

Project Payroll Confirmation

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I. Purpose

To provide guidance to faculty and staff by describing the University’s method and associated responsibilities for reviewing payroll expenses directly charged and/or cost shared on sponsored projects and confirming the reasonableness of those payroll expenses in relation to work performed by each individual during the reporting period.

II. Definitions

- *College effort coordinator*: The role assigned in ECC to a senior level business administrator in the college or unit.
- *ECC (Employee Compensation Compliance)*: The software tool the University has configured and implemented to assist with the completion of on-line review and confirmation of project-based payroll expenses.
- *Primary department coordinator (PDC)/Backup department coordinator*: The role assigned in ECC to a business administrator for a department(s), who is responsible for the review process.
- *Project payroll confirmation*: A project-based methodology for verification of payroll expenses, utilizing the concept that “charges for each person are reasonable in relation to the work performed” during the reporting period. Project statements depict payroll expenses for all persons associated with the sponsored project as opposed to individual statements per person.
- *Self-certifier*: The role assigned in ECC to the Principal Investigator (PI) for the project as listed in SAP on GMGRANT responsibilities tab.

III. Responsibilities

Consistent with BPM E-1-3, “Fiscal Roles and Responsibilities”

<https://www.uky.edu/ufs/sites/www.uky.edu.ufs/files/bpm/E-1-3.pdf>:

- A. College effort coordinator (CEC)
 - 1. Responsible for providing oversight of the project payroll pre review and confirmation processes within the college/unit.
 - 2. Ensures understanding and compliance with timely review of these processes.
 - 3. Serves as a resource for the principal investigator(s), business staff and Research Financial Services on behalf of their college/unit.
- B. Primary department coordinator (PDC) (business administrator)
 - 1. Responsible for completion of a formal pre review of all project statements (regardless of funding source) to assess accuracy and completeness of the payroll expenses. This review is from a fiscal reconciliation perspective for direct charged and/or cost shared expenses during each reporting quarter.
- C. Self-certifier
 - 1. Assigned to the Principal Investigator (PI) listed on the responsibilities tab for the WBS/grant in SAP.
 - 2. The PI is responsible for performing a second level review of project statements for all federally funded sponsored projects. The purpose of this review is to assess and formally confirm the reasonableness of the payroll expenses charged or cost shared to the project in relation to the work performed by each individual during the reporting quarter.
- D. Research Financial Services (RFS)
 - 1. Responsible for providing oversight of the project payroll pre review and confirmation processes for the University.

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2. Manages the business/functional aspects of the payroll confirmation tool (ECC).
3. Provides guidance on reporting requirements, policies, and procedures.

IV. Policy

The Office of Management and Budget 2 *CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), specifically, section 200.430, outlines required standards for documentation of personnel expenses. To comply with this requirement, the University chose to transition to project payroll confirmation effective fiscal year 2017.

- A. On a quarterly basis, project statements for all sponsored projects are created and routed to the PDC for initial review. The PDC is responsible for completing a preliminary review (pre review) of the payroll expenses according to the [Payroll Confirmation calendar](#).
- B. All federally funded sponsored projects require a subsequent review and formal confirmation by the PI listed on the responsibilities tab for the WBS/grant number in SAP.
- C. Both the pre review and confirmation processes must be completed timely to assure accuracy for each reporting period. Reviewing statements quarterly is a control process that provides the opportunity to maximize the use of the sponsored project funding consistent with the project goals and approved budget.
- D. Failure to complete both the pre review and confirmation of each project statement during each reporting period could result in the potential loss of current or future funding to the PI, the college and/or the University. This loss of funding could be in relation to audit/review findings, repayment to sponsors, penalties or interest, including extrapolation of findings to other sponsored awards. Such repayments will be the responsibility of the college/unit. As such, the specific college/unit may choose to implement additional procedures as needed to ensure compliance.

V. Procedures

- A. Primary Effort Coordinator procedures
 1. Following the close of each fiscal quarter (September, December, March, June), a project statement will be released in ECC for each active sponsored project. The statement will depict payroll expense activity, including retroactive adjustments, posted to the grant during the reporting period. Statements for all sponsored projects, federally and non-federally funded, will appear on the "work list" for the PDC. Statements are available for viewing during the current quarter as "In Progress" to assist with required monthly reconciliations prior to the pre review period. A system generated email will be sent to both the PDC and CEC notifying them the statements have been released and providing deadline information including the final date for completion of the pre review process.
 2. During the pre review process, the PDC should complete each of the following:
 - a. Verify that all individuals who should be paid from the grant or cost shared on the grant appear on the project statement.
 - b. Compare the dollars per individual on the project statement to the approved project budget with the following questions in mind:
 - 1) Do the amounts per individual match what was requested to be

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- entered as cost distribution by the Payroll Specialist?
- 2) Is there is a variance between the expected amount and actual amount charged? If so, why and are corrections needed?
- 3) Is an individual being cost shared when they should be direct charged?
- 4) Is an individual being direct charged that should be cost shared?
- 5) Is there anyone being charged to the project that was not anticipated?
- 6) Is there anyone on the project budget that is missing from the statement?
- 7) Other variances?
- c. Document the review process as needed to ensure you can demonstrate consideration of the elements noted above.
- d. If a determination about the accuracy and/or completeness of the payroll expenditures cannot be made based on available information, the PDC should consult with others in the unit such as the Payroll Specialist, College Grants Officer, PI, etc. The purpose is to ensure that any missing or erroneous information is corrected timely. Best practice is to have these adjustments made prior to the PI completing the self-certification/confirmation.
- 3. Once the pre review is complete:
 - a. If there is no missing or erroneous information on the project statement, the PDC should select the "pre review" button, indicating that the PDC has completed the review and believes the information to be complete and accurate or
 - b. If there is a correction necessary, select the "revise payroll" button. This will move the project statement to the next step in the workflow process.
- 4. If PDC has selected "pre review":
 - a. If the "pre review" button is selected and the statement contains no federal funds, it will drop off the worklist and the required quarterly review is complete.
 - b. If the "pre review" button is selected and the statement contains federal funds, it will move to the final step, which is "ready for confirmation." The PI will complete this additional review once the confirmation period is open.
- 5. If the "revise payroll" button is selected:
 - a. The statement moves to "revision requested" status pending the processing of the necessary correcting and/or additional entry to payroll.
 - b. If an individual is missing from the statements, the PDC communicates with the PI to confirm that the individual worked during the statement quarter and communicates with the college/unit Payroll Specialist to resolve.
 - c. If an individual is listed on the statement that is not anticipated, the PDC communicates with the PI to confirm, then notifies the college/unit payroll specialist to request removal if the individual was incorrectly associated with the project.
 - d. The college/unit Payroll Specialist should adjust the payroll cost distribution according to the confirmation of the PI.
 - e. Once the necessary revision has processed through SAP payroll and

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ECC has been updated with the revision, the project statement will move to "revision pending" status in ECC. The PDC must take action to accept the revision or submit an additional revision as needed for the statement to move to the next step in the process.

B. Principal Investigator procedures

During the confirmation period, all federally funded project statements, which have been placed in pre reviewed status by the PDC, will route to a work list for the PI (Self-certifier) for each sponsored project account number in SAP. A system generated email will be sent to the PI and the PDC alerting them to the release of these statements and the final date for completion of the confirmation process. Regularly scheduled reminders will be sent until all statements have been reviewed and confirmed.

1. During the confirmation process, the Principal Investigator should complete the following:
 - a. Verify that all individuals working on the project appear on the project statement.
 - b. Verify that no individuals who did not work on the project during the reporting quarter appear on the project statement.
 - c. Compare the dollars per individual on the project statement to the project budget with the following questions in mind:
 - 1) Do the dollar amounts per individual seem reasonable in relation to work performed?
 - 2) Is an individual being cost shared when they should be direct charged or the reverse?
 - 3) Use the "view all payroll" icon to review for all cost objects on which the individual is paid in the current period.
 - 4) Other variances?
 - d. If the information appears complete, accurate and reasonable in relation to work performed, the PI should click the "confirm" button and accept the attestation to complete the statement.
 - e. If the information appears incomplete, inaccurate or questions arise, the PI should click the "revise payroll" button. This action moves the statement to revision requested status and returns the project statement to the PDC for further review and discussion before completing the confirmation process. Include comments as to why the statement was returned or send an e-mail to the PDC with the identified payroll variance. The intent of this status is to allow for corrections and omissions to be resolved prior to the PI selecting "confirm."
 - f. Following appropriate actions to make any necessary adjustments to the information, the PI should click the "confirm" button and accept the attestation to complete the process.