ONR Guidance to Educational Institutions
Obtaining Approval for Alternative Payroll Distribution Methods

FDP Demonstration: Project Certification Demo

<u>Purpose/Scope:</u> To provide guidance to educational institutions assigned to ONR cognizance for OMB Circular A-21 and have elected to participate in the FDP Project Certification demo.

<u>Background:</u>

The FDP Executive Committee has approved the pursuit of a Project certification demonstration for FDP member schools. The Project Certification Demonstration Draft Proposal is available on the FDP website. The Project Certification working group has been laying the grown work for getting a few initial pilots "off the ground" and significant progress has been made. Specifically, the work group agreed that guidance from the two cognizant agencies for OMB Circular A-21 for obtaining agency approval to implement a method for apportioning salaries/wages, other than those examples described in J.10.c, but still meet the criteria specified in J.10.b.(2)

<u>Guidance:</u>

1. Notice of Intent – Contact ONR (phone call or email) to inform us of your Institution's intent on participating in the FDP Project Certification demo and estimated target date of implementation. During this initial discussion ONR and the Institution will establish milestone dates for (i) submission of approval package and (ii) follow up meeting(s) to discuss the application package.

2. Application Package – The package should include, but not limited to the following essential information:

   - **Description of Current Payroll Distribution System** - Describe the institution's current payroll distribution policies and procedures. Include relevant documents such as policies, DS-2, copy of payroll distribution certification document, etc. Identify the department

responsible for ensuring compliance with payroll distribution certifications.

- **Description of Proposed Changes to the Payroll Distribution System** - Describe the proposed changes to the current policies and/or procedures. Include drafts of relevant documents that will be revised, i.e. DS-2, payroll distribution certification document, etc.

- **Proposed Implementation Date** - Identify the target implementation date and how the proposed procedure and process will be implemented. Describe how it will be phased in. Include description of how it will be deployed across the campus and among existing, new, and inactive federal awards.

- **Describe the Institution's process for managing total Commitments** - Describe the Institution's current policies, process, and internal controls that oversee a person's total commitments. This is an area of primary concern to ONR and other Federal agencies. The Institution's existing and proposed payroll distribution system must be able to demonstrate to ONR how it ensures that total committed effort for an individual does not exceed 100%.

3. ONR Review Process – ONR's review process will include but not limited to the following:
   - Q&A of application package – expect an exchange of question and data requests
   - Onsite Visit – if necessary, an onsite visit may be conducted to review the institution's current systems and preview how the proposed changes will be implemented
   - Approval Letter – upon completion of ONR's review, written approval will be provide to the Institution
   - Follow Up – ONR will schedule a follow up w/ the institution to assess progress, discuss institutional concerns, etc. Time frame and frequency will depend on each institution's circumstances.
   - DCAA Audit – ONR will evaluate on a case-by-case basis whether a system audit will be performed by DCAA (Defense Contract Audit Agency).