



RESEARCH FINANCE: ADMINISTRATORS AND FINANCE MANAGERS - TIMELY ISSUES SESSION (SEPT 16/22)



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INTRODUCTION

Topics to be covered today

- US Fed Grants & the Annual Single Audit
 - Payroll
 - Non-Payroll (Procurement, Equipment, PST self-assessment)
 - Sub-granting
- Expense Transfers: Do's and Don'ts
- TAGFA and UBC's Business Expense Rules
- Payroll Adjustments and Student Salary Categorization (Form 300s)
- Tri-Agency Form 300s - Head of Unit Signature Clarification



Subject matter: Payroll expenses

- Payroll expenses form the most common request captured in research grant budgets, and may include:
 - Students and Post-docs training under the research topic being funded
 - Technical and project staff
 - Principal Investigators and Co-Investigatorsalong with their fringe benefits such as statutory deductions (EI, pension, extended health, tuition waiver)
- The US Government's expectation is that the supporting documentation for the expense should be able to demonstrate the time and effort that the employee expended is not being overcompensated by the grant



Subject matter: Payroll expenses (cont.)

- Auditors will be seeking to ensure that:
 - Compensation is accurately recorded (% allocation of salary or hours worked, within appointment period, within grant's active period)
 - Benefits are properly attributed (amount assessed is appropriate based on the salary it's associated with)
 - Adjustments are backed up properly with supporting documentation
 - Appointments and adjustments are approved by PI or Grant Manager



Subject matter: Payroll expenses (cont.)

- Another consideration: National Institutes of Health (NIH) salary cap
- NIH puts out [annual guidance](#) that limits how much an individual can be compensated from the grant
- Compensation (if extrapolated to 100% effort) may not exceed "Executive Level II" max salary
- This figure changes from year to year - for this year, it's USD \$203,700
- Particularly important to note that when part of PI's salary is being charged to an NIH grant, it's not the portion of the salary that's the concern, but how much it would be if effort were extrapolated to 100%
- Possible mitigation: PI claims less than the actual effort expended



Subject matter: Non-payroll expenses

- Broad domain - many considerations
- Procurement: Micro-purchase vs. Small purchase thresholds, competitive bidding
- Equipment: proper tracking, required biennial certification, disposals
- Sanctioned or Excluded Parties
- Accuracy of charges (including overhead) & related tax assessments
- Proper approval streams (PI/Grant Manager), appropriate apportionment



Subject matter: Non-payroll - Procurement

- UBC's \$ thresholds requiring increased requirements are less than US Fed's - key is to adhere to UBC's stated requirements
- Thresholds are as follows:
 - [Below \\$3.5k CAD](#) - no purchase order (PO) required, though some suppliers may require a PO number; UBC Visa Card as an option
 - [Above \\$3.5k CAD](#) - PO is required (can be waived under specific exception conditions - see exemption matrix from FinOps website); three quotes recommended (or rationale for why three is not possible)
 - [Additional consideration if purchase is above \\$75k CAD](#) - competitive bid process is required



Subject matter: Non-payroll - Equipment

- [2 CFR 200.313](#) outlines the expectations of the US Government on us for handling equipment purchased using their funds
- Tracking, safeguarding, and maintenance are key expectations
- Best practice - make note of serial numbers/other identification numbers on the equipment upon receipt, log this information locally (for asset management as well as audit purposes), and include location of item(s)
- Auditors will be asking for this information for newly purchased equipment during annual US Fed audit, so Research Finance will be reaching out to you in the spring to collect this info
- We are also required to do biennial certifications of all equipment purchased using US Fed funds - next certification: Spring 2023



Subject matter: Non-payroll - Equipment (cont.)

- The US Government also outlines what needs to be done when disposing of equipment purchased using US Fed funds:
 - If item still has utility, it is expected to be sold at fair market value
 - If fair market value is less than \$5k USD, there is no further responsibility to the US Fed agency that awarded the funds to purchase the equipment
 - If fair market value is greater than \$5k USD and item is sold, UBC may retain 10% or \$500 USD (whichever is less) and the US Fed awarding agency is entitled to the remainder of their share
 - US Fed awarding agency may direct UBC to take disposition actions as part of the terms and conditions of their agreement with UBC



Subject matter: Non-payroll - PST self-assessment

- When goods are purchased for use in BC and vendor does not collect PST, there is a process that UBC uses to self-assess and remit PST
- Workday has pre-sets that will default to self-assess PST
 - Defaulting to self-assess PST ensures that we comply with provincial tax law
 - It's important to review the invoices being submitted to ensure that there isn't an assessment of PST already made by the vendor
 - If vendor has already assessed PST and self-assessment happens, the grant will be effectively double-charged PST
- If the grant is double-charged with PST, contact ISC to seek a correction



Subject matter: Sub-granting funds

- [2 CFR 200.332](#) outlines the considerations placed on institutions when sub-granting funds to other entities
- Lots of moving parts - ORS/UILO, Research Finance, PI all have responsibilities related to subgranted funds
- ORS/UILO: performs risk assessment (§ 200.332 (b)), negotiates and signs agreements
- Research Finance: monitors subrecipient's financial/audit reports, conducts annual subrecipient certification process
- PI: monitors subrecipient's scientific/performance activities, approves payments to subrecipients based on terms and conditions of agreement



Subject matter: Sub-granting funds (cont.)

- As PI's office can approve payments independent of ORS & RF, it's important to ensure that PI's office be aware of limitations as outlined by agreement (end date, total funding released to subrecipient, requirements to be met in order for payments to be made)
- If limits have been met (date/funding amount), then PI's office needs to withhold further payment until an amendment extending further time and/or funds has been completed by ORS/UILO
- In addition to ensuring terms and conditions of the subagreement are adhered to, auditors will also be looking to ensure risk assessments are completed for subagreements and all subsequent amendments, as well as annual subrecipient monitoring certifications have been conducted (with necessary follow-up as required)



EXPENSE TRANSFERS

Do's and Don'ts

- Do: provide a clear explanation of what your expense transfer is about
- Do: attach adequate and meaningful supporting documentation
- Do: ensure that when transferring expenses that the GR being charged is in fact a direct beneficiary of the activities the expenses are tied to
- Don't: use a description such as "to zero out xyz" or "to close account"
- Don't: transfer the same expense multiple times (and over multiple FYs) to different grants
- Don't: move expenses to/from a/c 6800 (grant subaward external spend category) - instead, please contact Research Finance



Above applies for all grants, regardless of sponsor

TAGFA and UBC's Business Expense Rules (BERs)

- [Tri-Agency's Guide on Financial Administration](#) (TAGFA) governs usage of funds for Tri-Agency Grants; principles and directives are very general
- [UBC's BERs](#) covers all operations (including research)
- Where TAGFA remains silent on specific matters, institutional policy and business processes (including UBC's BERs) are expected to address
- If something isn't explicitly covered in UBC Policy or the BERs:
 - follow the principles/guidelines on Page 6 of the BERs
 - check if there is a local (ie. Faculty/Dept/School) guideline or rule governing the type of activity in question
 - if anything is uncertain, feel free to contact Research Finance at rf@finance.ubc.ca or tri-agency.renewal@finance.ubc.ca



TAGFA & BERs (cont.)

Example: childcare services for travelling PI (ie. attending a conference)

- TAGFA is silent on this type of expense (historically, TAGFA's predecessor outlined specific conditions of allowability for this type of expense)
- BERs are also silent on this type of expense
- Using the principles/guidelines on the BERs, if the determination of eligibility remains unclear, then check Departmental guidelines to see if there is anything governing childcare services for a travelling PI

Generally speaking, if there are no Departmental guidelines, then it will be up to the Head of Unit to determine: (1) if the travel is necessary, (2) if the circumstances surrounding the childcare are warranted, and (3) if the cost of childcare is reasonable and appropriate



TRI-AGENCY (FORM 300)

Payroll adjustment journals/salary classifications - things to consider

- Cynthia Bai will provide us a brief presentation on Payroll Adjustment Journals and the requirements to ensure that these salaries and benefits are accurately captured on Form 300s



Payroll Adjustments and Student Salary Categorization

Create Journal

- Journal Source – 7- Payroll Accounting Journal
- Journal Line Details



Enter "**Create Journal**" in the search bar and select the task from the results.

A screenshot of a search interface. At the top is a search bar with a magnifying glass icon on the left, the text 'Create Journal' in the center, and a close button (an 'x' in a circle) on the right. Below the search bar, a result is displayed: a document icon followed by the text 'Create Journal' and 'Task' on a new line.

Payroll Adjustments and Student Salary Categorization



Ledger	* x UBC The University of British Columbia : Actuals ...	Memo	testing
Accounting Date	* 2022-09-15	External Reference ID	
Period	Sep-FY2023 Actuals (UBC The University of British Columbia)	Record Quantity	☐
Currency	CAD	Enable Multicurrency	☐
Journal Source	* x 7-Payroll Accounting Journal ...	Include Tax Lines	☐
Display Account Set	(empty)	Disable Optional Worktag Balancing	☐
Balancing Fund	x FD999 Balancing Fund ...	Adjustment Journal	☐
Optional Balancing Worktags		Create Reversal	☐
Currency Rate Type	(empty)	Reversal Date	
Book Code		Control Total Amount	100.00

Continue

Cancel

Payroll Adjustments and Student Salary Categorization



Create Journal

Journal Information

Ledger UBC The University of British Columbia - Actuals

Accounting Date 2022-09-15

Period Sep-FY2023 Actuals (UBC The University of British Columbia)

Currency CAD

Journal Source 7-Payroll Accounting Journal

Balancing Fund FD999 Balancing Fund

Optional Balancing Worktags

Book Code

Journal Details

Memo test

External Reference ID

Adjustment Journal ☐

Create Reversal ☐

Reversal Date

Include Tax Lines ☐

Control Total Amount 100.00

Total As-Entered Transaction Debits 100.00

Total As-Entered Transaction Credits 0.00

Journal Entry Lines Attachments

Journal Entry Lines 2 items

Ledger Account	Debit Amount	Credit Amount	Memo	External Reference ID	Budget Date	Program	Grant	Project	Gift	Cost Center	Spend Category	Revenue Category
5020-Salaries Student	100.00	0.00	test		2022-09-15		DAIYFOOD 2018			CC00277 Research Awards Faculty of Land and Food Systems	Salaries Student Bachelor Domestic	
	0.00	0.00			2022-09-15							

- Region >
- Salary and Benefit Classification >
- Sales Item >
- Sponsor >
- Supplier >
- Tax Applicability >
- Tax Authority >
- Tax Category >
- Tax Code >
- Tax Rate >
- Tax Recoverability >
- Travel Purpose >
- Interworktag Affiliates

Payroll Adjustments and Student Salary Categorization



← Salary and Benefit Classification

- ☐ Salary and Benefit Classification: Student - Bachelor's Domestic
- ☐ Salary and Benefit Classification: Student - Bachelor's International
- ☐ Salary and Benefit Classification: Student - Doctorate Domestic
- ☐ Salary and Benefit Classification: Student - Doctorate International

Spend Category ID	Salary & Benefit Classification
SC0249 Student - Bachelor Domestic	Student - Bachelor Domestic
SC0252 Student - Bachelor Foreign	Student - Bachelor International
SC0250 Student - Masters Domestic	Student - Masters Domestic
SC0253 Student - Masters Foreign	Student - Masters International
SC0251 Student - Doctorate Domestic	Student - Doctorate Domestic
SC0254 Student - Doctorate Foreign	Student - Doctorate International
SC0145: Salaries Faculty Term	Post-Doctoral Fellow - Domestic
SC0145: Salaries Faculty Term	Post-Doctoral Fellow - International

TRI-AGENCY (FORM 300)

When can the Head of Unit sign on behalf of PI?

- Generally speaking, Form 300s should be signed by the PI as grantholder
- There are specific circumstances under which PI might not be available and the PI's Head of Unit may sign on their behalf
- These are:
 - No expense re-classifications necessary, and
 - PI is incapacitated/passed away or is currently on extended leave (medical/sabbatical)



As Tri-Agency is willing to accept digital signatures/scanned signatures on the Form 300, the expectation is that the PI should sign their own Form 300s

SUMMARY

What we covered today:

- Some US Fed post-award considerations in relation to the Single Audit
- Expense transfers - some do's and don'ts
- TAGFA and UBC's Business Expense Rules
- Things to include when keying a Payroll Accounting Journal
- Clarification regarding Head of Unit signing Form 300s on behalf of PIs



CONTACT DETAILS

How to contact us:

- Edmund Gin - Acting Senior Manager, Research Finance Compliance and Training; email: egin@finance.ubc.ca
- Cynthia Bai - Functional Finance Analyst, Integrated Service Centre; email: cynthia.bai@ubc.ca



Alternately, you can also reach us at rf@finance.ubc.ca – Research Finance inbox (regularly monitored) - or tri-agency.renewal@finance.ubc.ca (also regularly monitored)

And ISC via the UBC Self-Service Portal at <http://ubc.service-now.com/selfservice> (requires CWL login)



**THANK YOU FOR
ATTENDING TODAY'S
PRESENTATION!**