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Rudofski Presentation Friday Morning June 2015

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Published Date: 06/10/2015

Uniform Guidance: A Midterm Report Card

§200.430 Compensation - personal services

(i) Standards for Documentation of Personnel Expenses

Alternatives to Effort Certification

COGR

UChicago Perspective

- ▶ New standards provide an opportunity to rethink a cumbersome, unpopular, and less effective process for validating salary charges to sponsored awards
- ▶ Focus is on internal controls to assure proper charging of compensation expenses; not the certification of 100% of someone's base salary
- ▶ §200.430 Compensation - personal services
 - (i) Standards for Documentation of Personnel Expenses
 - ▶ Identify Existing Internal Controls and Potential Gaps
 - ▶ Discuss Alternatives and Possible Solutions
- ▶ Meeting with Big 10 Institutions on April 30 to discuss options and associated risks

Effort Reporting @ UChicago **COGR**

- ▶ Principal Investigators received Annual Certification Statements (ACSs) by person
 - ▶ Fiscal year end is June - Interim ACSs distributed in August
 - ▶ Cost transfers for prior FY expenses due by end of October
 - ▶ Final ACSs distributed in November due back in January of the next year

UNIVERSITY OF CHICAGO
EFFORT REPORTING SYSTEM MM/DD/YY
ANNUAL CERTIFICATION STATEMENT
FOR FISCAL YEAR ENDED 06/30/YY

NAME: DOE, JOHN STATUS: DEPT NMB: NNNNN
DEPT NAME:

PI Name	DEPT NO. Agreement No.	FAS Acct	Salary PCT
A	130 AAAAAAAAAANNNNNNNNNNN	5-27001	78.722
B	130 AAAAAAAAAANNNNNNNNNNN	5-36612	4.136
C	127 AAAAAAAAAANNNNNNNNNNN	5-27701	8.271
C	127 AAAAAAAAAANNNNNNNNNNN	6-35150	3.834
C	127 AAAAAAAAAANNNNNNNNNNN	6-95124	5.037
ALL OTHER UNIVERSITY RESPONSIBILITIES		SUBTOTAL	100.000
		VARIOUS	0.000
TOTAL			100.000

I CERTIFY THAT THE ABOVE SALARY PERCENTAGE DISTRIBUTION TO INDIVIDUAL SPONSORED AGREEMENTS AND "ALL OTHER UNIVERSITY RESPONSIBILITIES" IS REASONABLE IN RELATION TO THE WORK PERFORMED.

SIGNATURE OF CERTIFYING PERSON _____ DATE ____/____/____

PRINTED NAME OF CERTIFYING PERSON _____

PRINTED TITLE OF CERTIFYING PERSON _____

Effort Reporting Challenges

- ▶ Too far back to remember (certifying time for 12 -18 months prior)
- ▶ Artificial cut-off of time to certify effort (fiscal year instead of budget year)
- ▶ Challenging to think of how you spend your time based on just your base salary
- ▶ 9-month faculty doing summer research received two statements
- ▶ Sharing of staff forced the need for more than one certifier
- ▶ Gap for transition of Principal Investigators
- ▶ More time spent on routing and tracking than actually validating charges to sponsored awards

Compensation: Standards for Documentation








(1) Charges to Federal awards for salaries and wages must be based on **records that accurately reflect the work performed**

Requirement	UChicago Controls
<div data-bbox="121 846 212 935" style="float: left; margin-right: 10px;"> </div> (i) Supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated	<ul style="list-style-type: none"> • Assigning costing allocations to an employee • Updating costing allocations for future charges with adequate support <ul style="list-style-type: none"> • New or modified award • Change in personnel • New responsibilities of personnel • Creating or updating a system that provides faculty and staff information on salary allocations during the life of an award
<div data-bbox="128 1040 205 1117" style="float: left; margin-right: 10px;"> </div> (ii) Incorporated into the official records	<ul style="list-style-type: none"> • Providing simplified <i>but controlled</i> policy and procedure for after-the-fact corrections to salary allocations (cost transfers) • Validating of expenses posted to an award when final report is submitted


Compensation: Standards for Documentation



Requirement	UChicago Controls
<p> (iii) Reasonably reflect the total activity not exceeding 100% of Institutional Base Salary</p>	<ul style="list-style-type: none"> • Updating institutional policies to clearly define Institutional Base Salary • Defining Voluntary-Committed Cost Sharing including mandated salary caps and updating cost sharing policy and procedure as needed • Documenting process/system controls that do not allow for allocating more than 100% of an employee's time
<p> (iv) Encompass both federal and other support on an integrated basis</p>	
<p> (v) Comply with an Institution's established accounting policies and practices</p>	
<p> (vi) Reserved</p>	
<p> (vii) Support the distribution of the employee's salary among specific activities/cost objectives</p>	



Compensation: Standards for Documentation



Requirement	UChicago Controls
 <p>(viii) Budget estimates can be used for interim accounting purposes only</p> <p>(A) System for establishing estimates provides reasonable approximation of activities</p> <p>(B) Method for making adjustments timely</p> <p>(C) Internal controls for after-the-fact reviews and adjustments</p>	<p>Documentation of decision points</p>

Compensation: Standards for Documentation



Requirement	UChicago Controls
 (ix) Records may reflect categories of expenses as a percentage distribution of total activities	Requirements for payroll system not effort certification system
 (x) A precise measurement of each Institutional Base Salary component charged to each federal award is not expected	

UChicago Next Steps

- ▶ Update necessary policies (e.g. Base Salary)
- ▶ Update internal control documentation
- ▶ Provide management report of salary charges to Principal Investigators and designees for fiscal year 2015 (“transitional” year)
- ▶ Determine how best to document decision points and compensation changes to sponsored awards
- ▶ Produce white paper to share with community
- ▶ Incorporate new document standards for fiscal year 2016