Prepared by Contracts and Grants Management Office.
This replaces Administrative Procedure No. A8.948,
dated July 1988.

A8.948 Documentation Requirements for Personnel Costs Charged Directly to Federally Sponsored Agreements

1. Purpose

To establish guidelines and procedures which prescribe the certification requirements for personnel charges to federally sponsored agreements and to delineate the responsibilities of University personnel affected by these procedures.

The University is required, under Office of Management and Budget (OMB) Circular A-21, to develop a payroll distribution system which documents personnel costs that are chargeable to federally sponsored agreements. This documentation is necessary to verify the allowable cost of work performed by the University under sponsored agreements.

2. Objective

To assure that personnel charges and related documentation comply with federal requirements.

3. Applicability

These procedures apply to all federally sponsored agreements to which personnel costs are charged.

4. Guidelines

a. Report 1289, "FTE Certification by Account Code" (Attachment A) is used to document personnel costs charged to federally sponsored projects.

b. Certifications are required for all regular employees that are charged to federally sponsored projects. Overload, casual and student payroll are supported by payroll scan sheets and time sheets and therefore do not require certification.

c. Notification of Personnel Action Forms (SF-5B/SF-5) are to be initiated prior to the effective date of the personnel action in accordance with the requirements and processing deadlines prescribed under the payroll provisions of the APM to insure the timely distribution of payroll charges.

d. For personnel who are split-funded, the Full-Time Equivalent (FTE) percentages used should represent reasonable estimates of the time and effort expended on specific project(s).

e. Report 1289 shall be certified monthly by the Principal Investigator (PI) or a supervisory official having first-hand knowledge of the services performed on the project.

f. Report 1289 will be reviewed, signed, dated and returned by the PI to the Fiscal Officer (FO) by the 20th of the month following the review period. For example, the report for April must be returned to the FO by May 20th.

g. Report 1289A, Fiscal Officer's Control List, FTE Certification by Account Code, (see Attachment B) is used to record the date that Report 1289 is received by the FO from the PI to ensure timeliness of submission.

h. An individual's FTE percentage contribution towards a project should be adjusted when there is a variance between estimated and actual FTE of more than 5%. For example, if 50% FTE is estimated, corrections should be noted when the percent of effort is less than 45% or greater than 55% (per Report 1289).

i. When it becomes apparent that payroll charges reflected on Report 1289 are incorrect due to significant changes in work activity, corrective changes must be promptly annotated on Report 1289 and entered into the payroll distribution system through the timely processing of an updated SF-5B/SF-5 and corrective journal entries.

Corrective changes to an already certified Report 1289 must be supported by documentation that contain a full explanation of the correctness of the new payroll charges by the PI including the circumstances and reasons why a change in payroll certification is being processed to insure the allowability of cost by the Federal Government. An explanation which merely states that correction to Report 1289 is necessary "to correct erroneously certified payroll certification report" or "to reflect proper payroll charges to the correct program account" are not acceptable under any circumstances.

j. Payroll cost transfers, including related fringe benefits will be initiated by the FO at the end of the month following the review period and supported by adequate documentation, including a properly annotated and signed copy of Report 1289.

k. All differences between Reports 1289 and 1060F, Encumbrance and Expenditure Ledger, will be analyzed by the FO to assure that all payroll charges are properly supported by Report 1289 and all required payroll cost transfers are made on a timely basis (Attachments C-H).

l. The certified Report 1289 should be filed by project or any systematic method which enables easy access and retrieval.

5. <u>Responsibilities</u>

The Chancellor/Dean/Director shall be ultimately responsible for the prescribed documentation of personnel costs charged directly to federally financed agreements under their jurisdiction, including the implementation of corrective actions for departmental deficiencies and the securing of necessary funds to cover any cost disallowances that may arise due to non-compliance with this federal requirement.

The PI's are responsible for ensuring that the FTE percentages reflected on Report 1289 reasonably represent the labor efforts performed by project personnel, for certifying Report 1289 and for informing their FO's of any personnel changes as they occur.

The FO's are responsible for distributing and receiving completed Report 1289 from the PI's, for ensuring that all reports are properly certified and for initiating any required adjustments on a timely basis.

The Contracts and Grants Management Office is responsible for distributing Reports 1289 and 1289A to the FO's and for performing compliance reviews in accordance with the requirements of this procedure.

6. Procedures

a. Action to be taken by Contracts and Grants Management Office

Receive three copies of Report 1289 and two copies of Report 1289A from the Computing Center. Distribute two copies of Report 1289 and one copy of Report 1289A to fiscal officers at the same time that the Research and Training Budget Status Reports are distributed. Retain one copy each of Report 1289 and 1289A for its files.

b. Action to be taken by the Fiscal Officer

(1) Annotates any differences between the "MON SAL THIS ACCOUNT" and "SAL PER 1060F" columns. The "MON SAL THIS ACCT" column represents the monthly salary chargeable to the account (per SF-5 or 5B), while the "SAL PER 1060F" column represents the regular salaries (Object symbol 2001 and 2301) actually paid during the month. Notify the PI of any differences and provide assistance in certifying the percent of effort expended on the project. Differences can be caused by:

(a) Changes on "Notification of Personnel Action," Form SF-5 or 5B reflected on Report 1289 but not on Report 1060F;

(b) New hires for a partial month;

(c) Back pay; and

(d) Terminations.

(2) Distribute both copies of Report 1289 to the principal investigator.

c. <u>Action to be taken by the Principal Investigator</u>

(1) Review Report 1289 for accuracy.

(2) Correct FTE percentages if necessary and make notations in addition to those made by the FO.

Note: It is generally the case that a change in FTE percentage for an employee in one account will require a corresponding change in another account.

(3) Insure that labor charges are never allocated to federally sponsored programs to cover deficiencies caused by project overruns, to avoid restrictions imposed by law, that are contrary to the provisions of the sponsored agreement, or for other reasons of convenience.

(4) When it becomes apparent that the information reflected on Report 1289 is incorrect and that corrective action is required, corrective changes must be promptly annotated on Report 1289 and entered into the payroll distribution system through the timely initiation of an updated SF-5B/SF-5.

(5) sign, date, and return a copy of Report 1289 to the FO for appropriate action by the 20th of the month.

(6) Retain a file copy of Report 1289.

d. <u>Additional Action to be taken by the Fiscal Officer</u>

(1) Enter date on Report 1289A when Report 1289 was received from PI.

(2) Review Report 1289 for signature, date and notations to determine whether payroll cost transfers are required.

(3) Assure that corrections to salary changes on 1289's for program personnel are promptly entered into the University's payroll distribution system.

(a) Assure that personnel action changes, such as, redistribution of funds, FTE changes, terminations, etc., are promptly initiated by the PI prior to the effective date of change in accordance with the payroll processing cycle deadlines established in the administrative Procedures Manual (APM).

(b) Assure that payroll cost transfers are promptly processed no later than 90 days after the discovery of error and in accordance with the requirements prescribed under the payroll provisions of the APM.

(4) Follow up on any Report 1289 that has not been received.

(5) Sign and date each copy of Report 1289.

(6) Send a completed copy of Report 1289A and a copy of each Report 1289 to CGMO no later than the 10th of each month following the due date of Report 1289 from PI's. For example, a copy of March's report must be submitted to CGMO by May 10th.

(7) Keep original reports filed and retained in a systematic manner and available for audit compliance review by the Defense Contract Audit Agency (DCAA) and/or CGMO.

e. <u>Action to be taken by CGMO Compliance Officers</u>

(1) Review Report 1289A and each copy of Report 1289 for <u>completeness</u> based on the following criteria:

(a) Report 1289's signature lines for both the Fiscal Officer and Principal Investigator have a signature and a date.

(b) If there is a difference between "MON SAL THIS ACCT" and "SAL PER 1060F" columns, each difference is annotated.

(2) If the package, the Report 1289A and each copy of Report 1289, received from the department is NOT

complete, the entire package may be rejected and returned to the department.

(3) Follow-up on rejected packages with departments.

(4) Perform periodic internal reviews to insure integrity of the system and compliance with the requirements prescribed under OMB Circular A-21, issue internal compliance reports to the appropriate Chancellor/Dean/Director identifying deficiencies and required corrective actions and monitor the implementation of corrective actions.

(5) Coordinate all external compliance audits performed by the Federal Government or independent CPA's and resolve any audit findings.

(6) Keep copy of reports filed and retained in a systematic manner.