



# Extramural Fund Management

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September 08, 2022

# Agenda

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- **NRSA Childcare Allowance**
- **The New Final Financial Deliverable Procedure**
- **FY22 Single Audit**

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# **NRSA Childcare Allowance**

# Agenda

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- **NRSA Childcare Allowance Background**
- **Eligibility & Restrictions**
- **Reimbursement Process**
- **Monthly Reconciliation**
- **Fund Closeout**
- **Federal Financial Report (FFR) and Award Closeout Considerations**

# NRSA Childcare Allowance Background

- The National Institutes of Health (NIH) announced fellows and trainees supported full time by Ruth L. Kirschstein National Research Service Awards (NRSA) Individual Fellowships or Institutional Research Training Grants are eligible to request an allowance of up to \$2,500 per budget year to defray childcare costs.
- **Additional information can be found in the notices below:**
  - [NOT-OD-21-074](#) Announcement of Childcare Costs for Ruth L. Kirschstein National Research Service Award (NRSA) **Individual Fellows**
  - [NOT-OD-21-177](#) Announcement of Childcare Costs for Ruth L. Kirschstein National Research Service Award (NRSA) **Institutional Research Training Awards**
  - [NIH Frequently Asked Questions: Childcare Costs](#)
- **Notice sent via ORA News List Serve on 09/07/22**
- **108 NRSA Awards Fund End Date 09/01/22 onward**
  - 63: Individual Fellowships
  - 45: Institutional Research Training Awards

# Eligibility and Restrictions

- **Eligibility Requirements**

1. Fellows/trainees must be supported full time by one of the NRSA award types listed in the notices.
2. Reimbursement covers dependent children living in the fellow's/trainee's home until the age of 13, or until the age of 18 for disabled children.
  - The reimbursement does not apply to elder or non-dependent care costs.
3. All childcare costs must be provided by a licensed childcare provider.
4. For households where both parents are eligible full-time Predoctoral or Postdoctoral fellows/trainees, each parent is eligible to receive the \$2,500 allowance.

- **Restrictions**

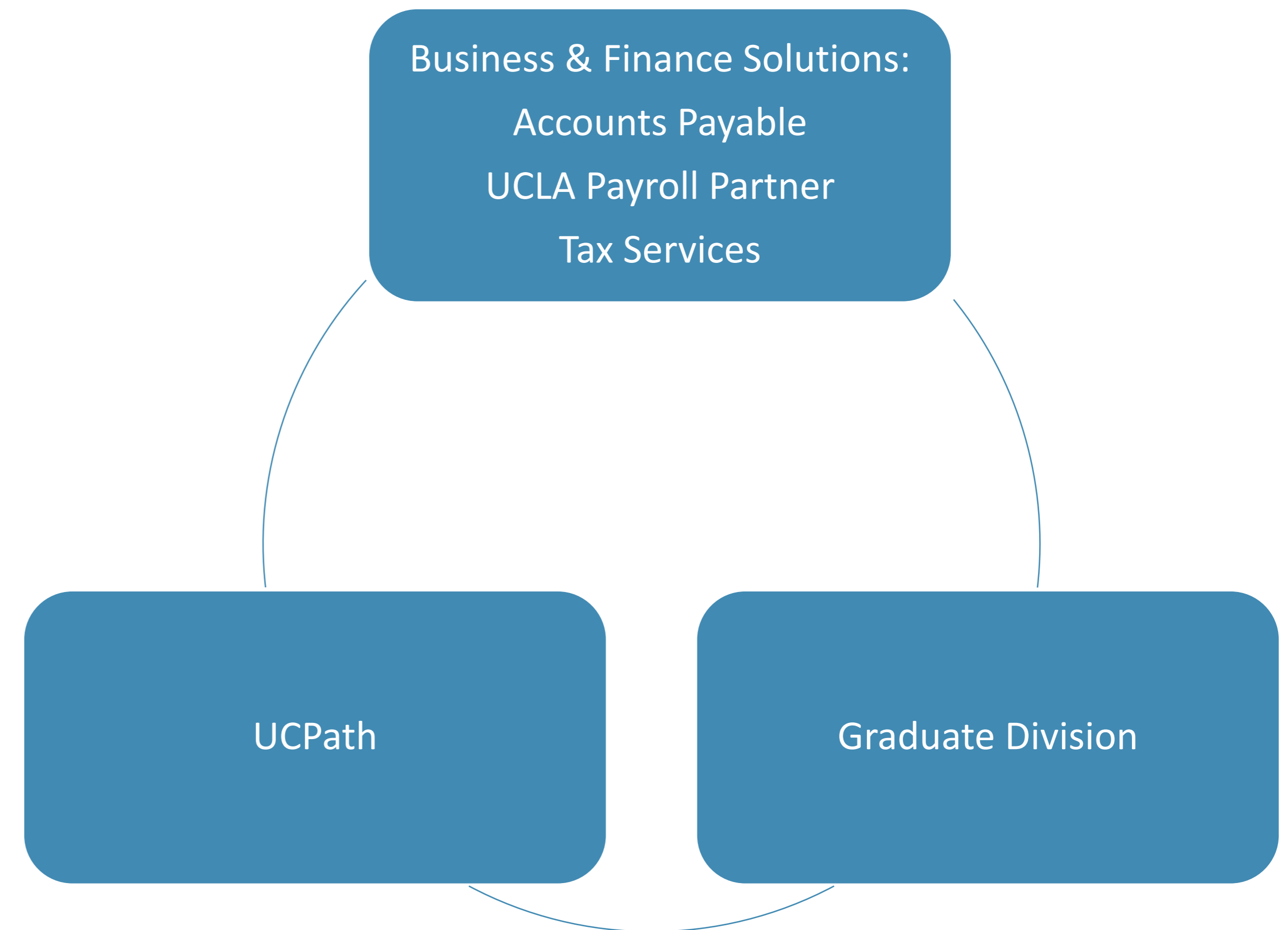
1. Childcare allowance is restricted and may not be re-budgeted without written approval from the awarding NIH Institute/Center.
2. Childcare costs incurred in previous budget periods are not eligible for reimbursement.
3. Childcare allowance is exempt from Composite Benefit Rate (CBR) assessment and Facilities and Administration (F&A) costs.

- **Recipients must maintain all supporting documentation, including that the childcare provider is licensed, and make it available to NIH upon request.**

- **EFM is working on creating a Letter of Attestation to be submitted by the fellow/trainee to the Department. This letter can then be included with the Closeout Packet (COP) to EFM.**

# Reimbursement Process

- **EFM collaborated with other central offices over the last several months to develop procedures on how to process the childcare costs, given the requirements outlined by NIH.**
- **The ideal solution discussed was for childcare costs to be posted to a unique object code, as this would allow for simplified reconciliation.**
- **Due to tax considerations, childcare costs must be recorded in the same manner as stipend payments using the same system (BAR or UCPATH) and the same object code.**



# Reimbursement Process

- **Postdoctoral Fellows and Trainees:**
  - Process the childcare costs through UCPATH using the same Earn and Title Codes as the fellow's/trainee's stipend payment.
  - When the childcare costs posts to the General Ledger (GL), it will post to the same sub code and object code (7770) as the stipend payments.
  - To simplify reconciliation, departments can process the childcare costs separately from the stipend payments.
- **Predoctoral Fellows and Trainees:**
  - Submit a Fellowship Award Transmittal request to process the childcare costs through Go GRAD system <https://go.grad.ucla.edu>, in the same manner stipends are requested.
  - When the childcare costs posts to the General Ledger (GL), it will post to the same sub code and object code (7501) as the stipend payments.
  - Stipend amount entered on the Fellowship Award Transmittal must be the cumulative of the stipend amount the fellow/trainee is to receive plus the childcare costs being requested.
  - If a revised Fellowship Award Transmittal is submitted to include childcare costs, the original stipend payment will be reversed, and a revised stipend payment inclusive of both stipend and childcare costs will post to the GL.
  - Graduate Division recommends departments confirm the fellow/trainee does not have any outstanding charges prior to processing a Fellowship Award Transmittal to prevent the stipend payment from being offset (current practice).



# Monthly Reconciliation

- **F&A will assess on all childcare costs for both Predoctoral and Postdoctoral fellows/trainees.**
- **CBR will assess for Postdoctoral fellows/trainees processed through UCPATH.**
- **Monthly reconciliation is important to calculate total expenses:**
  1. Segregate childcare costs from stipend payments charged to the stipend object codes listed on the previous slide to ensure accuracy of payments.
    - It is possible the childcare costs will post in a single line on the GL combined with the stipend.
  2. Calculate F&A and CBR associated with the childcare costs.
  3. Exclude calculated F&A and CBR from expenses.
  4. Use the adjusted CBR as the base to calculate unallowable benefits.

# Monthly Reconciliation Example: Postdoctoral Fellow/Trainee Processed in UCPath

- F&A is 8% and CBR is 17.20%

Category of Expense	Sub Code	Object Code	Description	Expenditure
Stipend + Childcare costs	05	7770	JUN PAYROLL 220630M0	\$6,500.00
CBR	06	8850	JUN PAYROLL 220630M0	\$1,118.00
F&A	9H	3810	OVERHEAD CHARGES	\$609.44
<b>Total</b>				<b>\$8,227.44</b>

*Expenditure is the sum of stipend + childcare cost*

- Segregate childcare costs from stipends**
  - \$4,000 [Stipends] + \$2,500 [Childcare costs] = \$6,500 [Total expenses]
- Calculate F&A and CBR associated with the childcare costs**
  - \$2,500 [Childcare costs] \* 17.20% [Entire CBR rate] = \$430
  - (\$2,500 [Childcare costs] + \$430 [Entire CBR rate]) \* 8% [F&A Rate] = \$234.40
  - \$430 + \$234.40 = \$664.40 [Unallowable CBR & F&A assessed to Childcare costs]
- Exclude calculated F&A and CBR from expenses**
  - \$8,227.44 [Total expenses] - \$664.40 [Unallowable CBR & F&A assessed to Childcare costs] = \$7,563.04 [Adjusted expenses]
- Use adjusted CBR as the base to calculate unallowable benefits assessed on stipends**
  - \$1,118 [Cumulative CBR] - \$430 [CBR assessed on childcare costs] = \$688 [Adjusted CBR]
  - ORA News Announcement: Unallowable Benefits FY22-23

# Monthly Reconciliation Example: Predoctoral Fellow/Trainee Processed in BAR

- F&A is 8%

Category of Expense	Sub Code	Object Code	Description	Expenditure
Stipend + Childcare costs	05	7501	SHAKESPEARE,W 22S	\$6,500.00
F&A	9H	3810	OVERHEAD CHARGES	\$520.00
<b>Total</b>				<b>\$7,020.00</b>

Expenditure is the sum of stipend + childcare cost

- Segregate childcare costs from stipends
  - \$4,000 [Stipends] + \$2,500 [Childcare costs] = \$6,500 [Total expenses]
- Calculate F&A associated with the childcare costs
  - \$2,500 \* 8% [F&A Rate] = \$200
- Exclude calculated F&A from expenses
  - \$7,020 [Total expenses] - \$200 [F&A assessed] = \$6,820 [Adjusted expenses]

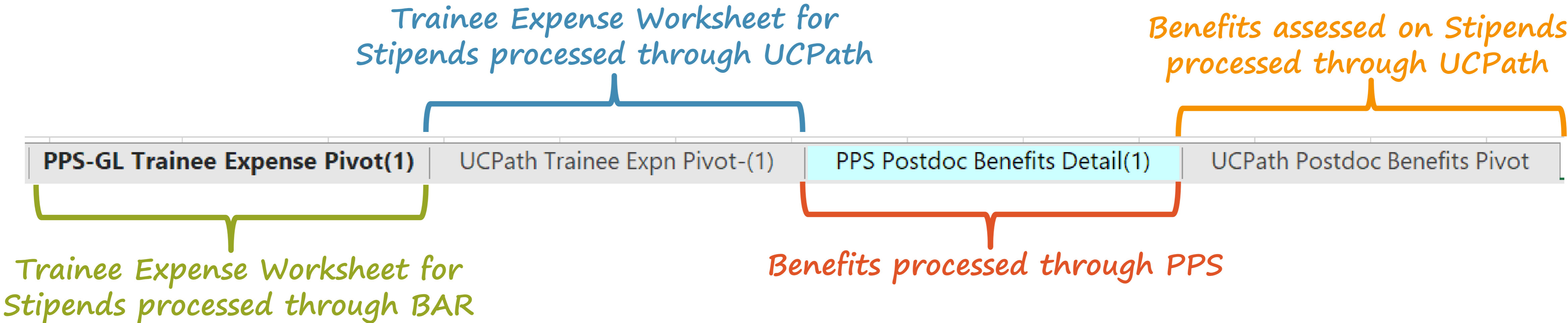
# Removing Unallowable F&A and CBR

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- **Department should work with EFM Accountant to remove the unallowable F&A and CBR referenced in step 2 on slides 9 & 10.**
  - Request EFM Accountant to process an F&A adjustment to remove all F&A assessed on childcare costs.
  - Request a [Benefit Cost Transfer \(BCT\)](#) to remove all CBR assessed on the childcare costs.
- **Remove these expenses prior to generating the Closeout Packet (COP) to minimize the manual adjustments necessary to the COP.**

# Fund Closeout

- At time of closeout, the Department should manually adjust the Closeout Packet to exclude the childcare costs.



# COP Adjustments: Trainee Expense Worksheets

- Purpose of the worksheets are to segregate stipends between paid and unliquidated obligations for reporting on the Federal Financial Report (FFR).
- The Trainee Expense worksheets will include the childcare costs in the stipend amounts, as these costs are charged with the stipend object code.
- Childcare costs should be manually excluded from the worksheets, adjusting formulas as needed.

*Before adjustment:*

Sub	Paid/ Lien	Sub-Object Title	Grand Total	Bruin, Joe
05-Stipends	Lien	STUDENT AWARD - PAYMENT	0	0
	Paid	STUDENT AWARD - PAYMENT	6500	6500
05-Stipends Total			6500	6500

*Includes both stipend + childcare costs*

*After adjustment:*

Sub	Paid/ Lien	Sub-Object Title	Grand Total	Bruin, Joe
05-Stipends	Lien	STUDENT AWARD - PAYMENT	0	0
	Paid	STUDENT AWARD - PAYMENT	6500	6500
		CHILDCARE COSTS	-2500	-2500
05-Stipends Total			4000	4000

*Exclude childcare costs*

# COP Adjustments: UCPath Postdoc Benefits

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- **Purpose of the worksheet is to calculate the unallowable benefits assessed on stipends processed in UCPath and segregate the allowable benefits between paid and unliquidated obligations for reporting on the Federal Financial Report (FFR).**
- **The UCPath Postdoc Benefits worksheets will include the CBR charged to both childcare costs and stipends.**
- **Childcare costs should be manually excluded from the worksheets, adjusting formulas as needed.**

# COP Adjustments: UCPath Postdoc Benefits Pivot

## Before adjustment:

### Allowable Benefits

Paid/Lien	Total	Bruin, Joe
Lien	0	0
Paid	968.19	968.19
Total Allowables	968.19	968.19

### Unallowable Benefits

Lien	0	0
Paid	149.81	149.81
Total Unallowables	149.81	149.81

Grand Total 1118.00 1118.00

*Includes CBR for both stipends + childcare costs*

## After adjustment:

### Allowable Benefits

Paid/Lien	Total	Bruin, Joe
Lien	0	0
Paid	968.19	968.19
Total Allowables	968.19	968.19

### Unallowable Benefits

Lien	0	0
Paid	149.81	149.81

Childcare costs -430.00 -430.00

Total Unallowables -280.19 -280.19

Grand Total 688.00 688.00

*Exclude childcare costs*



# Federal Financial Report (FFR) and Award Closeout Considerations

- **Childcare costs which cross budget periods will be reported as unliquidated obligations.**
- **At the time of award closeout, any unused funds must be reported as an unobligated balance.**
- **Due to the restriction of the funds, the unspent balance will be disclosed as a comment in the Remarks section (section 12) of the FFR.**
- **The awarding Institute/Center will offset any unused funds in future years.**
- **Even though UCLA processes the childcare costs using the same object code as stipend payments, the stipend amounts listed on the Statement of Appointment forms and Termination Notices should include only stipend amounts.**

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# **The New Final Financial Deliverable Procedure**

**Yoon Lee**

# Summary of the New Procedure

- More details of the background and the new procedures can be found in the August 2022 RAF presentation on [the ORA-RAF website](#).

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## Important Upcoming Changes

- **Target Effective Date: January 1, 2023**
  - Closeout packets due on January 1, 2023, and onward.
- **Key changes:** In the final financial deliverables (the final), EFM will consider including the only expenses that are **posted to the project fund in GL** and **included in the closeout packet** (COP). If expenses are not posted to the fund in GL, EFM will not include them in the final even if they are included as adjustments in the COP for the **finals due 60 days or later** after the project period.
  - Monthly reconciliation, required by UCLA [policy 910](#), can ensure that all expenses are posted to the project fund in GL including cost transfers before submitting a COP to EFM (Refer to the reconciliation timeline in the next slide).
  - The PI/Department will be responsible for locating unrestricted funding source to cover expenses not included in the Final and transfer them off from the project fund.
- **Business scenarios:** If there are any business scenarios we should consider in developing the new procedure, email them to Yoon (yoon.lee@research.ucla.edu).
  - Any questions or comments are welcome and appreciated.

From RAF  
in August 2022

# Frequently Asked Questions

- **What if expenses are not posted to GL timely pending invoice processing in the AP office?**
  - EFM has reached out to the Procurement and Accounts Payable Office to explain the new procedure and importance of processing invoices for C&G funds for a timely posting to GL to recover costs and stay in compliance.
- **What if transfers of payroll expenses (Direct Retros) are not posted to GL in time due to a system bug or a defect in UCPATH?**
  - For the issues that can be addressed by CRU, EFM will reach out to BFS-CRU to explain the new procedure and importance of resolving GL related tickets affecting C&G funds to recover costs and stay in compliance.
  - For the issues that need to be addressed by UCPATH Center, the department can include such expenses in the COP along with the service ticket submitted to the CRU and adequate supporting documentation. EFM will review such costs and include them in the final when appropriate.
- **What if adjustments of CBR or GAEL are not posted to GL in time due to a system bug or a defect in UCPATH?**
  - Effective July 1, 2022, EFM took over processing benefit cost transfers and GAEL transfers via financial journal. EFM can process financial journals to address benefit or GAEL errors and will coordinate with BFS not to post duplicate correction entries.
- **What if a subawardee does not submit invoices on time?**
  - Follow up on getting subaward invoices timely. Remind the subawardees of the invoice due date and that late submission can result in non-payment.

# Frequently Asked Questions

- **How will NRSA training grants be handled?**
  - A closeout packet will continue to be required. EFM will not include additional expenses not posted to GL at the point when a COP is submitted. It is consistent with the treatment of other funds under the new procedure.
  - For unliquidated obligation, no change to the current procedure. EFM will report unliquidated obligation based on eligible expenses for the remaining appointment period outside the reporting period regardless of whether it is posted to GL in the subsequent period or not.
- **How will the funds subject to the policy 913 be handled?**
  - For industry sponsored clinical trials, the sponsor does not require the final financial report. EFM will continue to prepare the internal financial report and close the fund once documents required by Policy 913 are obtained. If there are expenses coded to unrestricted funding, process cost transfers to capture all costs incurred for the project on the project fund and submit a closeout packet along with the Policy 913 documentation.
  - For other funds subject to the policy 913, EFM will apply the new procedure to prepare the final financial report to submit by the deadline when required. Transfer of the balance and fund closeout will be processed when documents required by Policy 913 are obtained.
- **Do you have any other business scenarios to discuss?**
  - Email Yoon, [yoon.lee@research.ucla.edu](mailto:yoon.lee@research.ucla.edu). Let's work together to find solutions to overcome challenges to stay in compliance and recover costs.
- **EFM will prepare a consolidated list of frequently asked questions and post it to the EFM website.**

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# **FY21-22 Single Audit**

**Yoon Lee**

# Single Audit (Unifor Guidance Audit)

- PwC started audits for the FY22; Financial Statement Audit and Single Audit.

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## Overview

UC receives two audits every year by independent auditors besides numerous audits by sponsoring agencies. These two audits are conducted on parallel leveraging certain audit procedures for both.

### Financial Statement Audit

- Independent, objective evaluation of financial reports and financial reporting processes to obtain reasonable assurance that financial statements are free from material misstatement.
- In accordance with Generally Accepted Accounting Principles (GAAP) and standards established by Governmental Accounting Standards Board (GASB).

### Single Audit (Uniform Guidance Audit)

- Independent examination of an entity that expends \$750,000 or more of federal assistance to ensure that appropriate internal controls over compliance are in place and that federal funds are spent in compliance with the federal program's requirements in accordance with Uniform Guidance.
- Single audit is conducted in accordance with Uniform Guidance (2 CFR 200. Subpart F)

*From RAF in September 2021*

# FY22 Financial Statement and Single Audit Scope

- R&D is not selected for Single Audit testing. Certain procedures over the prior year findings will be performed as well as general inquires and reviews of internal controls. PwC is in process of selecting Type B programs.

Campus	Financial Statement Audit					Uniform Guidance
	Full Scope	Risk Assessment Analytics	Specified procedures for certain balances	UCPath testing	Out of scope	
UCLA	✓			✓		
UCB			✓	✓		SFA, SVOG
UCSD			✓	✓		HEERF, SVOG
UCI		✓		✓		SFA, HEERF, PRF (Med Center)
UCSF			✓	✓		SFA, PRF (Med Center)
UCSB		✓				
UCD		✓		✓		SFA, HEERF
UCSC					✓	
UCR					✓	HEERF
UCM					✓	

**SFA:** Student Financial Assistance | **SVOG:** Shuttered Venue Operation Grant | **HEERF:** Higher Education Emergency Relief Fund | **PRF:** Provider Relief Fund



# RFC and Audit Contact in EFM

• If you receive any audit inquires, please forward them to [RFChelp@research.ucla.edu](mailto:RFChelp@research.ucla.edu).

• **Research Finance Compliance (RFC) Team**

◦ Responsibilities include audit support, industry updates, EFM procedure updates, training, fiscal closing activities, fiscal compliance monitoring (e.g., effort reporting, e-verify, etc.), and EFM liaison for UCPATH matters.

◦ Val Gomez:

◦ [valeria.gomez@research.ucla.edu](mailto:valeria.gomez@research.ucla.edu)

◦ MK Jung:

◦ [mk.jung@research.ucla.edu](mailto:mk.jung@research.ucla.edu)

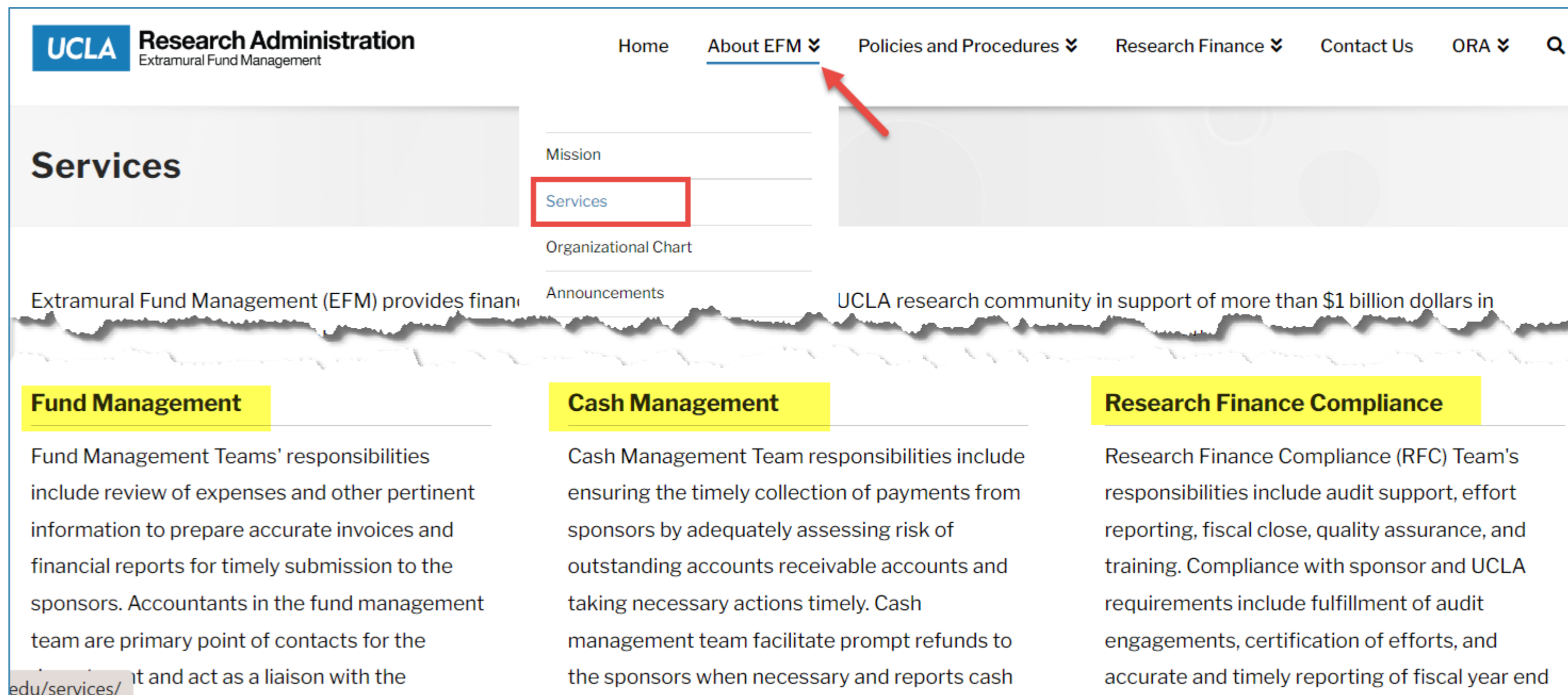
◦ Alan Fu:

◦ [alan.fu@research.ucla.edu](mailto:alan.fu@research.ucla.edu)

◦ Sianna Rubalcava:

◦ [sianna.rubalcava@research.ucla.edu](mailto:sianna.rubalcava@research.ucla.edu)

All EFM services can be found under **“About EFM>Services”**



# Any Questions?

## Contact Information

**EFM Website**

<https://efm.research.ucla.edu/>

**Katie Cadle**

Phone: (310) 794-0223

Email: [kcadle@research.ucla.edu](mailto:kcadle@research.ucla.edu)

**Audit and UCPath inquiry**

Email: [RFChelp@research.ucla.edu](mailto:RFChelp@research.ucla.edu)

**Yoon Lee**

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Email: [yoon.lee@research.ucla.edu](mailto:yoon.lee@research.ucla.edu)

