



Welcome to the Project Payroll Certification- an alternative method to Effort Reporting training session.

Presenters:

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Session Overview

- Background
- New Process
- Benefits
- Project Payroll Certification Document (PPCD)
- New Salary & Wages (S&W) by Anniversary Year Report



Currently each individual who works on a sponsored projects receives an effort certification either monthly or every semester. Professorial and Exempt every semester and Non-Professorial and NON Exempt every month. The certifications show the individuals effort for all university effort and the individuals are certifying that the percent of effort shown on the certification is accurate.

The Federal Demonstration Partnership (FDP) agrees with those of us who find Effort Certification confusing and burdensome.

The FDP is an organization that consists of multiple Universities and federal agencies that fund sponsored projects.

Michigan Tech has been a member of the FDP for 3 years.

The FDP's initiative has been to reduce the university and faculty burden on Sponsored Projects.

Effort Reporting has been identified as being overly complicated, burdensome, and a commonly misunderstood federal regulation.

The Federal Regulation in A-21, Sec J. 10 states that an alternative method to effort reporting can be used if approved by the recipient's Cognizant Agent (the supervising federal agency, which for Tech is the Office of Naval Research).

FDP has created an alternative method to effort reporting, this new reporting process is called Project Payroll Certification.

Michigan Tech along with 3 other universities have been approved to implement an alternative method for effort reporting.

Why Have Effort Reporting or Project Certification?



Reasons for Effort Reporting/Project Certification:

1. Compensation for personnel services typically represents the single largest expense charged to sponsored projects. So federal regulations stipulate that compensation for personnel services on federally sponsored projects (which includes research, training, instruction, and service) must produce an equitable distribution of charges for an employee's activities and be documented in a method that is in accordance with the federal regulations.
2. The Federal Government takes certification seriously and so should we. Audits have been conducted as recently as 2008 by NSF and fines of over \$11.5 million have been issued as a result of audit discoveries. This our COLLECTIVE responsibility – SPA, PI, Dean/Chair.

Michigan Tech Policy



Policy Handout: The first document in your packet.

By completing and signing a Project Payroll Certification Document (PPCD), the principal investigator and/or co-principal investigator of a sponsored project certifies annually for multi-year projects, and upon completion of each project, that the salary and wages charged to their sponsored projects, including committed cost share, is accurate and reasonable in relation to the work performed.

Thereby satisfying the federal regulation



The new project payroll certification process reduces the complexity and burden of a commonly misunderstood federal regulation.

The new process is less confusing than the current effort reporting method.

It is a simplified means to effectively and efficiently ensure the appropriate distribution of salaries & wages.

The current process for payroll certification generates approximately 6,700 reports a year.

Who wants to guess how many reports will be produced with the new process?

The new process will only produce approximately 700 reports a year!



So, what does this mean for you and your departments?

PI More in Charge of Process

- PI certifies, not individuals
- Monthly status check
- Annual & final certification



This will make it easier for PIs, because they are only certifying that the individual's work is "reasonable and accurate" for the specific sponsored project.

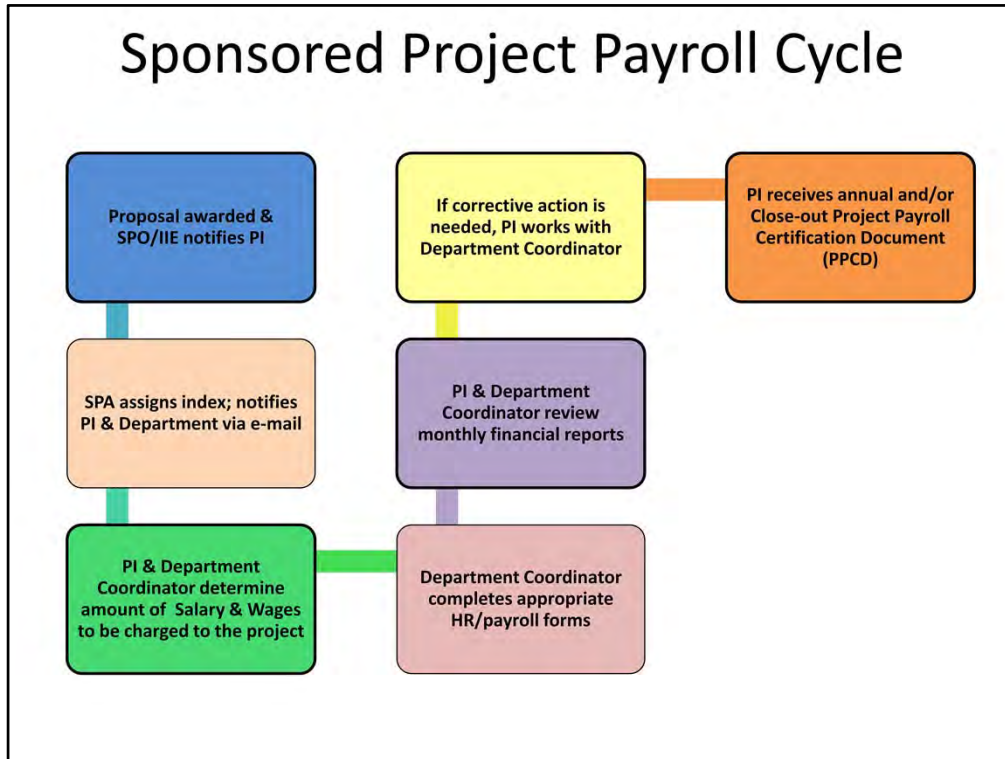
Because Project Payroll Certification is annual based on the start date of the award, it will also coincide with when progress reports may be due.

The PI will have an additional monthly Salary & Wages report that allows them to monitor their project and tie the report to the annual project payroll certification they receive.

The financial reports that SPA submits require a certification of the accuracy of the report. Receiving a annual certification of the payroll charged to the project prior to this submission allows for a more accurate report.

When the project is complete, SPA will work with the PI to close the index and then a final certification will be sent to the PI for signature. In general because of timing sensitivity and in most cases SPA will have already been working with the PI, the PPCD will need to be returned 5 days prior to the due date of the final financial report.

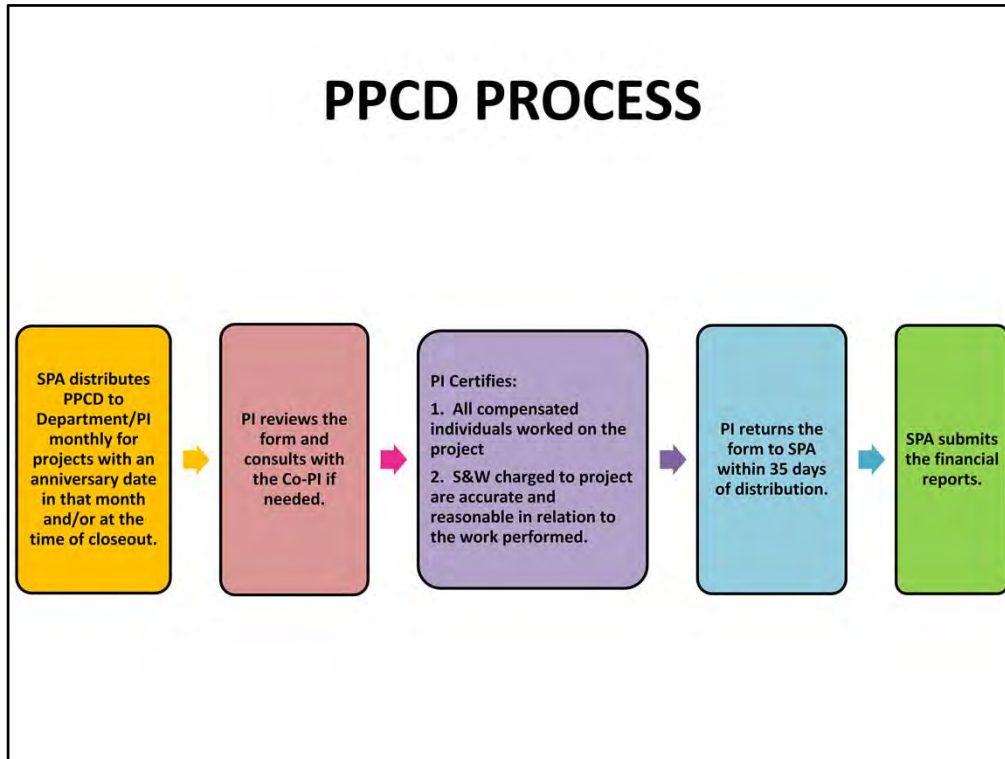
Sponsored Project Payroll Cycle



The sponsor's expectation is that the PI and the University are managing the funds throughout the life of the project.

This picture describes the management of salary and wages charged to sponsored projects and the associated committed cost share index in relation to the PPCD.

PPCD PROCESS



Example for dates when SPA distributes the PPCD: The hard copy documents will be distributed to the department point of contact, following the current process we have in place for effort reporting.

If anniversary date is September 1; you will receive the PPCD between September 10th and September 15th.

The activity shown on the PPCD is for the preceding 12 months. (Sept 1, 2010 through August 31, 2011)

At the end of the project the final PPCD will be generated by SPA in the closeout process.

Michigan Technological University			
Project Payroll Certification Document			
Sponsored Project Index(es):	EXXXXX, EXXXXX, EXXXXX, EXXXXX		
Internal Grant Number:	RXXXXX		
Project Title:	Test of Project Payroll Certification		
Principal Investigator:	Smith, Joe		
Co-Principal Investigator(s):	Doe, Carole		
Sponsor Grant/Contract Number:	XXX-XXX-XX		
Reporting Time Period:	December 27, 2009 - December 25, 2010		
Project Anniversary Month:	January		
Date of Accounting Report:	January 10, 2011		
Department:	22600, Mechanical Engineering & Engineering Mechanics		
Project Start Date:	January 31, 2009	Project End Date:	July 31, 2012

Sample PPCD and instructions.

Top portion (direction right for outlining boxes)

Project title ,PI, Co-PI Information

Date of Accounting Report

Project Anniversary Date

Reporting Time Period-This period coincides with Michigan Tech's Biweekly Pay Periods

A link to the internal policy governing this process will be emailed to you when the policy has been finalized.

Name	Job Title	Sponsor Share	Cost Share	Total	Percentage of Total Compensation
Smith, Joe	Professor	2,000.00	1,286.00	3,286.00	3.80%
Doe, Jane	Assistant Professor	1,286.00	-	1,286.00	2.60%
Smith, Jean	Research Scientist	4,000.00	1,000.00	5,000.00	10%
Doe, John	Graduate Research Assist	15,000.00	2,500.00	17,500.00	100%
Smith, David	Undergraduate Student	750.00	-	750.00	80%
Total		23,036.00	4,786.00	27,822.00	

Middle portion

(Arrows 2-3) Employee's name & title

(Arrows 4-5) Sponsor & Cost share amounts charged to project

(Arrow 6) Total Sponsor & Cost share by individual

(Arrow 7) % of individual's wages for the period divided by their annual salary for the period

(Arrow 8) Total Sponsor Share, Cost Share & Total by project

I have reviewed the Project Payroll Certification Document for the above cited sponsored project including committed cost sharing, if applicable. My review of the payroll expenses was to ensure that 1) all individuals worked on this project, 2) the salary or wage charges were accurate and reasonable in relation to the work performed, and 3) the federal costing requirements as shown in the instructions were met.				
I certify to the best of my knowledge and belief these salary and wage expenses have been correctly charged.				
Principal Investigator Signature		Name Printed		Date
Optional Additional Signers				
Certification Responsibility:				
Signature		Name Printed		Date
Certification Responsibility:				
Signature		Name Printed		Date
Title				
Please return this form to the Sponsored Programs Accounting Office. Failure to sign this form and return it by March 17, 2011, may force the university to return to sponsors the amount earned on the project because of lack of documentation.				

(Arrow 9) -- Certification statement:

All individuals worked on the project.
Salary and wages are accurate and reasonable in relation to the work performed.
No proposal preparation activities are included in the charged salary and wages.
All individuals who had 90-100% of their salary & wages charged to the sponsored project were involved in only minimal non-sponsored activities such as instruction and departmental committees.

Signatures: PI may obtain additional signatures such as Co-PI. These signatures DO NOT replace the PI's. The certification responsibility field should be populated with Co- PI.

Return to SPA within 35 days of distribution

PPCD Review Process



Review process:

Are the salary and wages of the individuals accurate and reasonable in relation to the work performed? Are the correct people on the report?

No proposal preparation activities can be included in the charged salary and wages.

All individuals who had 90-100% of their salary & wages charged to the sponsored project were involved in only minimal non-sponsored activities such as instruction and departmental committees.

Financial Reports

- Budgeted versus actual expenses
- Labor Reports
- Detail Transaction
- Salary & Wages by Anniversary Year



The tools for monitoring salary & wages are the monthly financial reports sent to PIs via e-mail.

The new Salary & Wages by Anniversary Year Report differs from the Labor Distribution Report that departments currently receive.

The new S&W by Anniversary Year Report has been designed to help PIs keep track of the labor distribution on their projects. This report will be distributed monthly. The key difference between the S&W by Anniversary Year and the PPCD are:

There is no certification needed on the S&W by Anniversary Year Report.

The earnings will be from the first day of the Anniversary Year to the end of the reporting month.

If multiple indexes within the project are charged S&W, those indexes will be shown by individual. The PPCD shows cumulative amounts per individual.

PIs need to review and make changes to any errors that are identified on the S&W by Anniversary Year Reports prior to receipt of the final certification document.

Michigan Technological University	
Salary & Wage by Anniversary Year	
Sponsored Project Index Number(s):	EXXXXX, EXXXXX, EXXXXX
Internal Grant Number:	R5XXXX
Project Title:	Test of Monthly Project Payroll Report
Principal Investigator:	Smith, Joe
Co-Principal Investigator(s):	Doe, Carole
Sponsor Grant/Contract Number:	XXX-XXX-XX
Reporting Period:	Month of July
Project Anniversary Date:	Month of January
Date of Accounting Report:	August XX, 2011
Department:	22600, Mechanical Engineering & Engineering Mechanics
First Day of the Anniversary Month to End of Reporting Period	
January 1, 2011-July 31,2011	

The Salary and Wages by Anniversary Year Report is the same as the PPCD with the following exceptions:

The amounts are from the first day of the anniversary month to the last day of the reporting month.

The report shows all indexes under the grant rather than the cumulative sum for each individual.

The percentage is the total of all indexes for the individual divided by the amount earned by that individual for the period.

Top portion

(Arrow 1) Project Title, PI, and Co-PI Information

(Arrow 2) Project Anniversary Date

(Arrow 3) The Reporting period

- The amounts are from the first day of the anniversary month to the last day of the reporting month. Therefore, the end date of the reporting period is July 31. Data is a cumulative amount of 7 months.

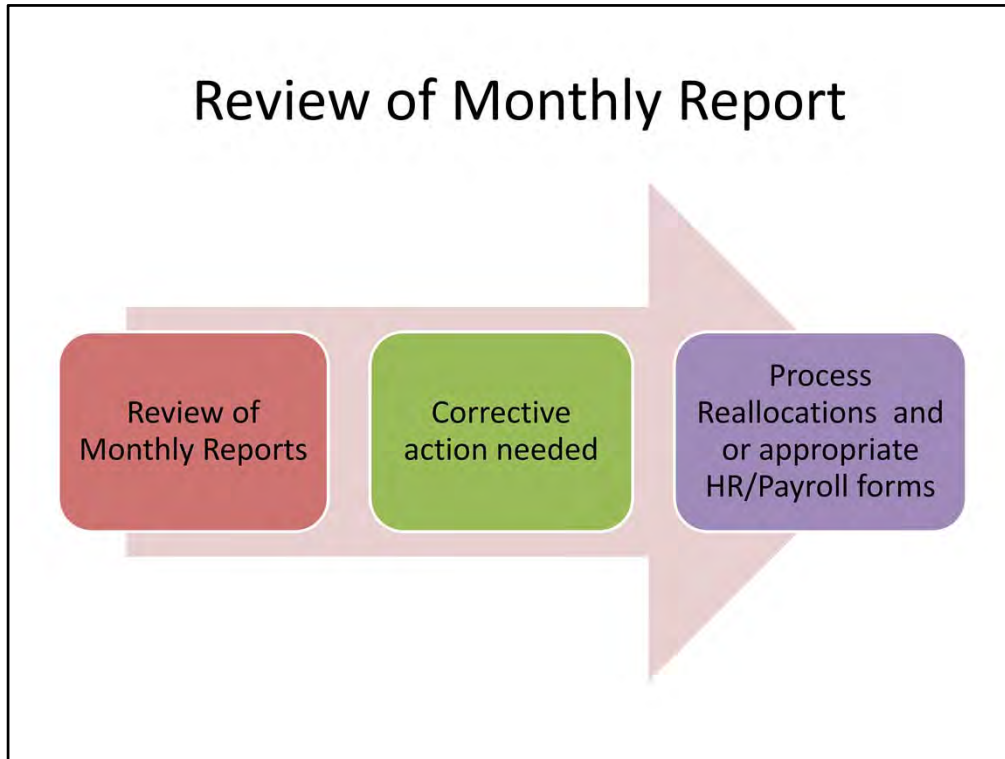
Name	Job Title	Sponsor Share	Cost Share	Total (Sponsor + Cost Share) Current Period	Percent of Total Compensation (ONLY ON SUBTOTALS)
Smith, J	Professor				
Index #		1,000.00		1,000.00	
Index #		300.00		300.00	
Index #			586.00	586.00	
Index #			350.00	350.00	
Subtotal		1,300.00	936.00	2,236.00	(a) 3.10%

Bottom portion:

(Box 1)-Name, job title, sponsor share, cost share, total sponsor and cost share.

(Arrow 1)- by index

(Arrow 2)- Calculation only on subtotal for each individual. That subtotal amount divided by the total University earnings from January 1-July 31



Review process:

Are the salaries and wages of the individuals accurate and reasonable in relation to the work performed? Are the persons and the amounts listed on sponsored project accurate?

No proposal preparation activities are included in the charged salary and wages

Are all individuals who had 90-100% of their salary & wages charged to the sponsored project involved in only minimal non-sponsored activities such as instruction and departmental committees?

When corrective action is needed:

If the original charge is less than 90 days ago, complete reallocation form.

If the original charge is more than 90 days, complete reallocation form. Note: In this situation expenses need to be posted to unrestricted index.

New Process and Old Process Survey

Poor	<input type="checkbox"/>
Satisfactory	<input type="checkbox"/>
Good	<input type="checkbox"/>
Excellent	<input checked="" type="checkbox"/>

As a condition of Michigan Tech's participation in this pilot ONR, our cognizant agency, as well as FDP requires us to provide comparisons of the old effort certification to the new Project Payroll Certification. One of these requirements is to conduct a survey to gather response data to this new process and one for the old.

The effort certification survey was sent to a sample Michigan Tech audience on October 27, 2011.



Successful sponsored project management not only involves the PI, but also the Co-PI, Department Dean/Chair, Departmental Business Office (this could be a Departmental Coordinator or other designated Administrative Staff), and Sponsored Programs Accounting (SPA).

Principal Investigator (PI)

- Submit paperwork to HR & Payroll
- Review & verify monthly financial reports
- Review, verify, certify & return the annual or closeout PPCD

Co-Principal Investigator

- Review & verify monthly financial reports
- May assume the same responsibilities as the Principal Investigator



Principal Investigator (PI)

The PI needs to ensure that the appropriate HR & Payroll paperwork is submitted to the respective departments in order to charge both the sponsored project & committed cost share index numbers. Department Coordinator or designated Administrative Staff will most likely assist the PI in preparing and completing the appropriate forms.

The PI is also responsible for reviewing the monthly sponsor & cost share financial reports, verifying the accuracy, and making appropriate corrections. Again if your department has a designated Administrative Staff position this individual may assist in the review of the monthly financial reports.

Upon receipt of the PPCD, the PI will also review, verify, certify & return the annual or closeout PPCD.

Co-Principal Investigator

Co-PIs are also responsible for reviewing the monthly sponsor & cost share financial reports, verifying the accuracy, and making appropriate corrections when they have an index assigned to them as a financial manager.

The Co-PI, at the PI's request, can assume the same responsibilities as the PI as long as the Co-PI has direct knowledge of the salary and wages charged to the sponsor & cost share indexes.

Dept. Chair/Director, Dean

- Ensure that the PPCDs are completed on time
- Follow-up on outstanding PPCDs

Departmental Business Office

- Assists the PI in the salary & wage distribution
- Receives, distributes, and collects the PPCDs



Dept. Chair/Director, Dean

The responsibilities of the Department Chair/Director, Dean are to ensure that the PPCDs are completed, certified, and returned to SPA in a timely manner and to follow-up with the PIs on any outstanding PPCDs.

Departmental Business Office

Whether it is the Department Coordinator or other designated administrative staff, they are responsible for assisting the PI in identifying the salary & wage distribution for individuals compensated on sponsored projects and committed cost share.

Additionally, this person or persons will be responsible for receipt, distribution, and collection of the PPCD for sponsored projects within their unit.

Sponsored Programs Accounting (SPA)

- Generates & distributes the annual and closeout PPCDs
- Communicates with the PI and the department to financially close out the project
- Follows up on outstanding PPCDs
- Maintains records



SPA generates and distributes the PPCDs within 45 days of the anniversary date. It is SPA's responsibility to communicate with the PI and the department to complete the financial closeout of the project, to follow up on any outstanding PPCDs, and to maintain records including the original PPDC for auditing purposes.

Project Payroll Certification Wrap-Up



- New process-Effective 7/1/11. First PPCDs for projects with start dates of Aug, Sept, Oct & Nov will be distributed in November 2011
- Review & take action promptly
- Expect a survey on the new/old process
- Call with any questions

Michigan Tech received final approval from ONR on October 24, 2011 with an effective date of 7/1/11. The first PPCDs will be distributed in the first week of November for projects with start dates of August, September and October.

Starting with the new process, review your statements for accuracy and take corrective action immediately.

Expect to receive a survey on the old & new process.

Contacts

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Web Links

Research Website:

<http://www.mtu.edu/research/>

HR/payroll forms link:

<http://www.admin.mtu.edu/hro/payroll/>