



Payroll Certification

An Alternative to Effort
Reporting



Committee Members

Rich Andrews
Deb Carmel
Dan Evon
Norm Hebert
Julie Jarvis
Kelly McConaughay
Debbie Rafi
Sandy Schneider

Joe Barbarian
Joe Ellis
Joe Gindhart
Beth Israel
Maureen Joyce
Janet Mendoza
Andy Rudczynski
Jeffrey Silber



Presentation Plan

- Draft Report
- Payroll Certification System
- Discussion, Questions & Answers
- Process to Conduct a Demonstration
- Discussion, Questions & Answers



Draft Report

- Available on the FDP web site
- Introduction & background Information
- The Payroll Certification System
- Reasons for an alternative system
- Comparison with OMB Circular A-21,
Multiple Confirmations



FDP Mission

“The goal of improving the productivity of research without compromising its stewardship has benefits for the entire nation.”



D
R
A
F
T
R
E
P
O
R
T

Comparison of Effort Reports to Payroll Certifications

Description	Effort Reporting System	Payroll Certification System
System Focus	Individuals	Project (Grant or Contract)
Certification Frequency	Quarterly or Semi-Annually or Once a Semester, Annually	Annually (Based on project's budget year)
Time frame for distributing the form	Consistent points in time	After the end of the project's budget year
Signers	Individual employee, Principal Investigator, or person with first hand knowledge	Required: Principal Investigator Optional: Co-principal Investigator, business officer, lab supervisor, etc.
System Rationale (Theoretical foundation)	Salary and wage amounts are reasonable based on percentage of effort	Salary and wage amounts are reasonable based on their relationship to work performed
Committed Cost Sharing	Shown as a percentage of effort	Shown as an amount reasonable in relation to work performed
NIH Salary Cap	Shows total effort expended on the project, but amount reflects cap limitations	The acceptable amount is net of the cap disallowance.
Special Costing Requirements: Clerical and Administrative, Summer salaries, No proposal preparation time charged to project	Not addressed	Part of the certification



System Focus

Effort Reports

Individuals

Payroll Certifications

Projects: Grants and Contracts



Certification Frequency

Effort Reports

Quarterly

Semi-Annually

Once a Semester

Annually

Payroll Certifications

Annually -- Based
on project's Budget
Year



Time Frame

Effort Reports

Consistent point(s)
in time during the
year

Payroll Certifications

After the end of the
project's budget year



Signers

Effort Reports

Individual employee

PI

Person with first-hand knowledge

Payroll Certifications

Required: PI

Optional: Co-PI,

business officer,
lab supervisor, etc.



System Rationale

Effort Reports

Salary and wage amounts are acceptable based on percentage of effort

Payroll Certifications

Salary and wage amounts are acceptable based on their relationship to work performed



Committed Cost Sharing

Effort Reports

Shown as a percentage of effort

Payroll Certifications

Shown as an amount reasonable in relation to work performed



NIH Salary Cap

Effort Reports

**Shows total effort expended on the project,
but amount reflects cap limitations**

Payroll Certifications

**The acceptable amount is net of the cap
disallowance**



Special Costing Requirements

A-21 special costing requirements:

- Clerical and Administrative
- Summer salaries
- NIH Salary Cap
- No proposal preparation time charged to projects
- 90-100% charges to federal project = minimal other activities

Effort Reports

Not addressed

Payroll Certifications

Part of the certification



D
R
A
F
T
R
E
P
O
R
T

Comparison of Effort Reports to Payroll Certifications

Description	Effort Reporting System	Payroll Certification System
System Focus	Individuals	Project (Grant or Contract)
Certification Frequency	Quarterly or Semi-Annually or Once a Semester, Annually	Annually (Based on project's budget year)
Time frame for distributing the form	Consistent points in time	After the end of the project's budget year
Signers	Individual employee, Principal Investigator, or person with first hand knowledge	Required: Principal Investigator Optional: Co-principal Investigator, business officer, lab supervisor, etc.
System Rationale (Theoretical foundation)	Salary and wage amounts are reasonable based on percentage of effort	Salary and wage amounts are reasonable based on their relationship to work performed
Committed Cost Sharing	Shown as a percentage of effort	Shown as an amount reasonable in relation to work performed
NIH Salary Cap	Shows total effort expended on the project, but amount reflects cap limitations	The acceptable amount is net of the cap disallowance.
Special Costing Requirements: Clerical and Administrative, Summer salaries, No proposal preparation time charged to project	Not addressed	Part of the certification



Certification Package

- 1. Salary and wage expenditure information. Salary and wage charges to the sponsored project and possibly cost sharing account per the accounting system during the budget year.**
- 2. Instructions**
- 3. Certification document**



Certification Package

Sponsored Project Payroll Expense Report

Sponsored Project Account Number:

Project Title:

Principal Investigator:

Date of Accounting Report:

Budget Year Ended:

Name	Job Title	Percentage of Total Payment	Amount
Alexander, Douglas	Professor	8%	\$ 15,130.00
Clapperman, Elizabeth	Assistant Professor	5%	6,000.00
Gomez, Richard	Researcher	50%	32,500.00
Martin, William	Design Engineer	20%	15,000.00
Salino, Mary	Researcher	100%	55,000.00
Stein, Margaret	Management Assistant	40%	<u>18,000.00</u>
Total			<u>\$145,630.00</u>



Certification Package

Committed Cost Sharing Payroll Expense Report

Sponsored Project Account Number:

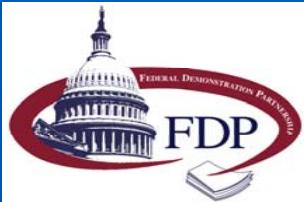
Project Title:

Principal Investigator:

Date of Accounting Report:

Budget Year Ended:

Name	Job Title	Percentage of Total Payment	Amount
Mincey, Isabelle	Professor	5%	<u>\$ 9,000.00</u>
Total			<u>\$9,000.00</u>



C
E
R
T
I
F
I
C
A
T
I
O
N
P
A
C
K
A
G
E

Instructions for completing the Payroll Certification

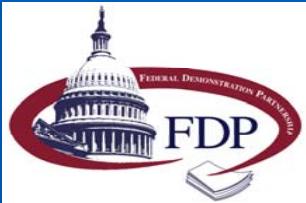
1. Payroll certifications are for one year periods which correspond to the budget years of sponsored projects.
2. Enter the Contracts and Grants Accounting web site, go to the "Payroll Certification" page and enter the sponsored project's account number. Print out the Payroll Certification, the Instructions for Completing the Payroll Certification, the project's Payroll Expense Report, and, if applicable, the Committed Cost Sharing Payroll Expense Report.
3. Review the salary and wage charges for the project and for cost sharing (if applicable) to assure compliance with federal costing requirements per OMB Circular A-21 and applicable University policies. For payroll expenses to be correctly charged:
 - All individuals must have worked on the project
 - Salary and wage charges must be reasonable in relation to work performed
 - No individual performed proposal preparation activities while their salary was charged to the project
 - All faculty that received summer salaries, met summer salary restrictions (two-ninths rule for NSF)
 - All Individuals (including faculty with summer salaries) that had 90% to 100% of their salaries charged to the project were involved in only minimal non-sponsored project activities, like instruction, department committees, etc.
 - All individuals (applies only to NIH awards) paid at a rate in excess of the NIH approved rate had their salary charges adjusted to comply with NIH's salary cap requirements
 - All individuals performing "Clerical and Administrative" activities met the federal exception criteria, and exceptions were documented
4. After completing the salary and wage reviews and determining that all charges were appropriate, the Principal Investigator should sign and date the certification form. If useful, the Principal Investigator can obtain additional signers to assist in verifying the accuracy of the charges. Additional signers might be: Co-Principal Investigators, the project's accounting/budget analyst, laboratory supervisors, etc. However, additional signers cannot replace the Principal Investigator's signature.
5. For your records, make a copy of the entire payroll certification packet: signed Payroll Certification, Instructions for Completing the Payroll Certification, the project's Payroll Expense Report, and, if applicable, the Committed Cost Sharing Payroll Expense Report.
6. Submit the original payroll certification packet to Contract and Grant Accounting within 70 days of the end of the budget year. This provides Contract and Grant Accounting adequate time to complete Financial Status Reports which are due 90 days after the end of the final budget year on all projects and are required on some projects for every budget year.
7. If you have questions, contact Contracts and Grants Accounting.



Certification Package

A-21 Special Costing Requirements

- Clerical and Administrative activities
- Summer salaries
- NIH Salary Cap
- No proposal preparation activities
- 90-100% federal funding = minimal other activities



C
E
R
T
I
F
I
C
A
T
I
O
N
P
A
C
K
A
G
E

Payroll Certification Report

Federal Sponsored Project

Account Number:
Project Title:
Principal Investigator:
Accounting Ledger or Report Title:
Date of Accounting Ledger or Report:
Reporting Period:

Cost Sharing

Account Number:
Project Title:
Principal Investigator:
Accounting Ledger or Report Title:
Date of Accounting Ledger or Report:
Reporting Period:

I have reviewed the attached Sponsored Project Payroll Expense Report for the above cited sponsored project and, if applicable, I have also reviewed the attached cost sharing payroll expense report. My review of the payroll expenses was to ensure that 1) all individuals worked on this project, 2) salary or wage charges were reasonable in relation to work performed, and 3) the federal costing requirements as shown in the instructions were met.

To the best of my knowledge and belief these salary and wage expenses have been correctly charged.

Signature	Name Printed	Principal Investigator Title	Date
Additional Signers:			
Signature	Name Printed	Title	Date
Signature	Name Printed	Title	Date
Signature	Name Printed	Title	Date
Signature	Name Printed	Title	Date



Certification Package

I have reviewed the attached Sponsored Project Payroll Expense Report for the above cited sponsored project and, if applicable, I have also reviewed the attached cost sharing payroll expense report.

My review of the payroll expenses was to ensure that 1) all individuals worked on this project, 2) salary or wage charges were reasonable in relation to work performed, and 3) the federal costing requirements as shown in the instructions were met.



Certification Package

To the best of my knowledge and belief these salary and wage expenses have been correctly charged.

Signature

Name Printed

Principal Investigator

Title

Date

Additional Signers:

Signature

Name Printed

Title

Date

Signature

Name Printed

Title

Date

Signature

Name Printed

Title

Date



**C
E
R
T
I
F
I
C
A
T
I
O
N** **P
A
C
K
A
G
E**

Payroll Certification Report

Federal Sponsored Project

Account Number:
Project Title:
Principal Investigator:
Accounting Ledger or Report Title:
Date of Accounting Ledger or Report:
Reporting Period:

Cost Sharing

Account Number:
Project Title:
Principal Investigator:
Accounting Ledger or Report Title:
Date of Accounting Ledger or Report:
Reporting Period:

I have reviewed the attached Sponsored Project Payroll Expense Report for the above cited sponsored project and, if applicable, I have also reviewed the attached cost sharing payroll expense report. My review of the payroll expenses was to ensure that 1) all individuals worked on this project, 2) salary or wage charges were reasonable in relation to work performed, and 3) the federal costing requirements as shown in the instructions were met.

To the best of my knowledge and belief these salary and wage expenses have been correctly charged.

Signature	Name Printed	Principal Investigator Title	Date
Additional Signers:			
Signature	Name Printed	Title	Date
Signature	Name Printed	Title	Date
Signature	Name Printed	Title	Date
Signature	Name Printed	Title	Date



Payroll Certifications



Questions?



Questions for Faculty

- 1. Are there any issues with having a certification at the end of a budget year as compared to a point in time certifications?**
- 2. Is value added by having others (lab supervisors, co-investigators, business officers, etc.) sign the payroll certification report?**



Questions for Faculty

3. Are there any concerns about certifying that the project was in compliance with the special costing requirements?
4. Payroll Certifications document Principal Investigators' financial accountability role over award funds. Does this create any issues or concerns?



Faculty Comments

Any additional faculty concerns?



Seeking Approval

Two Possible Approaches

- Seek approval from cognizant federal agencies (HHS and ONR)
- Conduct a demonstration project



OMB Contacted

Reasons for Contacting Gil Tran

- Feedback on the proposed payroll certification system
- Audit liability of a demonstration project



OMB Contacted

Gil Tran's Comments

- No conceptual issues with the payroll certification system
- No need to change A-21
- Recommended that the FDP seek cognizant federal agency approval (ONR and HHS)
- With cognizant agency approval, no need to conduct a demonstration project. Thus, no audit liability issue.



Seeking Approval



Questions?



Payroll Certifications



The End