

Basics of Managing CIRM Awards at UCSF

November 15, 2007

Presented by: Joan Kaiser, Office of Sponsored Research
Michael Grafton, Extramural Funds

Agenda

- About CIRM
- CIRM Awards
 - Preparation
 - Receipt of Funds
- Restrictions
- Re-budgeting
- Trainees
- End of Period
- Key Reporting Requirements
- F&A Considerations
- Interest Earnings
 - Interest Calculations
 - SMIF versus STIP

About CIRM

California Institute for Regenerative Medicine (CIRM)

- ❑ Established in early 2005 with the passage of Proposition 71, the California Stem Cell Research and Cures Initiative.
 - Provided \$3 billion in funding for stem cell research at California universities and research institutions
 - Approved by California voters on November 2, 2004
 - Called for the establishment of a new state agency to make grants and provide loans for:
 - ❑ stem cell research
 - ❑ research facilities
 - ❑ other vital research opportunities

Preparation

- ❑ Read the CIRM Grants Administration Policy for Non-Profits before starting:
<http://www.cirm.ca.gov/reg/default.asp>
 - Policy may be updated periodically.
 - New or amended regulations adopted by ICOC (Independent Citizens Oversight Committee) will be applied to currently active grants on the start date of the next budget period.
- ❑ Plan extra time for management of awards – policies are different from other agencies!

Receipt of Funds

- ❑ CIRM made payments of \$5,381,304 from bonds sold in October 2007 for new awards.
- ❑ Verify that payments were applied correctly to the Accounts Receivable NCA using the GL Transaction Detail:
 - CIRM Fund/FY
 - Source Code = 516
 - Journal ID = A30*

Restrictions

	Description	Action
Ordering	Goal of Prop 71: • 50% of goods and services purchased from CA suppliers	Provide a "clear and compelling explanation" if goal not met
Faculty Salary Cap	Annual Rate of \$200K/investigator • cap rate raised by CIRM biannually starting 1/02/08, based upon CPI.	Adjust salary charges as needed once new cap rates are announced.
Unallowables	Expenses not allowed on CIRM awards	Do not charge following: • Visa expenses • Malpractice insurance • Membership dues • Furniture • Telephone equipment • Personnel recruitment • Receptions • Food unrelated to allowable travel expenses

Re-budgeting Restrictions (V.B.4)

Category	Prior Approval Required (Includes CF Amounts)	Additional Provisions
Personnel and Supplies	>\$5K <u>and</u> >25%	
Travel	>\$2K <u>and</u> >25%	
Equipment	>\$1.5K <u>and</u> >25% New equipment (not previously in award)	<ul style="list-style-type: none"> • Vests in UCSF if <\$10K • If >\$10K, needs CIRM approval for UCSF title. • Must stay in California.
Consultants and Subcontracts	>\$1.5K <u>and</u> >25%	Adding a consultant or subcontract always requires prior approval.

Management of CIRM Awards

Presented by OSR and EMF

7

Trainees

- All fellows and graduate students considered trainees whether training or research grant or paid stipend or salary

Trainee Group	Salary Cap*	Comments	Fringe Benefits
Predoc	\$25K	Salary/stipend cap applies regardless of payment mechanism	All fringes allowed except: <ul style="list-style-type: none"> • Life insurance • Worker's Comp
Postdoc	\$36K to \$52K		
Clinical Fellow	\$65K to \$75K		

* Cap is adjusted biannually starting 1/2/08 based upon CPI

Management of CIRM Awards

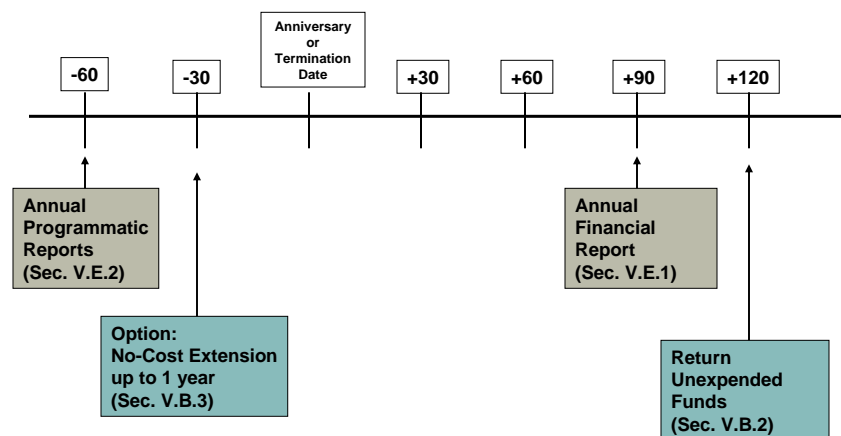
Presented by OSR and EMF

8

End of Period

	Rule	Action
Carry-Forward of Funds	Prior approval required to carry forward unexpended funds from one budget period to the next that exceed 25% of annual project costs for the expiring budget period	If carry-forward amount is > 50% of the expiring budget period: <ul style="list-style-type: none"> • Payment of funds for the next budget period will be postponed.
No-Cost Extensions	Prior Approval required	A <u>one-time</u> no-cost extension may be requested: <ul style="list-style-type: none"> • Must include justification. • Must submit <u>at least 30 days</u> prior to end of the award.
Termination	Termination of award	Unexpended funds must be returned within 120 days .

Key Reporting Requirements



Financial Management

Two significant considerations:

- 1) Facilities and Administration Expense (F&A)
- 2) Interest Earnings (SMIF versus STIP)

F&A Calculation

- Composite rate for F&A is built differently than other funding sources.
- Current plan is for RAS to utilize the following to calculate F&A:
 - Base P - modified total direct costs excluding expenditures exempted by CIRM funds
 - Current composite rate – approximately 53.5% with annual escalation

F&A Annual Reconciliation

- Total Project Costs (Direct)
- Total Facilities and Indirect Costs (F&A)
 - Adjusted Project Costs (Total Project Costs less Excluded Expenses)
 - Facilities Costs
 - Indirect Costs
- TOTAL FUNDS REQUESTED

Interest Earnings – Award Setup

	Award Setup Elements	Value	Considerations
1	UCOP Group Code	404210	CIRM awards are considered state funds (although treated as private grants for interest earnings calculations)
2	Fund Range	88900 through 88999	UCSF state contracts fund range
3	Dept. Discretionary Fund	6xxxxx	Used to accumulate and clear SMIF and STIP variances
4	STIP ID	CIRM Fund Number	To direct negative STIP
5	Stipend DPA	78xxxx	To pay compensation for trainees

Interest Earnings

- ❑ CIRM awards are required to utilize the Surplus Money Investment Fund (SMIF) to calculate *monthly* interest earnings.
- ❑ Actual interest earnings for UC funds are calculated according to the Short-Term Investment Pool (STIP) on a *quarterly* basis.

EMF Monthly Interest Calculations

	EMF Steps	Notes
1	Calculate SMIF interest based upon the monthly fund balance.	<i>Team 4 will handle CIRM calculations and transactions as a special project.</i>
2	Prepare a 535 Financial journal: <ul style="list-style-type: none"> • Debit the amount of SMIF interest to a 6xxxx fund. • Credit CIRM fund. 	<i>Department must provide 6xxxx discretionary fund during award setup stage.</i>
3	Prepare a 135 Budget journal to post: <ul style="list-style-type: none"> • Direct SMIF interest to Budget NCA Group 432900 • Indirect SMIF interest to Budget NCA Group 490000 	

Quarterly Interest Calculations

	Process	Notes
1	<p>STIP Program calculates STIP on CIRM funds and posts:</p> <ul style="list-style-type: none"> 538 financial journal to: <ul style="list-style-type: none"> CR fund unexpended balance NCA 137 budget journal to: <ul style="list-style-type: none"> DR fund unexpended balance NCA CR Budget Group NCA 433040 	<p><i>Interest income earned on a positive fund balance at the end of the quarter posts directly to the CIRM fund.</i></p> <p><i>Interest expense earned on a negative fund balance at the end of the quarter posts to the STIP ID (AFP fund Profile), which for CIRM awards is the CIRM fund number.</i></p>
2	<p>EMF posts a 535 financial journal and 135 budget journal to:</p> <ul style="list-style-type: none"> Transfer the quarterly STIP interest posted to the CIRM fund to the department discretionary 6xxxx fund 	<p><i>All quarterly STIP transactions are duplicative and need to be reversed out of the CIRM fund back to the departmental discretionary 6xxxx fund.</i></p>

17

Interest Earnings Example

- SMIF quarterly rate (6/30/07) = 5.235
- STIP quarterly rate (6/30/07) = 4.3772

	Journal	M1	M2	M3
Fund Balance ¹		(\$100,000)	(\$90,000)	(\$80,000)
SMIF – CIRM	535/EMF	(\$436)	(\$392)	(\$349)
SMIF – 6xxxx		\$436	\$392	\$349
STIP – CIRM	538/xxD97			(\$985)
STIP Transfer – CIRM	535/EMF			\$985
STIP Transfer – 6xxxx				(\$985)
SMIF/STIP Variance in CIRM Fund ²				(\$192)

¹ Includes prior SMIF

² Departments need to cover variance between SMIF calculation and actual STIP.

Monthly SMIF/STIP Variance

Departments can estimate monthly SMIF/STIP variance:

1. Determine monthly expenditure total:
 - a) Print monthly GL Transaction Detail, limiting NCAs to 400000-449999 and source codes to 130-CNV.
 - b) Calculate monthly F&A, compare it to actual F&A posted to GL, and make necessary adjustments.

Monthly SMIF/STIP Variance

2. Calculate monthly SMIF interest:
 - a) Divide quarterly SMIF interest rate by 3 to obtain the extrapolated monthly rate.
<http://www.sco.ca.gov/ard/surplus/SMIFrate.pdf>
 - b) Divide quarterly STIP interest rate by 3 to obtain the extrapolated monthly rate.
http://www.acctg.ucsf.edu/general_accounting/stip/STIPRates.pdf
3. Multiply total expenditures by both the SMIF and STIP rates.
4. Determine variance by subtracting STIP calculation from SMIF calculation.

EMF Procedures for SMIF/STIP

Staff	Role	Monthly Procedure
Service Team Lead	Work with individual awards assigned to their team departments.	Prepare monthly SMIF entries and quarterly STIP transfers to discretionary fund.
Accountant IV Coordinator (T4)	Review complete list of CIRM awards assigned to all service teams for accuracy.	Review all CIRM SMIF and STIP journals for the month for calculation accuracy. Prepare report for Sr. Manager review. Assist in resolving special cases.
Sr. Accounting Services Manager	Review and evaluate completeness and accuracy.	Review coordinator report for accuracy and compliance.
Setup Team Manager	Prepare special procedures for oversight. Evaluate and implement training as needed.	Assess effectiveness of procedures quarterly.