Payroll Certification as a replacement for Effort Reporting

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A TEAM EFFORT

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- **Payroll Certification r**eleased to the campus July 2011.

- Payroll Certification asks PIs to confirm the reasonableness of salary expenditures based on the work performed on the award during the grant's budget year. This is a significant change from the effort reporting that is a certification of effort devoted to the grant expressed as a % of time spent during standard quarterly periods of time unrelated to the award period.

- Integrated into our pre-existing **PIWRS** - (**P**rincipal **I**nvestigator **W**eb **R**eporting **S**ystem) that provides online financial web reporting tool for PIs to manage their sponsored awards.

- Annual Payroll Certification required, but PIs are "strongly encouraged" (but not required) to review their monthly budget statements. The monthly review complements the annual certification process for the PI.

- The Annual Payroll Certification System is *tightly integrated* with UCR's PI Web Reporting System where PIs can review their monthly financial report for each award presented in the same format as their proposal budgets rather than the format used by accountants – fully drillable.

Welcome, **Jeff**, Please make a selection from the Welcome tab or continue working with **January, 2011**

Welcome | Preferences | **Summary Report** | Collaborator Report

Financial Summary Report for Jeff Ehlers Note: Balances are net of allocations, expenses, encumbrances.

Viewing Options ▾ ● Fund Status ▾ 🖨 Print 📄 PDF 📊 Excel 🖉 Comments (0) ✔ Review Report   🖉 Payroll Overview Report

	BALANCES	57842 [MWC] ○ Improving Drought Tolerance Phenotyp	57857 [MWC] ● Improving Drought Tolerance Phenotyp	58542 [MWC] ● Improving Cowpea Productivity for Ma	58797 [MWC] ● Capacity Building in Modern Cowpea E	Row Totals by All Funds
	Agency Categories					
1	SALARIES	$0.00	($536.02)	$378,721.51	$32,222.00	$408,407.49
2	BENEFITS	$0.00	$1,828.56	$150,524.83	$7,778.00	$160,131.39
3	SUPPLIES & EXPENSE	$59.63	$21,527.75	$34,293.24	$1,000.00	$56,880.62
4	TRAVEL	($59.63)	$782.91	$77,317.31	($1,437.96)	$76,602.63
5	EQUIPMENT	$0.00	$0.00	$0.00	$0.00	$0.00
6	SUBCONTRACTS	$0.00	$0.00	$530,955.00	$0.00	$530,955.00
7	FINANCIAL AID	$0.00	$0.00	$0.00	$0.00	$0.00
8	FACILITIES	$0.00	$0.00	($6,083.16)	$0.00	($6,083.16)
9	PREAWARDS	$0.00	$0.00	$0.00	$0.00	$0.00
10	UNASSIGNED	$0.00	$0.00	$0.00	$0.00	$0.00
	Balance Without Projections	$0.00	$23,603.20	$1,163,728.73	$39,562.04	$1,226,893.97
	Facilities & Administration (F&A) - Agency Categories					
11	INDIRECT COST RECOVERY	$0.01	$4,721.07	$63,672.38	$7,912.41	$76,305.87
	Reports					
12	Notice of Award	View	View	View	View	
13	Inception to Date	View	View	View	View	

http://cnc.ucr.edu/piwrs/expenditure.html

- The *Annual Certification Schedule* is created from the *Award's Project Period*.

Budget and Project Period

Budget Period		Project Period	
Begin Date	5/1/2010	Begin Date	5/1/2010
End Date	5/31/2014	End Date	5/31/2014
Direct Cost	$	Cumulative Direct Cost	$
F&A Cost		Cumulative F&A Cost	
Total Cost	$	Total Awarded	$

- The Annual Payroll Certification System ***presents PIs the awards / funds requiring certification*** (all associated payroll details are also presented). N*ote that many PIs are already recording Monthly Reviews within the PIWRS.*

PIWRS Annual Payroll Certification Language

I have reviewed the attached Annual Payroll Certification Report with project salary expenses totaling $XXX,XXX.XX and I have determined that all salary and wage expenses have been correctly charged because:

- All salary and wage charges are reasonable in relation to work performed.

- Proposal preparation activities were not charged to the project.

- Senior project personnel who received salary payments from NSF projects met the restriction of having no more than 2 months of cumulative salary charged across all NSF projects during the 12 month budget period shown above.

- Individuals, who had over 90% of their salaries charged to sponsored projects, were involved in minimal non-sponsored project activities, like instruction, department committees, etc.

- Individuals performing "Clerical and Administrative" activities met the federal exception criteria, and exceptions are documented.

- Individuals, paid at a rate in excess of NIH's approved rate, had their salary charges adjusted to comply with NIH's salary cap requirements.

PIWRS Monthly Review Language (Requirement ay College Level)

I have reviewed the monthly expenditure reports and verify the following:

- All transactions posted against this fund are appropriate, allowable, and reasonable based on the award terms and conditions with the exception of adjustments/corrections that have been reported to my departmental administrative staff for immediate action.

To facilitate my Annual Payroll Certification, salary and wage expenses were reviewed to confirm:

- Salary and wage expenses charged to this award are appropriate and reasonable in relationship to the work performed.

- Salaries associated with proposal preparation activities were not charged to any sponsored project.

- Senior project personnel receiving salary payments from NSF funding adhered to the two month salary restriction against all NSF awards. (Note: special add-on for NSF funds)

PIWRS Monthly Review Language (cont.)

- Individuals with over 90% of their salaries charged to sponsored projects during this reporting period predominately worked on sponsor project activities were minimally involved with non-sponsored project activities like instruction, committees, and other administration. (Note: special add-on for individuals paid more than 90% on sponsored projects)

- Individuals performing "Clerical and Administrative" activities meet the federal exception criteria, and the exceptions are formally documented. (Note: special add-on for individuals paid from funding source with an administrative title code)

- Individuals receiving salary payments from NIH funds comply with the NIH salary cap requirements and are not paid at a rate in excess of the cap. (Note: special add-on for NIH funds)

- Salary adjustments/corrections have been reported to my departmental administrative staff for immediate action.

Definition of "liability" associated with financial reviews and payroll certifications:

The monthly review of the PIWRS and annual Salary Certification are **good faith acknowledgements** – i.e. a reasonable belief the financial/salary information that is personally known to the certifier is accurate.

With respect to the financial/salary information that is not personally known to the certifier, the certifier reasonably relied on the financial/salary statement provided (i.e. there are no obvious errors). It is appropriate for the certifier to rely on the financial/salary information provided when s/he has no personal knowledge of inaccuracies/weaknesses.

If the certifier has personal knowledge of inaccuracies or weaknesses, and has disclosed such inaccuracies/weaknesses, it is reasonable for the certifier to rely on the financial/salary information in light of that disclosure.

There is a personal liability **only if the certifier has knowingly provided an untrue certification**, i.e. has engaged in intentional fraud or deliberate unlawful conduct. If there has been negligence by the support staff that has resulted in an error that is not obvious and not known to the certifier, no personal liability would be attached to the certifier.

Implementation:

- Implemented at the end of July 2011 with April 2011 annual certifications, and then had to achieve "catch up" with weekly schedule through August for May, June and July certifications. Certifications are now issued on a monthly cycle based on budget year end date.

- Unit Analysts have 7 days to review and add cost sharing information before the reports are released to the PIs for certification. PIs have 21 days to sign electronically. PIs received 2 reminders + original request in this period.

- If not signed by 30 days then Chair informed. In all cases with the Chairs support 100% certifications were signed within 30 days of release to the PI.

- Online training materials, FAQs, e-mail address to send comments.

- For the seven certification periods distributed (budget years ending April – Oct 2011, **567 Web-based Payroll Certifications** were issued and certified. **Replacing 2,650 paper PARs** (Personal Activity Reports), UCR's effort reporting system.

Annual Payroll Certification Status
As of December 12, 2011

Description	Apr 2011	May 2011	Jun 2011	Jul 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011	Totals
Funds Requiring Certification:	36	38	132	87	172	90	12	21	588
Certifications Completed:	36	38	132	87	172	90	12	0	567
%Completed:	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00% Pending release on 12/15/11	96.43%
Date of 100% Completion:	09/06/11	09/06/11	09/23/11	09/26/11	10/14/11	11/16/11	12/07/11		
Number of Depts. Represented:	19	18	28	17	29	26	8	16	
Number of PIs*:	29	31	97	61	105	67	12	19	

Please Note:

No funds required escalation to the ORG's CFAO

*Total number of unique PIs = 257.

Challenges:

- Mid-month ending date of award years as this is 13 payroll periods – UCR's payroll runs once a month on an accrual basis.

- If multiyear proposal with mid-month award date e.g. 4/16/11 – 4/15/13, then Year 1 Certification 3/31/12 and Year 2 Certification 4/15/13.

- There was no concept of a "budget year" in our financial system, so the system was customization to add the required data elements.

- Departments have the ability to enter pending cost transfers manually on the certification document; this allows for the prompt certification of reports. These cost transfers must be subsequently entered into the financial system; there is no automated interface yet – a "TBA".

Challenges (cont.):

- Browsers – we support Internet Explorer and Firefox – our PIs use others such as Chrome or very old versions of browsers – even Netscape!

- A few PIs did not review the guidance materials beforehand.

- Of the 257 PIs certified we had 9 responses of which 6 were positive – apparently broad acceptance as we have a faculty that do not refrain from complaining.

- Many more PIs now read their monthly statements – we have had to update our servers as they have been getting overloaded with so many users wanting to access the PIWRS at the same time.

Institutional Evaluation:

- The first Internal Audit is being conducted in January 2012 with the second one in October 2012 per our commitment to HHS.

- UC Office of the President is conducting a user survey in April/May 2012.

UC Riverside Perspective:

- Campus (from executives to PIs to staff) have been very supportive of pilot.

- Paperless process that consolidates information in a more meaningful format.

- Process is streamlined with automated escalation notices; significantly less effort has been required to manage follow up activities.

- Significant increase in the review of monthly expenditures by PIs – greater accountability that PIs are spending their funding as they had intended so cost transfers can be further minimized.

- Potential to reduce workload in both the unit and central offices that oversee the financial management of sponsored awards. The initial roll-out, training and fine tuning of system has been an effort.

OFFICE OF RESEARCH

<u>Goal:</u>

Approval by HHS for UC Riverside to permanently replace Effort Reporting with Payroll Certification.

Any questions???

Please feel free to contact me.

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