

This session will *not* be recorded, but this PowerPoint can found

<https://medschool.ucla.edu/research/researcher-resources/administrative-support/department-medicine-office-research-administration/fund-management-training>

Understanding F&A and F&A Reconciliation

UCLA DEPARTMENT OF MEDICINE
OFFICE OF RESEARCH ADMINISTRATION
ZOOM TRAINING

Facilities & Administrative Costs (F&A) Basics

What is F&A?

- **Direct Cost:** Any cost that can be specifically identified with a particular project, program, or activity or that can be directly assigned to such activities relatively easily and with a high degree of accuracy.
- **F&A Costs:** Costs for common or joint objectives that cannot be readily identified with an individual project, program, or organizational activity.

F&A Costs are otherwise known as...

- Overhead Costs (OH)
- Indirect Costs (IDC)
- Sub 9H – at UCLA only

Types of F&A Bases

Modified Total Direct Cost (MTDC) Base

- MTDC component is the base against which the **federally negotiated rates** are applied, and is derived by excluding certain costs from the Direct Cost total.
- MTDC **exclusions** include:
 - Equipment
 - Patient Care
 - Alterations/Renovations
 - Space Rental
 - Tuition Remission/Fees
 - For Non-UC subawards, any amount beyond the first \$25,000 TC of each subaward.
 - The total cost (TC) of subawards to other UC campuses

Total Direct Cost (TDC) Base

- F&A calculated on the total of all direct costs of a project.

There are no exclusions!

- Most non-federal F&A rates are based on Total Direct Cost (TDC), not MTDC.
 - e.g. Pharm sponsored Clinical Trials (26% TDC), some Non-Profit Foundations, etc.

What is the "Current F&A Base Code"?

- How do I find it?
 - Summary-By-Sub/Overhead Rate field

SUMMARY REPORT BY SUB (INCEPTION TO DATE): HEART R01 Yr. 4 OF 4							
Account/Fund:	441357-JB-23480 project: *			Budget Year(s):	07/01/2015 - 06/30/2016		10/15/15 12:17 PM
Fund Name:	FDP-NIH HL111234 BRUIN 6/16 54%			Project Period:	08/23/2012 - 06/30/2016		
P.I.:	BRUIN, JOSEPH			Recharge ID:	AB12		
Fund Mgr:	CATHERINE Y. RUJANURUKS			Overhead Rate:	J	54.00	%
	1	2	3	4	5	6	Projected Balance
	General Ledger		Current Expenditures				
Sub	Approp. ITD (09/15)	Expenses ITD (09/15)	Approp.	Expenses	Encumbr. & Memo Lien	Future To 06/30/16	1-2 +3-4-5-6

- Closeout Packet (COP)/Approp & Financial tab

Approp & Financial - 23456										
Report Date: 8/28/2017										
LYM	Account	CC	Fund	Approp.	Financial	Balance	Current F&A Base Code	F&A Base Code Description	Current F&A Rat	STIP Fund Notation
201708	119800			0.00	0.00	0.00				
201708	258000			100,042.00	100,042.00	0.00				
201708	441351			100,042.00	91,584.17	8,457.83	J	MTDC - Modified Total Direct Costs	26.00	

What is the “Current F&A Base Code”?

- How do I find it?
 - AIS/OASIS – FSo0 – Table AF (Account/CC-Fund Table)



The image shows a sequence of three screenshots from the OASIS system interface, connected by arrows. The first screenshot is a window titled "1 - OASIS (zos.ais.ucla.edu)" showing the "OASIS MENU" with a list of systems and their codes. The second screenshot is a "FINANCIAL SYSTEM SELECTION MENU" with options 1, 2, and 9. The third screenshot shows the "ACCOUNT/CC-FUND TABLE" details for table AF, including account number 41357 LD 29251, recharge code YC86, and overhead rate of 54.00%.

```
UCLA-AIS OASIS MENU 10/02/18 07:19:10
AISMENU
Use cursor to select application OR type Transaction ID: fs00

Student Information Systems (SIS )
Financial Systems (FS00)
Purchasing and Accounts Payable System (AP00)
Personnel/Payroll System (PPP )
Events System (EVM )
UCLA ID System (UIDS)
DACSS/ASAP Distributed Access Systems (DA01)
Report Distribution System (RDS )
Staffing List System (SLS )

*** FINANCIAL SYSTEM SELECTION MENU ***
1. TABLE MAINTENANCE
2. SUSPENSE CORRECTION
9. GL INQUIRY (RELEASE 2.0)
SELECTION: 1 LOCATION: 4

UCLA-AIS *** ACCOUNT/CC-FUND TABLE *** FSM0673
ACTION: B TABLE: AF + LOCATION: 4
ACCOUNT/CC-FUND: 41357 LD 29251 LAST UPDATE: 03/23/15
-----
RECHARGE CODE: YC86 SUB: 03
OVERHEAD BASE: J OVERHEAD RATE: 54.00 %
```

What is the “Current F&A Base Code”?

- What do the letters mean (i.e. J, B, C)?
 - [Base & Object code Table for Indirect costs](#)
 - Used for F&A cost inclusion and exclusion in calculations of indirect costs for contract and grant projects

Current F&A Rates & Cost Returns

UCLA's Current F&A Rates

F&A Agreement

Current F&A Rate Agreement: Dated March 28, 2023

Negotiated with Department of Health and Human Services. View [F&A Rate Agreement document](#)

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Sponsored Activity	Effective Period		
	FY 2020 - 2023 <i>(July 1, 2019 to June 30, 2023)</i>	FY 2024 <i>(July 1, 2023 to June 30, 2024)</i>	FY 2025 <i>(July 1, 2024 to June 30, 2025*)</i>
Organized Research	56%	57%	57.5%
Other Sponsored Activities	38%	39%	39%
Instruction	40%	42%	42%
Off-Campus (all functions)	26%	26%	26%
Intergovernmental Personnel Agreement (IPA)	8%	8%	8%

*From July 1, 2025 until amended, use FY 2025 rates.

Annual Indirect Cost Return*

- What is it?
- What is it based on? Actual expenses in gH from the previous fiscal year!
- DOM usually receives our portion of the IDC return around Jan-March each year
- New DOM Fund 07427 & 75014.
 - IDC funds are generally handled by the Division MSO.
- *Based on DOM. Every School may handle differently.

F&A Reconciliation

Where to Start?

- Upon receipt of a new award, review the [Award Snapshot](#) and the sponsor's [Notice of Award](#)
 - What is the F&A Type (e.g. MTDC, TC, etc)?
 - Did you receive the full F&A rate amount (e.g. 56%) based on the total direct cost? If not, what was excluded from the MTDC base?
 - Refer back to the [original budget](#)
 - Review the Notice of Award for any exclusions the sponsor may have noted
 - Exclusions: Non UC Subaward > \$25k, All of a UC Subaward, Equipment, GSR fees, Space Rental, Patient Care
 - Make note of these exclusions
 - Add Note to FPM/QDB in the "Account Owner Comments" to remind you that there are budgeted F&A exclusions on this award
 - Remind your PI of these exclusions in case they want to rebudget an excluded item to a non-excluded item (or vice-versa), and what are the financial repercussions of doing so

F&A Appropriation vs Expense

F&A issues can occur in both the **Appropriation** and the **Expense**

Fund Mgr:						Overhead Rate:	J	56.00	%
		1	2	3	4	5	6	Projected Balance	
		General Ledger		Current Expenditures				1-2	
Sub		Approp. ITD (03/22)	Expenses ITD (03/22)	Approp.	Expenses	Encumbr. & Memo Lien	Future To 05/31/22	+3-4-5-6	
00	Salaries-Academic	0.00	271,221.27					(271,221.27)	
01	Salaries-Staff Career							0.00	
02	Salaries- General Assistance	0.00	266,264.89		(192.32)			(266,072.57)	
06	Employee Benefits	0.00	236,829.08		(498.17)			(236,330.91)	
03	Supplies & Expense	0.00	269,520.94		795.04	9,179.37		(279,495.35)	
04	Equipment							0.00	
05	Special Items							0.00	
07	Special Items							0.00	
08	Unallocated	1,104,597.00	0.00					1,104,597.00	
09	Recharge							0.00	
Total Direct		1,104,597.00	1,043,836.18	0.00	104.55	9,179.37	0.00	51,476.90	
9H	F & A	618,573.00	584,548.04	0.00	58.55	5,140.45		28,825.96	
Total		1,723,170.00	1,628,384.22	0.00	163.10	14,319.82	0.00	80,302.86	

What can cause F&A to get out of sync?

- F&A rate changed during the project period, but may not have been changed in the UCLA financial system. Use [F&A Reconciliation Tool in PAMS](#)
- PI moved from on-campus to off-campus space, or vice-versa. Use [F&A Reconciliation Tool in PAMS](#)
- FPM/QDB “Income & Non-Salary Expense” F&A box not marked correctly

Account: 441348, CC: TZ, Fund: 31190, Fund End: 3/31/2021, Project End: 3/31/2023, Project: [], Sub: 06, Retro/Adj. [], Monthly [x], Lump Sum [], Assess F&A [x]

Category: Other, Description: Benefit Projections, Amount: 1,731

Begin LYM: 202008, End LYM: 202303, Notes: eg. 200506

Program: [], PI ID: []

Buttons: Delete, Add

Dept	Account	CC	Fund	Project	Sub	Category	Description	Amount	Lump Sum	F&A	Retro	Begin Lym	End Lym
1564	441348	TZ	31190	08	08	Other	Salary Projecti	10,114	No	Yes	No	202008	202303
▶	1564	441348	TZ	31190	06	Other	Benefit Project	1,731	No	Yes	No	202008	202303
	1564	441348	TZ	31190	07	Subcontracts	CalTech Suba	136,708	Yes	No	No		
	1564	441348	TZ	31190	05	Other	DRs for Zhaoq	14,284	Yes	Yes	No		

What can cause F&A to get out of sync?

- Item was not correctly Object Coded in the UCLA financial system. Use [F&A Reconciliation Tool](#) accessed via PAMS.
- You processed a TOF to a linked Acct-CC, but only transferred the DC portion. Review [TOF and/or Summary By Sub for linked Acct-CCs](#)
- Using the desktop version of Excel QDB vs DGSOM Jump Server version
 - Desktop QDB does not include F&A calculation on “Encumbr. & Memo Lien” expenses

What can cause F&A to get out of sync?

- PI spent the \$ on an item that is excluded from F&A, but was not originally budgeted. EXAMPLE: Unbudgeted equipment. [See Scenario 1.](#)
 - Other Examples:
 - Hired a GSR with Grad Fees that was not originally budgeted
 - Increased subaward from sponsor approved budget
- PI did NOT spend the \$ allocated to an excluded item, but rather, spent it on an item NOT excluded from F&A. EXAMPLE: Budgeted equipment. [See Scenario 2.](#)
 - Other Examples:
 - Did not hire a GSR, but included Grad Fees in original budget
 - Decreased a subaward from sponsor approved budget

DGSOM FPM/QDB 9H Recon Adjustment Tool

- Run the FPM/QDB Summary-By-Sub report in the DGSOM Jump Server
- If you see an amount listed in the “9H TOF Adj needed” field, it **MAY** be an indicator that an adjustment needs to be made.
 - **Never** run this report for ALL accounts/All cost centers, as the 9H adjustment calculator will not work properly, and an incorrect amount will appear in this field. For this purpose, **ALWAYS** include the Account and Cost center!

- Do **NOT** assume this amount needs to be transferred **WITHOUT** reconciling F&A first. Understand why the 9H is out of sync with the direct costs.

22	Total Direct	2,279,200.00	1,466,195.70	0.00	11,489.85	547,343.33	0.00	254,171.12
23	9H F & A	488,700.00	336,530.62	0.00	6,591.06			145,578.32
24	Total	2,767,900.00	1,802,726.32	0.00	18,080.91	547,343.33	0.00	399,749.44
25							Direct Balance	259,577.56
26	COMMENTS						Indirect Balance	140,171.88
27								399,749.44
28							Make sure you have included 9H recon adj in FPM, sub 9H so it can feed to col 6 in this report	
29							9H TOF Adj needed	5,406.44
30							If positive, debit sub 9H and credit sub 08 (if allowable)	
31							If negative, credit sub 9H and debit sub 08 (if allowable)	
32								

PAMS F&A Reconciliation Tool

- Accessible 2 ways in PAMS:
 1. Management Reports tab, click on the F&A Reconciliation link
 2. Closeout tab, enter Fund Number, click on F&A Reconciliation link

F&A Summary for fund 4-30976 as of Apr 14, 2021 Export ▾

Account	CC	Period	Base	Rate	Total Expenses (Ledger)	Total Direct Cost (Ledger)	Direct Cost Adjustments	Default and Custom Exemptions	Exemptions from Adjustment	Adjusted Total Direct Cost	Assessed F&A (Ledger)	Computed F&A	F&A Variance
441348	TZ	04/17-04/21	MTDC	54%	\$1,432,772.36	\$1,063,391.85	\$0.00	\$379,354.20	\$0.00	\$684,037.65	\$369,380.51	\$369,380.33	(\$0.18)
441357	N9	04/17-04/21	MTDC	54%	\$5,471.82	\$3,553.12	\$0.00	\$0.00	\$0.00	\$3,553.12	\$1,918.70	\$1,918.68	(\$0.02)
TOTAL					\$1,438,244.18	\$1,066,944.97	\$0.00	\$379,354.20	\$0.00	\$687,590.77	\$371,299.21	\$371,299.01	(\$0.20)

From here, click on the blue hyperlink "Total Exemptions"

Exemptions for 441348/TZ

Sub Code	Object Code	Exempt items (MTDC)	Exemption Amounts
06 - E...	8971	UCLA GRAD STUDENT FEE REMISSION-ACADEMIC	\$5,034.00
06 - E...	8571	GRADUATE STUDENT HEALTH INS-ACADEMIC	\$3,816.27
06 - E...	8591	OP GRAD STUDENT FEE REMISSION ACADEMIC	\$11,502.00
06 - E...	8641	GRAD STDNT PARTIAL FEE REMISSION 2-ACAD	\$1,128.00
07 - ...	7300	SUBCONTRACTS > \$25K, EXCL FROM OH	\$259,383.93
06 - E...	8970	UCLA GRADUATE STUDENT FEE REMISSION	\$15,102.13
06 - E...	8640	GRAD STDNT PARTIAL FEE REMISSION 2	\$3,760.00
06 - E...	8590	OP GRADUATE STUDENT FEE REMISSION	\$38,140.09
06 - E...	8570	GRADUATE STUDENT HEALTH INSURANCE	\$14,127.81
04 - E...	9118	INVENTORIAL EQUIPMENT-SCIENTIFIC-NON MED	\$27,359.97
TOTAL			\$379,354.20

Review these F&A Excluded items against original budget and Notice of Award to determine discrepancies

Two Types of F&A Reconciliation: Appropriations & Expenditures

APPROPRIATION

- Which Tool Do I Use?
 - Summary-By-Sub report* for the gH reconciliation note located at the bottom of the report.
- Why does this happen?
 - Actual expenditures differ from budget.
 - Be sure to research and understand what happened prior to making adjustment
- How does it get adjusted/fixed?
 - FM can prepare a TOF

**Be sure to always enter the full FAU into QDB. Do not enter an "*" in the Account of Cost Center field. This will return incorrect results.*

EXPENDITURES

- Which Tool Do I Use?
 - F&A Reconciliation report in QDB
- Why does this happen?
 - Incorrect F&A Rate was charged to expenditures
- How does it get adjusted/fixed?
 - EFM must prepare a journal entry adjustment. FM can request.

Survey Link

<http://goo.gl/forms/C3gdjsL5y1>

We appreciate if you would take a few moments to complete a short 7 question anonymous survey to help us improve your training experience. Thank you!