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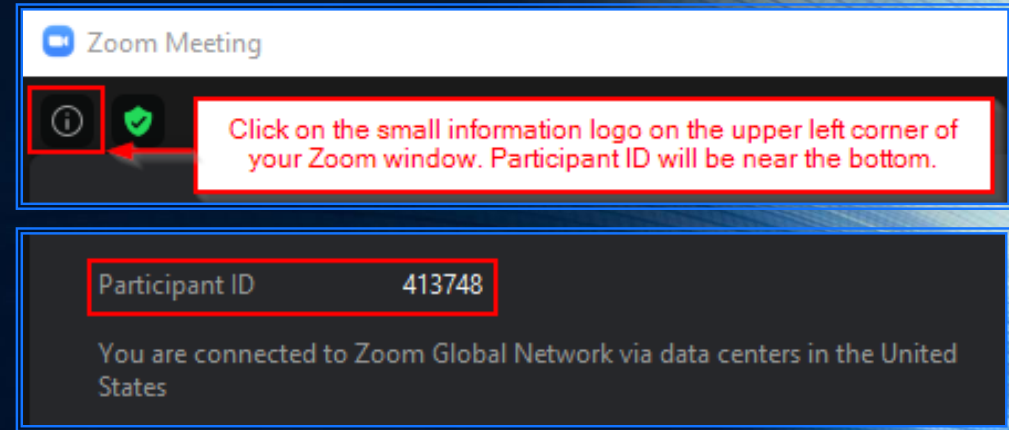
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https://medschool.ucla.edu/ora/fund-management-training

Monthly Reconciliation Payroll

UCLA DEPARTMENT OF MEDICINE
OFFICE OF RESEARCH ADMINISTRATION
ZOOM TRAINING

Agenda

- How much payroll should be charged to my FAU?

- What are the associated salary related costs?

- How should Vacation time post to my FAU?

- How should Sick time post to my FAU?

- Which reports can I run to check reconcile payroll?

- What do I do if the amounts charged to my fund are wrong?

- How to prepare & submit a BCT

- How to submit a case to Central Resource Unit (CRU)

Why do we reconcile payroll?

- **Reconciliation** is an accounting process that **compares two sets of records** to check that figures are correct and in agreement

- Performed to ensure costs for personnel effort are allocated to C&G or Unrestricted funds as budgeted

  - C&G Funds may only fund payroll up to the level of effort committed
    Example:
    - *Dr. Bruin commits 20% effort to her R01, therefore, the R01 may fund up to 20% of Dr. Bruin's <u>effort</u>.*
    - *Her remaining 80% <u>effort</u> must be funded via other sources.*

  - Unrestricted funds must be utilized for non-research effort, cost-shared effort, and for OTC commitments
    Example:
    - *Dr. Bruin's TNS is greater than the NIH Cap rate, therefore, her <u>Cap Gap</u> for her 20% <u>effort</u> on her R01 must be paid using unrestricted funds.*
    - *Non-research effort must be funded via unrestricted sources. Speak with your MSO to identify Department funds available (e.g. Compensation Plan or 19900)*

- Ensure changes to supported effort are reflected in UC Path, and on the General Ledger in a timely manner

- Address errors in a timely manner, as required by UC Policy 910 *(within 120 days)*

What should be charged to my FAU?
A Checklist

- Gross Earnings (subs 00, 01, 02)

  - If *Effort* is charged to your FAU:
    - *% Effort x Base Rate = Gross Earnings Charged*
      - *If capped, Employee Sum charge should be tagged with "OTC-N", otherwise should be blank*

  - If FAU was used for Cap Gap (Over-the-Cap effort)
    - *% Effort x (TNS - Cap Rate) = Cap Gap*
    - *Employee Sum charge will be tagged with "OTC-Y"*

- Benefits (sub 06):   % Benefits x Gross Earnings = Benefits Charged

  - CBR will assess on every FAU according to the employee title code

  - RPNI will assess on **Non-Federal** funds *(0.30% for FY 21-22)*, otherwise not at all

  - Vacation will assess for employees with full benefits *(6.5% for FY 21-22)*
    - Employees with *limited benefits* (i.e. GSRs) will not assess Vacation

- GAEL (sub 03):   *Gross Earnings ÷ $100 x $1.17 = FY 21-22 GAEL Costs*

  - Will assess on Non-Federal Funds, otherwise will **redirect** to fund# 07427 for Department of Medicine

- TIFs (sub 03)

  - *% Effort x $43.96 = Monthly TIFs assessed*

What should be charged to my FAU?
Example (Monthly)

Jane Bruin (HCOMP Faculty) charges 18% Effort to her R01. Her TNS is $300,000 ($25,000 monthly)

- Gross Earnings (subs 00, 01, 02)
  - If *Effort* is charged to your FAU:
    - *% Effort* x *Base Rate* = *Gross Earnings Charged*
      - *If capped, Employee Sum charge should be tagged with "OTC-N", otherwise should be blank*
  - If FAU was used for Cap Gap (Over-the-Cap effort)
    - *% Effort* x *(TNS - Cap Rate)* = *Cap Gap*
    - *Employee Sum charge will be tagged with "OTC-Y"*

- Benefits (sub 06):   *% Benefits* x *Gross Earnings* = *Benefits Charged*
  - CBR will assess on every FAU according to the employee title code
  - RPNI will assess on **Non-Federal** funds *(0.30% for FY 21-22)*, otherwise not at all
  - Vacation will assess for employees with full benefits *(6.5% for FY 21-22)*
    - *Employees with limited benefits (i.e. GSRs) will not assess Vacation*

- GAEL (sub 03):   *Gross Earnings ÷ $100 x $1.17 = FY 21-22 GAEL Costs*
  - Will assess on Non-Federal Funds, otherwise will **redirect** to fund# 07427 for Department of Medicine

- TIFs (sub 03)
  - *% Effort* x *$43.96* = *Monthly TIFs assessed*

Do we use her TNS or the NIH Cap?

How much will drop to the R01 as Gross Earnings?
18% x $16,608.33 =   **$2,989.50**

How many benefits charges should drop?   **2**

CBR	32.8% x $2,989.50 =	**$980.56**
Vacation	6.5% x $2,989.50 =	**$194.32**

How much GAEL will drop to the R01?   **NONE**

How much TIF will drop to the R01?   **$7.91**

What should be charged to my FAU?
Example (Monthly... cont): OTC Charges

Jane Bruin (HCOMP Faculty) charges 18% Effort to her R01. Her TNS is $300,000 ($25,000 monthly)

- Gross Earnings (subs 00, 01, 02)
  - If *Effort* is charged to your FAU:
    - *% Effort x Base Rate = Gross Earnings Charged*
      - *If capped, Employee Sum charge should be tagged with "OTC-N", otherwise should be blank*
  - If FAU was used for Cap Gap (Over-the-Cap effort)
    - *% Effort x (TNS - Cap Rate) = Cap Gap*
    - *Employee Sum charge will be tagged with "OTC-Y"*

- Benefits (sub 06):   % Benefits x Gross Earnings = Benefits Charged
  - CBR will assess on every FAU according to the employee title code
  - RPNI will assess on **Non-Federal** funds *(0.30% for FY 21-22)*, otherwise not at all
  - Vacation will assess for employees with full benefits *(6.5% for FY 21-22)*
    - Employees with *limited benefits* (i.e. GSRs) will not assess Vacation

- GAEL (sub 03):   *Gross Earnings ÷ $100 x $1.17 = FY 21-22 GAEL Costs*
  - Will assess on Non-Federal Funds, otherwise will **redirect** to fund# 07427 for Department of Medicine

- TIFs (sub 03)
  - *% Effort x $43.96 = Monthly TIFs assessed*

How much will drop to unrestricted as OTC Gross Earnings?

$$18\% \times (\$25,000 - \$16,608.33) = \mathbf{\$1,510.50}$$

Will Benefits charge with the OTC Gross Earnings?   **YES**

CBR	32.8% x $1,510.50 =	**$495.44**
RPNI	0.30% x $1,510.50 =	**$4.53**
Vacation	6.5% x $1,510.50 =	**$98.18**

How much GAEL will drop?   **$17.67**

How much TIF will drop?   **NONE**

Reconciliation Checklist

- ### What To Review By Report

  - Payroll distribution on the General Ledger and Employee Sum matches Calculated Distribution

  - 19900 only charged to HSR

  - Effort charged per C&G fund (cumulative) does not exceed committed effort

  - OTC Flags on capped funds are "N-###"
    - Blank indicator is not allowable on capped funds
    - "Y-###" is not allowable on capped funds

  - Rate used for capped funds is cap rate, not full rate

  - Did any Vacation or Sick post?

  - Funding is still sufficient on the FAU
    - No current deficit
    - No *projected* deficit

- ## What to Project

  - Gross Earnings: Subs 00, 01, 02
  - Benefits: Sub 06 (CBR, RPNI, Vacation, Graduate Fee Remission)
  - Salary-Related Expenses: Sub 03 (TIFs, GAEL)
  - Overhead: Sub 9H

How Vacation should post

Please see June 10, 2021 slides "[*Vacation Reconciliation and MLCs*](#)*" for full details*

- When vacation is recorded, the transactions should post to the Payroll Ledger *for every FAU contributing to the monthly distribution* as follows:

  1. *Gross Earnings* with VAC or VCN earn code (salary subs 00,01,02) *debit* commensurate to the hours reported. Earned date must align with the date vacation was *taken*

  2. Regular pay *Gross Earnings* (salary subs 00,01,02; and earn codes REG,HSR,HSP,HSN) are reduced via *credit*. Earned date must align with the date vacation was *taken*

  3. Regular *Benefits* assessed (CBR, VLA, RPNI) against Gross Earnings must be less than months where no vacation was recorded, because benefits do not assess on VAC or VCN. This posts as a debit.

  4. Vacation *Benefits* (Vacation Usage Fringe Expense, obj code 8931) is a *credit*, equal and opposite the VAC or VCN Gross Earnings

- Resulting $$ Changes:
  - **No change** to the $$ distributed for **Gross Earnings**
  - **Reduced Benefits** charges

If Vacation posted, and any one of the above 4 do not occur with your fund, you may need to process an adjustment.

How Sick should post

- When vacation is recorded, the transactions should post to the Payroll Ledger **_for every FAU contributing to the monthly distribution_** as follows:

  1. *Gross Earnings* with SKL or S1L earn code (salary subs 00,01,02) *debit* commensurate to the hours reported. Earned date must align with the date sick was *taken*

  2. Regular pay *Gross Earnings* (salary subs 00,01,02; and earn codes REG,HSR,HSP,HSN) are reduced via *credit*. Earned date must align with the date sick was *taken*

  3. No change to Benefits assessed

- Resulting $$ Changes:
  - **No change** to the $$ distributed for **Gross Earnings**
  - **No change** to the $$ distributed for **Benefits**

Vacation and Sick Examples (QDB Employee Sum/DOPE Report)

- *Live Demo*
  - *Demonstration File will be uploaded with Presentation Slides!*

Reports to Use

- **QDB Reports**

  - Salary & Percentage by Month
    - Summary Report, not detailed
    - Useful if you only need to confirm % Effort and/or $ Amount
  - Employee Sum
    - Detailed Report
    - Includes Pay Rate, Earned Date, Earn Codes, Employee IDs, GL Month posted, etc.

- **DG Inform**

  - Salary & Percentage by Month
    - Same details as QDB Salary & Percentage by Month Report (Summary Report)
    - *Enhancement: Includes salary projections according to UC Path Funding Entry*

- **CDW**

  - Distribution of Payroll Expense (DOPE)
    - Detailed Report
    - Includes all Employee Sum details **plus**…
      - GAEL redirect details from federal to Dept fund
      - Restatement flags, used to identify Direct Retros ("*No Restatement*", "*Restated Entry*", "*Reversing Entry*")
  - Benefit Cost Template Report
    - Used to process adjustments to benefits or GAEL expenses

Resolving Identified Errors/Updates

- If the wrong amount was assessed for *any* expense type (Gross Earnings, CBR, RPNI, etc.) <u>**do not process an adjustment. Report this to CRU.**</u>

  - Direct Retros, BCTs, NPEARs only change the FAU the expense is charged to. They do not correct the amount charged.

- If the correct amount was assessed, and you only need to change the FAU that was charged:

  - **Direct Retros are processed when the correct amount was assessed for <u>Gross Earnings</u>, but was simply charged to (an) incorrect FAU(s).**
    - When a Direct Retro is processed, we adjust the Gross Earnings (Subs 00, 01, or 02); then, all related costs (Benefits, TIFs, GAEL, Overhead) should *automatically follow*

  - **A Benefit Cost Transfer (BCT) is processed when** the correct amount was assessed for Gross Earnings, these salaries are charged to the correct FAU(s), but **we need to adjust all or a portion of benefits only due to Sponsor restrictions**.
    - Benefit Cost Transfers are used to adjust Sub 06 expenses, and/or GAEL Sub 03, independently of Gross Earnings
    - These Post to the GL *only*. Once Posted, your GL and your Payroll Ledger will not match.
    - Required for T32s or other grants that restrict benefits   *(all NIH-NRSA Grants Ts and Fs have benefits restrictions)*
    - Required whenever your sponsor does not allow GAEL   *(Remember GAEL only redirects automatically for Federal and Federal-flow-through funds)*

  - **NPEARs** may adjust TIFs
    - Some sponsors (like AHA) do not allow TIFs

  - EFM may process a journal to correct Overhead Assessments
    - Not all sponsors use the same "Base" calculation for IDC. If your sponsor restricts IDC on salary expenses you may need to reconcile this manually

Special Note on UC Path Defect *Journals*

- UCLA Central Resource Unit processes monthly journals to correct General Ledger charges related to <u>known, systematic UC Path Defects</u> that affect benefits and GAEL assessments

- These journals only appear on the GL meaning your GL and your Payroll Ledgers will not match

- These journals are **valid** and should not be adjusted further by the Department Fund Manager. Doing so would un-reconcile payroll and return the GL to a defective state

- UC Path Defect Journals have Transaction IDs coded ****PJ##**
  - The Trans ID of the journals that are posted all begin with the period followed by a unique identifier. For Example Trans ID of 12PJ01 indicates a journal was posted to the June Ledger for GAEL charges. A Trans ID of 01PJ05 indicates a journal was posted to the July Ledger for Work Study issues.

- Work-files supporting each journal can be downloaded on the <u>UCPath Journal Corrections Platform</u>
  - This site also maintains the current identifiers for defects CRU is responsible for correcting unilaterally.

  Note: As of 8/26/2021 DOM is aware CRU needs to update the site to list defects with PJ08-PJ12 identifiers. Despite this delay, any "PJ" journals are still accurate and Dept Fund Manager can confirm so using the calculations reviewed earlier in these slides

- **THESE ARE NOT MLCs**
  - An MLC is a Direct Retro, which adjusts Gross Earnings
  - An MLC will post to both the GL and your Payroll Ledger

Demonstration (BCTs)

- This training will not Demo Direct Retros or NPEARs. These topics require dedicated training sessions and may be scheduled upon request. Please note, Direct Retro training is a 3-part series.

Survey Link
http://goo.gl/forms/C3gdjsL5y1

We appreciate if you would take a few moments to complete a short 5 question anonymous survey to help us improve your training experience. Thank you!