTIONAL RESEARCH TRAINING GRANTS / 11.3.8.2 Stipends**

Trainees generally are supported for 12-month full-time training appointments for which they receive a **stipend** as a subsistence allowance to help defray living expenses during the research training experience. **The stipend is not "salary" and is not provided as a condition of employment** with either the Federal government or the recipient organization.

UCPath Payroll Report

As Supporting Documentation for Sponsored project funds

- **Certain awards require the payroll detail report to support total payroll and benefit expenses in the invoice or the financial report.**
- **Currently PPS Payroll Expense Distribution Report is provided to the sponsor.**
 - Includes salaries and benefits.
- **Total benefits in the UCPath Payroll Report include non-payroll expenses: GAEL (General Automobile and Employment Practices Liability Insurance Assessment)**
 - When submitting the payroll report to the sponsor, GAEL expenses need to be removed to reconcile salaries and benefits between payroll reports and invoices/financial reports.
- **UCPath Payroll Report displays composition of compensation (REG/VAC) differently from today in PPS.**
 - Refer to the next slide for more information.
- **EFM is in the process of working with the UCPath reporting team to address implications of the current design of UCPath payroll report to be used as supporting documentation for sponsored project funds.**

Payroll Report Comparison

Example Scenario (simplified):

- Monthly pay rate: \$10,000 (all REG)
- Benefit rate: 40%
- Vacation accrual rate: 10%
- 50% of effort to Grant A
- February: 10 days vacation out of 20 work days
- March: no vacation

Vacation credit is posted not in the month when vacation is taken but in the following month.

For Grant A for March	PPS Payroll Expense Distribution Report	UCPath Payroll Report
Salaries	5,000.00 REG	5,000.00 REG (2,500.00) REG 2,500.00 VAC
Total salaries (sub: 00 - 02)	5,000.00	5,000.00
Benefits	2,000.00	1,000.00
Vacation accrual	500.00	500.00
Vacation credit (salary)	(2,500.00)	(2,500.00)
Vacation credit (benefit)	(1,000.00)	-
Total benefits(sub: 06)	(1,000.00)	(1,000.00)

Annotations in table:
 - Green arrow from PPS Salaries to PPS Benefits: \$5,000 REG X 40%
 - Orange arrow from UCPath Salaries to UCPath Benefits: \$2,500 REG X 40%
 - Blue bracket for PPS: \$3,500 credit in total (includes salary and benefit credits)
 - Blue bracket for UCPath: \$2,500 credit in total (includes only salary credit)

Benefits are assessed based on \$5,000 REG and vacation credit is assessed on both salary and benefit.

Benefits are assessed based on \$2,500 REG and vacation credit is assessed only on salary, not on benefit.

Payroll Report Comparison

In summary,

- PPS assess benefits on total salary including vacation time taken and give vacation credit for benefits.
- UCPATH assess benefits on salary net of vacation time taken; therefore, vacation credit for benefits is not applicable.

→ In aggregate, no difference on the total amount of salaries and benefits.

(Note: In this example, for the purpose of demonstrating different approaches of assessing benefit and vacation credit, exactly the same vacation accrual rate and benefit rate are used for PPS and UCPATH calculation. However, actual amounts of benefit, vacation accrual, and vacation credit for the same individual are highly unlikely to be the same in UCPATH as in PPS. They will be calculated based on CBR rates and VLA rates for employee groups in UCPATH.)*

For Grant A for March	PPS Payroll Expense Distribution Report	UCPATH Payroll Report
Salaries	5,000.00 REG	5,000.00 REG (2,500.00) REG 2,500.00 VAC
Total salaries (sub: 00 - 02)	5,000.00	5,000.00
Benefits	2,000.00	1,000.00
Vacation accrual	500.00	500.00
Vacation credit (salary)	(2,500.00)	(2,500.00)
Vacation credit (benefit)	(1,000.00)	(1,000.00)
Total benefits(sub: 06)	(1,000.00)	(1,000.00)

Different Earn Codes in UCPATH (DOS code in PPS) are assigned to salary amount.

Different benefit amounts in the month vacation credit is posted.

Different vacation credit amounts in the month vacation credit is posted.

Payroll View Details in the ERS

- Example Scenario (simplified):
- Monthly pay rate: \$10,000 (all REG)
 - Benefit rate: 40%
 - Vacation accrual rate: 10%
 - 50% of effort to Grant A
 - February: 10 days vacation out of 20 work days
 - March: no vacation

Vacation credit is posted not in the month when vacation is taken but in the following month.

ERS with PPS
(For Grant A for March)

- **50% effort** based on salaries of \$5,000 REG
- Payroll View Details will show
 - \$5,000 REG

ERS with UCPATH
(For Grant A for March)

- **50% effort** based on salaries of \$2,500 REG and \$2,500 VAC
- Payroll View Details will show
 - \$5,000 REG
 - -\$2,500 REG
 - \$2,500 VAC

UCPath and Payroll Related Reports in the RAPID Tool

Payroll related Reports in the RAPID Tool

Overview and Communication History

- RAPID Tool has multiple reports that consume payroll data and EFM has evaluated the need to integrate these reports with transition to UCPATH.
- February 2018: Communicated the status of evaluation at RAF.

In-scope	In-scope but evaluating CBR implication	Under evaluation
<ul style="list-style-type: none"> • Payroll After Fund End Date • Employee Sum • Admin Salary 	<ul style="list-style-type: none"> • Training Grant – Postdoc Allowable/Unallowable Benefits • Training Grant Benefits 	<ul style="list-style-type: none"> • ERS Detail Reports

- February 2018: Announcement soliciting feedback on the usage of ERS Detail Reports.
- April 2018: Announcement confirming that the RAPID ERS reports will be remediated.
- May 2018: Communicated the status of evaluation at RAF.

In-scope		In-scope but evaluating CBR implication
<ul style="list-style-type: none"> • Payroll After Fund End Date • Employee Sum 	<ul style="list-style-type: none"> • Admin Salary • ERS Detail Reports 	<ul style="list-style-type: none"> • Training Grant – Postdoc Allowable/Unallowable Benefits • Training Grant Benefits

Payroll related Reports in the RAPID Tool

Current Status

- Evaluation on CBR implication to two reports; “Training Grant – Postdoc Allowable/Unallowable Benefits” and “Training Grant Benefits” has been completed.
- Based on the conclusion that CBR is assessed only to Salaries but not to Stipends, there is no need to maintain these reports.

In-scope		Out of Scope
<ul style="list-style-type: none"> • Payroll After Fund End Date • Employee Sum 	<ul style="list-style-type: none"> • Admin Salary • ERS Detail Reports 	<ul style="list-style-type: none"> • Training Grant – Postdoc Allowable/Unallowable Benefits • Training Grant Benefits

- New version of RAPID tool remediated for UCPath is under testing.
 - Testing of the RAPID tool is dependent on UCPath testing
 - More information will be provided when testing is completed and the new version is released.

RAPID Tool: Payroll Related Reports

Conclusion Summary

RAPID Project Quick Wins	
Closeout Reports	ARRA, ERS, Billing & A/R Reports
Pre-Closeout Checklist (Recommended 2 months prior to fund end date)	ARRA Linked Accounts by Hierarchy Code ARRA FTE Report
Smart Closeout Tool	ERS Detail report (11/12 Academics and Non Academics) ERS Detail report (9/12 Academics)
Summary - By Sub	
Expenses - Unallowable and Warning Object Codes	Billing & Accounts Receivable
Expenses - After End Date	Remediated – under testing
Remaining Encumbrances	Financial Reporting and Invoicing Tool
F&A Reconciliation Link	Will discontinue
Subawards/Subcontracts/Subgrants	
1198XX (Intercampus/Carryforward/STIP)	Remediated – under testing
Training Grant -Trainee Expense Worksheet	
Training Grant – Postdoc Allowable/Unallowable Benefits	
Training Grant Benefits	
Detail - Closed Warning and Unallowable Expenses	
Detail - After Closeout	
Payroll After Fund End Date	
Employee Sum	
Admin Salary	
Detail - Closed Warning and Unallowable Expenses	
Detail Equipment – Within 90 days of Expiration	

Any Questions?

Contact Information

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