Payroll Certification on Federally Sponsored Projects

Office of Sponsored Programs
Why Monitor Effort/Salary?

- Salary and wages account for approximately 60% of all sponsored expenditures.
- Certification of salary and wages on federal awards is required by the federal government.
- Key area of focus by auditors to verify what was proposed was actually done.
Effort Reporting: Why Change?

• Effort incurred across multiple activities is difficult to measure
• Effort reports provide limited controls
• Administration is inefficient and costly
Federal Demonstration Partnership

• Federal Demonstration Partnership (FDP) began in 1986 and is a cooperative initiative among 10 federal agencies and 119 research institutions
• George Mason University became an FDP member in 2008
• FDP is focused on reducing the administrative burdens associated with research
Payroll Certification: What is it?

- Payroll Certification is an alternative to Effort Reporting that uses a project based methodology and utilizes the concept that “charges are reasonable in relation to work performed”
Payroll Certification: Benefits

- Concept is straightforward and easy to understand by faculty and administrators
- Certification timeframe is consistent with project period and annual technical reporting
- Smaller group of certifiers allows for more effective outreach and training
- More time to focus on key internal controls
- Reduced administrative burden
Payroll Certification: Approval

- GMU received approval from the FDP and the Office of Naval Research (ONR) effective January 1, 2011 to pilot Payroll Certification
- GMU is the first school to receive approval for Payroll Certification
- All awards transitioned by January 1, 2012
## Payroll Certification vs. Effort Reporting

<table>
<thead>
<tr>
<th>Description</th>
<th>Effort Reporting</th>
<th>Payroll Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Focus</td>
<td>Individuals</td>
<td>Project (Grant or Contract)</td>
</tr>
<tr>
<td>Timeframe for Distribution</td>
<td>Consistent points in time</td>
<td>End of Project Budget Year</td>
</tr>
<tr>
<td>Certification Frequency</td>
<td>Three Times per Year</td>
<td>Annually</td>
</tr>
<tr>
<td>Types of Funding</td>
<td>All Sponsored Funds</td>
<td>Federal Funds</td>
</tr>
<tr>
<td>Annual # of Reports</td>
<td>2700</td>
<td>700</td>
</tr>
<tr>
<td>Approvers</td>
<td>Individuals charged to projects</td>
<td>Principal Investigator</td>
</tr>
<tr>
<td>System Rationale</td>
<td>Effort reasonable based on overall institutional effort</td>
<td>Salary and wage amounts reasonable based on work performed</td>
</tr>
<tr>
<td>Committed Cost Sharing</td>
<td>Shown as percentage of overall institutional effort</td>
<td>Shown as amount reasonable based on work performed</td>
</tr>
</tbody>
</table>
Payroll Certification Report Sample

SPONSORED PROJECT PAYROLL EXPENSE REPORT

Grant Code: 201
Project Title: NIH/
Principal Investigator: 
Project Start Date: 06/01/20
Reporting Start Date: 12/01/20
Project End Date: 11/30/20
Reporting End Date: 01/31/20

<table>
<thead>
<tr>
<th>Name</th>
<th>Job Title</th>
<th>Fund</th>
<th>Pct</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FAC FT 12-month Research</td>
<td>201</td>
<td>3%</td>
<td>2,721.71</td>
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<tr>
<td></td>
<td>FAC FT 12-month Research</td>
<td>201</td>
<td>5%</td>
<td>5,931.86</td>
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<tr>
<td></td>
<td>FAC FT 12 month Instructional</td>
<td>201</td>
<td>4%</td>
<td>13,414.87</td>
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<tr>
<td></td>
<td>FAC FT 12 month Instructional</td>
<td>201</td>
<td>4%</td>
<td>2,861.21</td>
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<tr>
<td></td>
<td>FAC FT 12-month Research</td>
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<td>14%</td>
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<tr>
<td></td>
<td>FAC FT 12 month Instructional</td>
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<td>2%</td>
<td>4,632.02</td>
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<tr>
<td></td>
<td>Classified PT Exempt</td>
<td>201</td>
<td>22%</td>
<td>13,520.00</td>
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<tr>
<td></td>
<td>FAC FT 12-month Research</td>
<td>201</td>
<td>5%</td>
<td>5,244.72</td>
</tr>
</tbody>
</table>

Total $57,451.65

I certify that salaries and wages associated with this project are reasonable in relation to work performed.

Principal Investigator Signature

Additional signatures:

Certification responsibility: ____________________________

Signature Printed name Date

Certification responsibility: ____________________________

Signature Printed name Date
Payroll Certification Process

- OSP generates reports 60 days after the last day of the month for the anniversary date or project end date, whichever is sooner
- Reports will be distributed to payroll certification liaison
- Payroll certification liaison works with PIs to obtain approval
Payroll Certification Process (Cont.)

• Payroll certification liaison returns reports to OSP within 45 days of distribution
• Reports not received within 45 days sent to Dean for follow-up and completion within 2 weeks
• Any reports not certified within 60 days will result in salary charges moved to a non-sponsored source of funding
Monitoring Effort/Salary

• Include some level of PI effort on all projects
• Request sponsor approval if PI is absent for more than 3 months or 25% reduction in PI time
• Avoid charging faculty 100% to sponsored funds if they have other responsibilities
• Process funding change forms in a timely manner
Monitoring Effort/Salary (Cont.)

- Include complete explanations and necessary approval signatures
- Track committed cost share with activity code
- Complete payroll certifications timely
- Avoid funding adjustments after project period previously certified
- Review project expenses regularly and process timely corrections if needed
Questions?

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