This session will not be recorded, but this PowerPoint can be found at 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 gH – 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  
  - Closeout Packet (COP)/Approp & Financial tab
What is the “Current F&A Base Code”?

• How do I find it?
  • AIS/OASIS – FSoo – Table AF (Account/CC-Fund Table)
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
Knowledge Check #1
Current F&A Rates & Cost Returns
# UCLA’s Current F&A Rates

## F&A Agreement

Current F&A Rate Agreement: Dated July 5, 2023
Negotiated with Department of Health and Human Services. View F&A Rate Agreement document

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

*From July 1, 2025 until amended, use FY 2025 rates.
Annual Indirect Cost Return (ICR)*

• What is it?

• What is it based on? Actual expenses in 9H from the previous fiscal year!

• DOM usually receives our portion of the ICR around Jan-March each year

• DOM ICR Funds: 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. 57%) 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**

<table>
<thead>
<tr>
<th>Fund Mgr:</th>
<th>General Ledger</th>
<th>Current Expenditures</th>
<th>Overhead Rate:</th>
<th>Projected Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Sub</td>
<td>Appropriation ITD (03/22)</td>
<td>Expenses ITD (03/22)</td>
<td>Appropriation</td>
<td>Expenses</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------------</td>
<td>---------------------</td>
<td>--------------</td>
<td>----------</td>
</tr>
<tr>
<td>00</td>
<td>Salaries-Academic</td>
<td>0.00</td>
<td>271,221.27</td>
<td>0.00</td>
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<tr>
<td>01</td>
<td>Salaries-Staff</td>
<td>0.00</td>
<td>266,072.57</td>
<td>0.00</td>
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<tr>
<td></td>
<td>Career Salaries-</td>
<td>0.00</td>
<td>236,330.91</td>
<td>0.00</td>
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<tr>
<td>02</td>
<td>General Assistance</td>
<td>0.00</td>
<td>269,520.94</td>
<td>0.00</td>
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<tr>
<td>06</td>
<td>Employee Benefits</td>
<td>0.00</td>
<td>795.04</td>
<td>9,179.37</td>
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<tr>
<td>03</td>
<td>Supplies &amp; Expense</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>04</td>
<td>Equipment</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>05</td>
<td>Special Items</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>07</td>
<td>Special Items</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>08</td>
<td>Unallocated</td>
<td>1,104,597.00</td>
<td>0.00</td>
<td>0.00</td>
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<td>09</td>
<td>Recharge</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Total Direct</td>
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<td>1,043,836.18</td>
<td>0.00</td>
<td>9,179.37</td>
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<td>9H</td>
<td>F&amp;A</td>
<td>618,573.00</td>
<td>584,548.04</td>
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<tr>
<td>Total</td>
<td>1,723,170.00</td>
<td>1,628,384.22</td>
<td>0.00</td>
<td>19,319.82</td>
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</table>
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
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
  • Rebudgeting from an expense that is not exempt from F&A, to an expense that is exempt from F&A, or vice versa.
    • Example: rebudgeting to purchase non-budgeted equipment.
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 “9HTOF 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.
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

From here, click on the blue hyperlink “Total Exemptions”

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 9H 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!