



Document Downloaded: Tuesday October 28, 2014

October 2014 COGR Meeting Presentation Thursday Morning - Jim Luther and Kim Moreland

Author: Jim Luther and Kim Moreland

Published Date: 10/23/2014

The Uniform Guidance: The Singer Formerly Known as Effort Reporting

Jim Luther, Duke University
Kim Moreland, University of
Wisconsin

COGR

Overview - Higher Education and Standards for Documentation

- ▶ Section (h) is specific to Higher Ed - Identifies special conditions for
 - ▶ Allowable Activities, Incidental Activities, Extra Service Pay, Periods outside the academic year, etc.
- ▶ Section (i) is “Standards for Documentation of Personnel Expenses”
 - ▶ Charges must reflect actual work performed and records must be
 - ▶ Supported by internal controls & Incorporated into official records
 - ▶ Reasonable reflects total activity & Encompass federal and other activities on an integrated basis (can use subsidiary records)

“Money Don’t Matter 2 Night”

200.430 Compensation

Background

- ▶ More Flexibility:

- ▶ No requirement for “activity/effort reports.” Removed reference to “certification/certify”
- ▶ Eliminated: J.10.c(1)f: requirement for “independent internal evaluation” and examples of acceptable Methods for Payroll Distribution
- ▶ Added:
 - ▶ Concept of IBS: (ii) The non-Federal entity establishes a consistent written definition...
 - ▶ Allowable activities: Added language to allow for “developing and maintaining protocols,” “managing and securing project-specific data, coordinating research subjects”

“When Doves Cry”

200.430 Compensation – Internal Controls

- ▶ But stringent framework of internal controls...
 - ▶ “Control” or “Internal Control” is mentioned 16 times in the preamble
 - ▶ “This final guidance requires non-Federal entities to comply with a stringent framework of internal control objectives and requirements.”
 - ▶ Reasonable assurance that charges are accurate, allowable, and properly allocated
 - ▶ Emphasis on written policies and “consistent definition of work covered by IBS”
 - ▶ Continued focus on “processes to review after-the-fact.”
 - ▶ Must reflect the work performed

Here's What We Know: *Purple Rain*

- ▶ Uniform Guidance provides this information
 - ▶ IHE's get “special consideration and possible limitations”
 - ▶ “IBS is defined as annual compensation paid by an IHE for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income than an individual earns outside of duties performed for the IHE.”
 - ▶ Must have consistent written policies that apply uniformly
 - ▶ IHE establishes a consistent written definition of IBS
 - ▶ Intra-institutional consulting is assumed to require no compensation in addition to IBS. Allowable only with

Where are You in Effort Reporting Continuum?

1. Already Took the Plunge with electronic system

1. Still riding the wave, not necessarily a state of happiness, but it's better than previous system; ability to collect ~100% of the effort reports

2. Electronic System Implemented

1. But opportunities may exist as the “value-add” v. burden isn't clear

3. Paper System

6.1. Hassle to collect all reports, disgruntled faculty, burdensome process

COUNCIL ON GOVERNMENTAL RELATIONS

Informal Survey of 20 Institutions

- ▶ Identifies some areas of consistency and other areas of wide variation
 - ▶ Most have electronic systems that are about 5 years old but range from 1-13 years old
 - ▶ Frequency of certification of varies (sometimes faculty varies from staff)
 - ▶ Annually: 35% Quarterly: 10%
 - ▶ Semester/Semiannual: 45% Other: 10%
 - ▶ Self certification required or delegated authority?
 - ▶ Self: 25% Some level of delegated authority: 75%
 - ▶ Level of Documentation in the CASB DS-2

200.430 Next Steps – Where do we go from here?

▶ Areas of Concern or Evaluation

- ▶ Evaluate your current process/system and potential new systems – (i) Standards for Documentation
 - ▶ Review current system in light of Internal Control standards (COSO)? How strong are your written policies? Are they consistent?
 - ▶ Review controls, particularly around recertification process and untimely payroll cost redistributions
- ▶ Review your DS-2 and consider whether changes will be required.
- ▶ Review or develop a definition for IBS
Changes look promising but details are not clear on auditor interpretation, specifically as it relates to Internal Controls

Institutional Base Salary

(200.430(h)(4))

- ▶ (4) Extra Service Pay normally represents overload compensation, subject to institutional compensation policies for services above and beyond IBS. Where extra service pay is a result of Intra-IHE consulting... It is allowable if all of the following conditions are met:
 - ▶ (i) The non-Federal entity establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.
 - ▶ (ii) The non-Federal entity establishes a consistent written definition of work covered by IBS which is specific enough to determine conclusively when work beyond that level has

Potential issues: Appt letters & Policy alignment, Consistency across institution, Definition of teaching load consistency, 9 v. 12 month faculty, Clinical faculty, etc.

200.430 Next Steps – Where do we go from here?

- ▶ What bucket are you in? Consider surveying faculty and admin staff for irritants and low-hanging fruit.
 - ▶ Opportunities:
 - ▶ Decrease frequency of certification (possibly use existing payroll distribution system reports or other system notifications)
 - ▶ Review population of who is required to certify
 - Only sponsor funded staff? Just federally funded?
 - Should it differ between biweekly, staff, grad students, & faculty
 - ▶ Review who has delegated authority to certify for others
 - ▶ How can you leverage existing management reports, budget
- Need to consider alignment of DS-2 approval process, technology changes, communication/training, leadership approval cycle**

Questions