Sponsored Project Payroll Confirmation

POLICY STATEMENT

The University of North Dakota (UND) requires employees to certify that the salaries and wages charged or cost shared to sponsored projects are reasonable in relation to the actual work performed. This is achieved through after-the-fact certification of project payroll recorded on project payroll statements (PPS) in the UND Compensation Compliance (UNDCC) system.

UND is committed to ensuring that PPS completed in connection with sponsored projects are accurate. All faculty and staff who are involved in allocating salaries and wages to sponsored projects, managing sponsored projects, or completing pre review and certification are responsible for understanding the principles of accurate and timely payroll certification.

REASON FOR POLICY

UND has implemented a policy for compliance with federal requirements in 2 CFR § 200. As a condition of receiving sponsored awards, UND must assure sponsors the effort expended on their sponsored projects justifies the salary charged or cost shared to those projects. In addition, UND must assure sponsors the commitment indicated (including mandatory and voluntary committed cost sharing) in the proposal and subsequent award is met in accordance with the sponsor’s terms and conditions. UND provides this assurance by requiring periodic project payroll certification for each individual whose salary is charged to one or more sponsored projects and/or cost sharing accounts during the reporting period.

SCOPE OF POLICY

This policy applies to:
CONTACTS

Specific questions should be directed to the following:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Telephone</th>
<th>E-Mail / Web Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Content and Clarification</td>
<td>Grants &amp; Contracts Accounting</td>
<td>(701) 777-4151</td>
<td>Grants &amp; Contracts Accounting Website</td>
</tr>
<tr>
<td>Request Designee Other than PI</td>
<td>Grants &amp; Contracts Accounting</td>
<td>(701) 777-4151</td>
<td><a href="mailto:UND.cc@UND.edu">UND.cc@UND.edu</a></td>
</tr>
<tr>
<td>Request Recertification</td>
<td>Grants &amp; Contracts Accounting</td>
<td>(701) 777-4151</td>
<td><a href="mailto:UND.cc@UND.edu">UND.cc@UND.edu</a></td>
</tr>
</tbody>
</table>

DEFINITIONS

Certification Period

The certification period opens when the pre review period is over. All pre reviewed statements will route to the PI when the certification period begins.

Certifier

PI of the sponsored project responsible for confirming the reasonableness and completeness of the payroll expenses for each individual associated with his/her project relative to work performed.

Committed Effort

The amount of effort proposed that the sponsor accepts and awards, regardless of salary support they provide. The level of committed effort proposed for a project should reflect the percent of time and effort required to meet the goals of the project.

Compliance Coordinator

The compliance coordinator (CC) is responsible for pre-reviewing project statements and making adjustments in PeopleSoft before the certification period opens. A CC can be a primary CC or a non-primary CC. A primary CC receives auto-email notifications from the system and can change a project statement status from "Ready for Pre Review" to "Pre Review". A non-primary CC has view-only access to the system to review project statements. Non-primary CCs
| **Cost Sharing** | The portion of project costs not borne by the funding agency. |
| **Desigee** | A responsible official who can certify a project statement on behalf of the certifier PI. |
| **Effort** | Actual time an employee devotes to a particular sponsored project paid or unpaid (including time pledged to a sponsor as mandatory or voluntary committed cost sharing). |
| **Institutional Base Salary (IBS)** | The annual compensation paid by UND for an individual’s appointment whether that individual’s time is spent on research, instruction, administration, or other activities. |
| **Key Personnel** | Individuals who contribute to the scientific development or execution of a project in a substantive, measurable way, whether or not they receive salaries or compensation under the grant. Consultants also may be considered key personnel if they meet this definition. Key personnel may also be defined by the sponsoring agency. This usually does not include graduate students, post-doctoral fellows, and technicians. |
| **Mandatory Cost Sharing** | Cost sharing that is required by the sponsor as a condition of obtaining an award and must be included in the proposal, or the proposal will not receive consideration by the sponsor. |
| **Project Payroll Statement (PPS)** | PPS displays all individuals who were charged or cost shared to the project for the semester. PPS show actual payroll expenses charged, or cost shared, per person, to a project during the reported semester. |
| **Pre Review Period** | Pre review is a period before the certification period opens that gives compliance coordinators (CC) the opportunity to review project statements before they are routed to the PI for certification. |
| **Principal Investigator (PI)** | The individual, designated by the awardee, responsible for the scientific or technical aspects of the award and for day-to-day management of the project. The PI is a member of the awardee team responsible for ensuring compliance with the financial and administrative aspects of the award. This individual works closely with designated officials within the grantee organization to create and maintain necessary documentation, including both technical and administrative reports; prepare justifications; appropriately acknowledge federal support of research findings in publications, announcements, new programs, and other media; and ensures compliance with other federal and organizational requirements. |
| **Responsible Official** | The PI, co-PI, department chair or dean are examples of a responsible official. Under no circumstance is this to include |
an administrative professional or graduate student.

<table>
<thead>
<tr>
<th><strong>Retroactive Distribution (Retro)</strong></th>
<th>Process used when actual distribution (payroll processing) data has been identified as incorrect after posting to the general ledger. The retro modifies incorrect transactions and posts changes to the general ledger.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sponsored Projects activity</strong></td>
<td>All externally funded grant and contract activity. Sponsored projects must be separately budgeted and accounted for subject to terms of the sponsoring organization.</td>
</tr>
<tr>
<td><strong>Suitable Means</strong></td>
<td>Suitable means includes a PI with overall responsibility or someone with firsthand knowledge of ongoing work.</td>
</tr>
<tr>
<td><strong>University of North Dakota</strong></td>
<td>UNDCC is the web-based system used for completing the review and certification of payroll expenses posted to externally sponsored projects. Data from PeopleSoft is loaded nightly into the UNDCC system to generate PPS for pre review and certification, and reports that can be used to validate the data.</td>
</tr>
<tr>
<td><strong>Voluntary Committed Cost Sharing</strong></td>
<td>Voluntary committed cost sharing that is included in the proposal but was not required or funded by the sponsor. Voluntary committed cost sharing becomes a binding commitment which the university must provide as part of the performance of the sponsored agreement.</td>
</tr>
</tbody>
</table>

**PRINCIPLES**

**Overview**

UND requires that employees certify the salaries and wages charged or cost shared to sponsored projects are reasonable in relation to the actual work performed. This is achieved through after-the-fact certification of Project Payroll Statements (PPS).

A policy is necessary to comply with federal requirements. Applicable regulations, 2 CFR §200.430 Compensation – personal services (see Related Information), require all salaries/wages charged or cost shared to a sponsored project are reasonable based on work performed. Payroll systems must be based on records that accurately reflect the work performed.

The federal government requires confirmation their funds are being expended appropriately on sponsored projects. Payroll certification assures all external sponsors that the funds they award are properly expended for the salaries and wages of those individuals working on the projects. The federal methodology for project payroll certification is used for all external sponsors. Salary distribution consistent with the projected effort should begin on sponsored project accounts concurrently with actual project effort. It is each faculty member’s responsibility to be aware of their level of committed effort and to communicate any significant changes in level of committed effort to their respective business office to ensure salary distributions are reviewed and updated, if appropriate, on a timely basis. [See Guidelines for Effort Commitments and Payroll Certification Associated with Sponsored Projects]
Institutional Base Salary (IBS)

Institutional base salary (IBS) is the annual compensation paid by the University for an employee’s appointment, whether that individual’s time is spent on research, teaching, administration, or other activities. During a fiscal year, IBS of an employee generally will not change. However, it may be changed in limited circumstances such as:

- The employee’s formal appointment and required professional effort is changed from full-time to part-time, or from part-time to full-time.
- The employee receives an increase or decrease in salary as a result of assuming, or relinquishing, specific academic or administrative duties; e.g., serving as a department chair or program director.
- The employee receives a salary increase as a result of a retention or equity adjustment, promotion in rank, or change in employment responsibilities.

Excluded from IBS are the following:

- Incidental activities.
- Faculty overload.
- Income an individual earns outside of the University, such as consulting, service on a peer review panel, or leadership in a professional organization.
- Income under performance incentive plans (teaching awards, productivity-based patient care, and grant writing workshops).

For purposes of payroll confirmation on all grants and contracts, only IBS will be used.

PROCEDURES

At the end of each semester, after payroll posts (on or about January 15, May 31, and August 31), compliance coordinators (CC) will receive an email from UNDCC notifying them the pre review period has opened, and listing the project statements they are responsible for pre-reviewing. Project payroll statements (PPS) display all individuals who were charged or cost shared to the project for the semester. The CC will review project statements to confirm the payroll dollars and cost share dollars, if applicable, are correct. CCs will review the project statement for accuracy, including:

- Verify all individuals that should be paid from the grant or cost shared on the grant appear on the project statement.
- Compare the dollars per individual on the project statement to the project budget.

Any labor distribution adjustments should be made during this period in PeopleSoft.

Once the statement is accurate, the CC will click the “Pre Review” button and the statement will fall off the CC’s worklist and remain in the “Pre Reviewed” status until the certification period opens.

When the pre review period closes, principal investigators (certifiers) will receive a UNDCC system generated email notification that the certification period has opened, with a listing of the project statements they are responsible for certifying. Certifiers will review salaries/wages of individuals...
charged to the project statement, including:

- Verify all individuals working on the project during the semester appear on the project statement,
- Verify that no individuals appear on the project statement who did not work on the project during the semester; and
- Compare the dollars per individual on the project statement to work performed during that semester to validate reasonableness.

If the certifier has a question about the project statement or if they need an adjustment to be made in PeopleSoft, they will contact the CC for assistance.

Certifiers will certify the PPS when they are satisfied all salaries charged or cost shared to the project are accurate.

If the certifier is not available to review and certify the PPS, a responsible official who has suitable means to confirm the work was performed will review and certify the PPS. A responsible official may include the PI, co-PI, department chair or dean. Please note graduate students and administrative professionals are not authorized to certify a PPS.

**Time Sheets**

Non exempt employees who submit a time sheet (after the fact) indicate the actual hours worked (including overtime) for each sponsored agreement or facilities and administrative (F&A) function on a regular basis. The time sheets are submitted by the employee and approved by the supervisor in Time & Labor for recording in the payroll accounting system. The payroll system feeds into the accounting system which records the costs to the direct (sponsored projects, non sponsored, or similar cost objectives) or F&A functions.

Exempt employees who submit a time sheet (after the fact) indicate the hourly distribution of activity expended for each sponsored agreement or F&A function on a regular basis. The time sheets are submitted by the employee and approved by the supervisor in Time & Labor for recording in the payroll accounting system. The payroll system feeds into the accounting system which records the costs to the appropriate projects or F&A functions.

A completed timesheet indicates two items:

- The hours recorded on the time sheet accurately reflect the hours the employee worked for UND; and
- The distribution of the hours recorded to each fund paying the employee's salary accurately reflects the distribution of work among the projects being charged.

**Consequences for Failing to Complete Payroll Certification**

UND has administrative consequences for failing to complete training and certify compensation. These
include:

- Closing the sponsored project in PeopleSoft.
- Suspending the charging of salaries and wages, benefits or any other expenses to a sponsored project.
- Salary costs associated with uncertified payroll activity on sponsored projects may be removed and charged to a department account. Any charges taking place will be the responsibility of the department and will not be allowed during this closed period on the sponsored project, even after the project is reinstated.
- Suspending submission of any new proposals on behalf of a non-compliant PI, or inclusion of a noncompliant researcher in proposals, until payroll certification is up to date and properly completed and certified.
- Certification of project statements that are known to be materially inaccurate may expose the individual who completed the certification to disciplinary action, up to and including termination.
- Fines, penalties, and potential loss of awards are all possible consequences of inadequate payroll certification. The University’s reputation may be tarnished. The college’s facilities and administrative rebate may be withheld.

To be considered complete, the PPS must be:

- Pre-reviewed by the primary CC or other non-primary CC as assigned.
- Certified by the project principal investigator or their delegate as assigned.

Only after both steps are accomplished is the PPS considered complete. If statements are not completed by 30 days after the end of the 90 day certification period, Grants & Contracts will transfer federal salary charges corresponding to the incomplete statement to a department fund. Fringe benefit charges and F&A associated with salary and fringe will also be transferred off the award.

RESPONSIBILITIES

<table>
<thead>
<tr>
<th>Departments/Compliance Coordinator</th>
<th>At the direction of the PI, establish salary allocations according to the budget, and the terms and conditions of the award</th>
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<tbody>
<tr>
<td></td>
<td>Process changes to salary allocations, including retro distributions, promptly</td>
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<tr>
<td></td>
<td>Review PPS for accuracy on a regular basis</td>
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<td></td>
<td>Conduct a thorough pre review of each PPS</td>
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<td>Aid PIs as they certify payroll and follow up with them if changes are required</td>
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<tr>
<td></td>
<td>Forward requests for recertification to Grants &amp; Contracts Accounting (see Contacts), if the request occurs after the end of the certification period</td>
</tr>
<tr>
<td></td>
<td>Forward requests to Grants &amp; Contracts Accounting (see Contacts)</td>
</tr>
<tr>
<td><strong>Contacts</strong></td>
<td>to authorize a Designee to certify the PPS instead of the PI</td>
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</table>
| **Grants and Contracts Accounting** | • Ensure the payroll certification system, UNDCC, produces notifications, statements and reminders in a timely manner  
• Assist compliance coordinators and principal investigators in the payroll confirmation process, if needed  
• Monitor pre review and certification status in UNDCC  
• Authorize an alternate designee to certify the PPS instead of the PI, as requested  
• Develop and maintain UNDCC reports for use by administrators  
• Provide training on UNDCC system principles, policies and procedures  
• Review requests for recertification and, if appropriate, reopen project payroll statements for recertification |
| **Principal Investigator** | • Propose effort and cost sharing for sponsored projects  
• Upon award, work with the department to allocate salary based on estimates of effort in the project proposal  
• Expend effort on sponsored projects  
• Ensure effort devoted and salaries charged or cost shared to sponsored projects is commensurate with commitments to sponsors  
• Obtain sponsor approval for significant changes in work activity for sponsored projects, when required in the terms and conditions of an award  
• Monitor salary charges and effort regularly  
• Certify payroll in a timely and accurate manner |

**RELATED INFORMATION**

- [2 CFR § 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)
- [2 CFR § 200.430 Compensation—personal services](#)

**FORMS**

- [Retroactive Distribution Payroll Form](#)
## Approval Signatures

<table>
<thead>
<tr>
<th>Step Description</th>
<th>Approver</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus Comment</td>
<td>Jennifer Rogers: Director of University Policy</td>
<td>Pending</td>
</tr>
<tr>
<td>Executive Council (1st Reading)</td>
<td>Jennifer Rogers: Director of University Policy</td>
<td>10/2023</td>
</tr>
<tr>
<td>Policy Advisory Group</td>
<td>Jennifer Rogers: Director of University Policy</td>
<td>09/2023</td>
</tr>
<tr>
<td>Policy Office</td>
<td>Jennifer Rogers: Director of University Policy</td>
<td>08/2023</td>
</tr>
<tr>
<td>Policy Owner</td>
<td>Lauren Pite</td>
<td>08/2023</td>
</tr>
</tbody>
</table>