Salary Confirmation on Sponsored Projects: 2017

Division of Financial Affairs
Overview and Background

- We review and certify salaries associated with sponsored awards and other federal funding.
- A component of internal controls required under 2 CFR 200.430
  - (2 CFR 200 = Uniform Guidance or “UG”)
- This process focuses on the after-the-fact certification of salaries.
Frequently Raised Concerns

• Certified salaries must reasonably represent actual effort on project
  – Excluding voluntary uncommitted cost shared salary charged to university resources
• Breaks in certification dilute integrity of the system of internal controls
• All of a person’s compensated activities on a position, including; teaching, committee memberships, administrative duties, etc. cannot exceed 100% and must be factored into the overall allocation of time.
• Individuals should know the project on which they are working and from what funds they are paid.
• Certifiers must have first hand knowledge of work performed
More concerns

Faculty and/or Principal Investigators:
• Summer salary - Only for project work during the summer
  – Nine-month faculty do not receive paid vacation
• Institutional roles, proposal preparation, are not grant costs
• Commitments
  – Are commitments being met?
    • Reduction of PI effort by 25% or more (i.e. from 50% to 37.5%) requires sponsor approval.
    – Is a person overcommitted?

Graduate students
– Only the stipend portion of payments to graduate assistants is reflected
– Per Policy 3.13, tuition must follow same distribution
Ongoing Monitoring

• Salary process should be addressed by documented ongoing monitoring, which is followed by mandatory documented year-end verification.
• A Salary Transfer must be submitted in a timely manner when it is recognized that effort component changes more than ± 10%.
• Per UG: “Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term.”
• Pre-award accounts can reduce the need for salary transfers
• Prospective changes are done in Workday.
• Units may need to coordinate with other units when:
  – Distributions cross unit lines and involve multiple supervisors
  – Individuals have multiple positions (will generate multiple certifications)
Special Situations

National Institutes of Health (NIH) salary cap

• Affects anyone paid all or in part on NIH funds who exceeds the following rates
  – CY2016: $138,825 (9 months) or $185,100 (12 months)
  – CY2017: $140,250 (9 months) or $187,000 (12 months)
  – May also be a limitation on other Department of Health and Human Services (DHHS) awards (e.g. CDC, DFA, ACF)
  – Special rules for DHHS contracts

• This creates a cost sharing requirement that must be recorded in a cost share subaccount. This is in addition to any other cost sharing requirements (voluntary committed or mandatory)

• An issue for both academic year and summer payments. If summer pay is at a reduced rate then units should have documentation stating that pay during the summer months is at a reduced rate.
Cornell Process

- Salary Certification after-the-fact.
  - Only for those individuals charged to sponsored activities, federal appropriations, or cost share accounts/subaccounts.

- Only Cornell-compensated activities are included.
  - Some types of supplemental compensation, primarily for allowances or reimbursements through payroll, may be excluded.

- Hourly students included in certification process.
Timeline

• Units should be reviewing salary distribution throughout the year and making prospective changes in Workday.

• Salary Transfers (ST e-Docs) must be fully approved by June 30th.  
  – Note: NO CHANGES TO STATE APPROPRIATIONS MAY BE MADE AFTER THE JUNE 30TH SALARY TRANSFER APPROVAL DEADLINE.

• Year-End Salary Transfers (YEST e-Docs) must be fully approved in units by Monday, July 17, 2017 in order for the changes to be reflected in the final reports.

• All transfers are subject to Policy 3.20, Cost Transfers on Sponsored Projects.
Timeline

- Preliminary reports were distributed to dropboxes on May 12th.
- DFA will be distributing the final reports via dropbox around July 28th which will include year-end salary transfers approved by July 17th.
- Main report will contain fiscal year salaries.
- Faculty summer salary (July 1, 2016 – June 30, 2017) will be shown on a separate report.
- Reports should be reviewed as soon as they are distributed to your dropbox.
As a requirement of funding we receive from federal and other sponsored agencies, we must confirm that the accounting of our salaries is correct and appropriate. We need to ensure that the distribution of salary by account, award or institutional function for the 2016 fiscal year is as reasonable as possible on an annualized basis. For graduate assistants, this report represents only the stipend portion of the appointment. Other components are generally distributed similarly to the academic year stipend and documented in subsidiary systems.

Having first-hand knowledge or using suitable means of verification: please sign this form after you have reviewed, initialized modifications where appropriate, and approved the salary distribution that is represented on this document. Project leaders or faculty may sign on behalf of their group. Material changes in effort (+/- 10%) during the ensuing year must be corrected in KFS and Workday as appropriate. Material changes in key personnel on sponsored awards should also be reported to OSP to determine if a sponsor must be notified.
A few reminders about the Cornell Dropbox

- Dropbox files have a maximum expiration date of 21 days. Be sure to download your files and save to a secure location on your server as soon as you receive notice of the upload.

- Because Plan Confirmation reports include salary information, only use Cornell Dropbox to share these files. Email is not considered to be secure for this purpose.
Certification Process

• Print reports single-sided using landscape orientation.

• Make any necessary data changes BEFORE the reports are signed because the certifying signature attests that all information correctly represents the employee’s activity during the preceding fiscal year.
  – For distribution changes not reflected on final report, the % of salary distribution must be updated.
  – If a new account needs to be added, please populate each column.
  – Salary percentage must always total 100% and total dollars must not change.
  – Write the ST doc number on the report that corresponds to the change.

• Note: Cost transfers require additional supporting documentation to substantiate the transfer

– Please contact Beth Peet with the Employee ID and Position Number if you believe a report is missing from your org’s file.
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**signed:**

**Date:** August 8, 2017

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**ST DOC NBR.19212345**
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**TOTAL:** 31,621.00

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**TOTAL:** 31,621.00

## ERROR CERTIFICATION
Error Certification Tab on ST e-doc

ERROR CERTIFICATION

Describe in detail the expenditures that are being transferred.

How did this expenditure benefit the project?

How the error occurred?

Why is the error correction late?
Certification Process

• Extraneous comments or marks should not be included on the report that will returned.
  
  – This is an official record and all notations made on the report are subject to review by DFA, agencies, and auditors.

  – If notes make it easier to discuss distribution with PIs, consider making an additional copy for your discussion and have the PI sign a clean report if no post-report changes need to be made.
Certification Process

• Before returning the reports:

  – Confirm that each page is signed and dated in the designated field at the bottom of the report.

  – Confirm that each page is arranged in sequential order according to the page number at the bottom right of the report. All pages in the file you received need to be returned.

  – Confirm that any necessary backup documentation follows directly behind the report that it supports.
Group Certification

• If your org chooses the group certification method rather than certifying reports individually, use the Group Certification Form as a cover page when you return the reports.

• Use the Group Certification Form ONLY FOR THE PURPOSE OF GROUP CERTIFICATION.

• All reports for the org that is being certified need to be returned with the group certification cover page. Reports must follow the group certification cover page sequentially.

• If you are certifying for more than one org, a group certification page needs to be completed for each org that you are group certifying.
ONLY USE THIS FORM FOR GROUP SALARY CERTIFICATION

GROUP SALARY CERTIFICATION FORM
CORNELL UNIVERSITY
ANNUAL CERTIFICATION OF SALARY
FISCAL YEAR 2017

As a requirement of funding we receive from federal and other sponsored agencies, we must confirm that the accounting of our salaries is correct and appropriate according actual activity. We need to ensure that the distribution of salary by account, award or institutional function for the 2017 fiscal year is as reasonable as possible on an annualized basis. For graduate assistants, this report represents only the stipend portion of the appointment. Other components are generally distributed similarly to the academic year stipend and documented in subsidiary systems.

Using the suitable means of verification described below (check one of the following):

Signed sub certification provided by PIs and retained by department
Documented PI interviews near certification time (conducted from_______ to_______)
Documented individual staff interviews near certification time (conducted from_______ to_______)
Project effort recording system maintained by unit
Other:__________________________

I hereby certify that for ALL charges to employees’ positions based in organization________, the attached Salary Confirmation Report for the period 07/01/16-06/30/17 is accurate and reasonably reflects position activity. Material changes in effort (+/- 10%) during the ensuing year must be reported to payroll as a retroactive adjustment by submitting a Salary Expense Transfer (ST) eDoc in KFS. Material changes on sponsored awards should also be reported to the Office of Sponsored Programs, to determine if the sponsor should be notified.

Og/Dept Name____________________________

Name of Person Certifying____________________

Title of Person Certifying____________________

Group Certifying Signature___________________

Date____________________________

Please complete this form and return with unsigned Salary Confirmation Reports by 9/1/17 to:

Beth Peet
Sponsored Financial Services
Division of Financial Affairs
341 Pine Tree Road
Group Certification

• Be sure to check one “suitable means of verification”. You are responsible for keeping all supporting documentation of your verification on file in your unit for six full fiscal years.
  – DFA may perform after-the-fact reviews to validate the use of suitable means

Using the suitable means of verification described below (please check one of the following):
  ___ Signed sub certification provided by PIs and retained by department
  ___ Documented PI interviews near certification time (conducted from ______ to ______)
  ___ Documented individual staff interviews near certification time (conducted from _____ to _____)
  ___ Project effort recording system maintained by unit
  ___ Other: ____________________________

• The organization name should match the organization name in the report.
Certification Process

• Reports must be filed with SFS/QA in DFA.
  – Reports with original signatures should be submitted to SFS/QA via campus mail or dropped off at our office by September 1\textsuperscript{nd}, 2017.
  – When a PI is out-of-town or it is otherwise impractical to obtain an original signature, an electronic signature or scanned document of sufficient quality is acceptable.

• Copies of the originals along with any back-up of the verification process should be retained in the unit.
Certification Process

• The completed reports are scanned on receipt. Please help us with this process by observing the following:
  – Return all certified pages in order based on the page number at the bottom right side of the report.
  • Supporting documentation should follow directly behind the report it supports.
  – If the report is printed double-sided, be sure that the report on the flip side is sequential.
  – If you send a non-sequential file to a PI it is important that the PI print it single sided.
Certification Process

• Signed final certifications, along with STs processed for FY17 activity requiring a change on the report, must be received at 341 Pine Tree Road (attn: Beth Peet, SFA/QA) no later than Friday, September 1, 2017.

• DFA will notify appropriate officers (e.g. unit heads, college business officer) when certifications are delinquent.
Breaks in Certification

• An ST moving sponsored salary after a report has been certified results in a nullification of the original attestation or a “break in certification.”
  – This includes any ST that transfers certified salary from one project (OSP number) to another.
  – Even if the new project (OSP number) is a continuation award, it is still a break in certification.
  – Linked projects and associated projects under an umbrella are considered separate projects. When salary is moved between their accounts after certification, it is considered a break in certification.
Breaks in Certification

• Breaks in certification are an area of high audit scrutiny and require additional documentation.
  – The original certified report needs to be modified to reflect the salary transfer and be recertified with signature and date.
  – A letter of explanation needs to be provided with the updated report to document why the earlier certification is incorrect and why the report was not corrected prior to certifying salary.
    • Include the doc number of the Salary Transfer in the letter.
  – The recertified report, and the letter of explanation must be sent to SFS/QA as soon as possible after the ST is submitted.
STs that do not affect sponsored salaries…

- An updated report reflecting the change on the ST still needs to be sent to SFS/QA to insure the reports match KFS Labor. For reference, be sure to write the ST doc number on the corrected report.
Why did I receive a report that includes accounts that are not be assigned to my org?

- The report is sent to the org for which the position is assigned in Workday.

- The receiving unit is responsible for coordinating the certification for all accounting lines on that position. *This may require coordination with other administrators.*

- Please contact us immediately if you believe a report has been assigned to your org in error, so that we may determine who should certify the report.
Accounts FWSCONT/FWSENDW

- Administrative accounts used for federal work study subsidies, which occurs systematically and overseen by the student employment staff.
- The supervisor is responsible for certifying the aggregate earnings between the departmental and administrative account as being reasonable compensation in relation to the work performed by the student.
  - There is no need to try to reconcile the charges on FWSCONT or FWSENDW
References

- Annual Certification Process
  - https://www.dfa.cornell.edu/capitalassets/cost/effort
- Policy 3.11, Salary Certification Policy
  - https://www.dfa.cornell.edu/tools-library/policies/effort-planning-and-confirmation
- Part 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
  - https://www.ecfr.gov/cgi-bin/text-idx?SID=704835d27377ef5213a51c149de40cab&node=2:1.1.2.2.1&rgn=div5
Assistance/Questions

Sponsored Financial Services, Quality Assurance

• Beth Peet, eap2@cornell.edu, 607 255-3351
• Janet Strait, janet.strait@cornell.edu, 607 255-1482
Questions?