Charging Salaries to Sponsored Program Accounts

Sponsored Program Services
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Academic Year Salary on Grants

• Of the 9/10 month employees, in FY14:
  – About 300 were charged to grants in the academic year
  – Only about 45 were paid over 75% on grants
Departmental Roles & Responsibilities

- Charge grants and designated match accounts when work is being done
- Process accurate paperwork in a timely manner
- Notify SPS of any individuals paid over 75% effort on grants and/or designated match accounts before paperwork is submitted
Effort Reporting: The Basics

• In a grant proposal, we offer effort
• At award time, we make a commitment of effort
• Throughout the project, we charge salary to the sponsor
• Periodically, sponsors want to know:
  – Have we devoted enough effort to justify the salary charges?
  – Even in cases where we are not charging salary to the sponsor, have we fulfilled our commitments?
Effort Reporting: Commitments

Effort Commitments

- **Paid Effort**
  - Paid by Sponsor
- **Cost-Shared Effort**
  - Not Paid by Sponsor
Effort Reporting: Cost Shared Effort

- A commitment to the sponsor to perform work on the project that is not paid for by the project
- Must be charged to a general departmental account or a designated Match account
- Cost Shared effort for one project cannot be charged to a different project account
- Voluntary uncommitted effort should not be reported on effort reports
Effort Reporting: Certification

• Effort certification (or *effort reporting*) is UConn’s means of assuring sponsors that:
  – Salary charges are justified (or “they got what they paid for”)
  – Researchers devoted the effort that was promised in the proposals and agreed upon at the time of the award
• This is not “timekeeping” or “activity tracking”
  – Researchers are not required to “report how they spent their time”
Charging Salaries to Grants
The Four Principles To Test The Allowability Of Costs:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conformance</td>
<td>Items not restricted by federal regulations (such as 2 CFR 220) or the specific grant terms and conditions.</td>
</tr>
<tr>
<td>Allocable</td>
<td>Costs incurred solely support or advance the work of the of a sponsored award.</td>
</tr>
<tr>
<td>Reasonable &amp; Necessary</td>
<td>Goods or services acquired and amount involved reflect an action that a prudent person would have taken (Prudent Person Rule).</td>
</tr>
<tr>
<td>Treated Consistently</td>
<td>Like costs in similar circumstances need to be treated consistently throughout the University.</td>
</tr>
</tbody>
</table>

Costs that do not meet these principles should not be charged to a sponsored award
Charging Salaries to Grants @UConn

• Need to fulfill commitments made in proposal
  – At award, should check with PI to ensure there have been no changes
  – Any changes to effort commitments for Key Personnel should be communicated to your Post Award team in advance (Sponsor approval may be required)

• Be mindful of the SPS Policy on Minimum Faculty Effort
  [link to policy]

• Payroll Authorizations should be timely and accurate

• Any corrections/Cost Transfers must be made within 90 days
Effort Reporting Audit Finding

• Issue related to 9 and 10 month employees who are paid over 12 months
• Fall effort reports historically were calculated including pay from July and August – related to previous academic year
• Auditors recommend that we charge restricted accounts for the full cost of personal services when those costs are earned not paid
Our Problem

• For 9 month employees,
  – Their 9 months of salary (earned Sept 2014-May 2015) is spread over 12 months (paid Sept 2014-Aug 2015)
  – They are not paid the full amount earned in any given month

• Full amounts *earned* on grants are not *paid* out within the academic year
Solution in the short-term

• Align effort reporting schedule with academic year
• Considering change to annual effort reporting
• For 9/10 month employees,
  – Charge grants (and designated match accounts) only during academic year
  – Only departmental/university funds during summer months (for academic year salary)
  – Accrual process for those with >75% grant funding
• New salary calculator
• Working on a report to identify employees affected in 2014-2015 academic year
If Move to Annual Effort Reporting:

• Internal Controls Needed
  – Salary changes need to be made timely and accurately reflect work performed
  – Periodic review of salary charges on grants
  – Effort reports cannot be primary method to identify errors in charging

• Potential Concerns
  – Closeout of grants before effort certification
  – Faculty leaving before effort certification
Effort Reporting Academic Calendar

• Academic Year 2014-2015

<table>
<thead>
<tr>
<th>Semester</th>
<th>Start</th>
<th>End</th>
<th>Pay Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2014</td>
<td>8/22/2014</td>
<td>1/8/2015</td>
<td>10</td>
</tr>
<tr>
<td>Spring 2015</td>
<td>1/9/2015</td>
<td>5/21/2015</td>
<td>9.5</td>
</tr>
<tr>
<td>Summer 2015</td>
<td>5/22/2015</td>
<td>8/20/2015</td>
<td>6.5</td>
</tr>
</tbody>
</table>

• Dates will shift year to year, but semesters for this purpose will always begin on a Friday (either at start or midpoint of a pay period)

• No academic year grant charges:
  – for 9 month employees after 5/21/15
  – for 10 month employees after 6/25/15
9/10 Month Employees: Up to 75% grant funded

- Charge grants (and designated match accounts) when work is being performed
  - Specifically, academic year effort must be charged within 8/22-5/21
  - Pay effort at 9/10 month rate rather than the distributed 12 month rate
  - Remainder of academic year salary paid in summer months must be charged 100% to departmental/non-restricted accounts
9/10 Month Employees: Summer Salary

• No changes
• Charge Special Payroll as appropriate for summer months (between 5/22 & 8/21)
• As always, for Effort Reporting, any Special Payroll that posts in non-Summer months will be included with the Academic Year effort report calculations
9/10 Month Employees: Over 75% grant funded

- Email Jen Pelletier (jennifer.pelletier@uconn.edu) as soon as you identify a 9 or 10 month employee with grant funding (including designated match accounts) over 75% for any part of the academic year
- A new position is being filled to assist with PA processing to ensure charges to the grants are accurate
Anticipated Accrual Process: Over 75% grant funded

- Generally speaking, adjustments will be made to adjust grant accounts to reflect the full amount *earned*
- Full details of the process have yet to be determined
- We will work closely with anyone affected
11/12 Month Employees

- No changes to charging instructions
- Continue to charge grants in same period when work is performed
New Charging Instructions

• Charge grants when work is being done
• For 9/10 month employees:
  – Include Salary Calculator with Payroll Authorization (PA) paperwork when grants (5 or 6 ledger accounts) are charged
  – Include Salary Calculator with Cost Transfer paperwork
New SPS Salary Calculator: Tips

• Complete one calculator per Payroll Authorization
• Green columns provide values which can be directly entered into the Payroll Authorization form
• For bottom section, choose to calculate based on Percent Effort **OR** Dollar Amount for the identified time period
• The Dollar Amount method may be particularly useful for Course Buyout, Salary Cap or other salary limitations
• **Note:** Payroll Authorization funding allocation is still percentage based
Current Year Cost Transfers

• Submit any retroactive payroll changes for Academic Year 2014-2015 **by March 31st**

• For the SPS cost transfer form, please list the following:
  
  – **Why is this cost transfer needed**: Choose Other and type “Change to salary charging instructions”
Current Year Cost Transfers – cont.

• For cost transfers over 90 days, please list the following:
  – Why is this request being made more than 90 days after original charge?: “Changes were made by Sponsored Program Services requiring that academic year salaries for 9 and 10 month employees be distributed to pay out during the academic year.”
  – What corrective action is being taken to prevent the future need for such transfers?: “This is a one-time adjustment to the new salary charging instructions. Future adjustments will take place at the time of any changes in effort distribution.”
Expected Payroll Authorization Schedule

• Minimally expect two PAs for grant-funded 9/10 month employees

• PA at beginning of Academic Year (AY14-15 8/22) to put ON grant funding

• PA at end of Academic Year to take OFF grant funding
  – AY14-15 5/22 for 9 month employees
  – AY14-15 6/26 for 10 month employees
Example 1:

• Appointment: 9 months
• FTE: 1.0 (100% time during 9 months)
• 50% effort on Grant A (5250001) entire academic year
• 2 PAs needed:
  1. Charge to Grant A at inflated rate (start 8/22)
  2. Remove from Grant A; charge only Dept account (start 5/22)
Example 2:

• Appointment: 9 months
• FTE: 1.0 (100% time during 9 months)
• 50% effort on Grant A (5250001) entire academic year
• 10% effort on Match B (4250002) beginning 1/1
• 3 PAs needed:
  1. Charge to Grant A at inflated rate (start 8/22)
  2. Add Match B at inflated rate (start 1/1)
  3. Remove from grants; charge only Dept account (start 5/22)
Example 3:

- Appointment: 10 months
- FTE: 1.0 (100% time during 10 months)
- No grant funding at start of academic year
- 30% effort on Grant A (5250001) beginning 2/1
- 3 PAs needed:
  1. Charge to Dept account (start 8/22) – *not needed if same dept account as previous academic year*
  2. Add Grant A at inflated rate (start 2/1)
  3. Remove from grants; charge only Dept account (start 5/22)
Example 4:

- Appointment: 10 months
- FTE: 1.0 (100% time during 10 months)
- 20% effort *Cost Shared* on Dept (2120001) entire academic year
- 30% effort on Grant A (5250001) beginning 2/1
- 3 PAs needed:
  1. Charge to Dept account (start 8/22) – *not needed if same dept account as previous academic year*
  2. Add Grant A at inflated rate (start 2/1)
  3. Remove from grants; charge only Dept account (start 5/22)
Example 5:

• Appointment: 12 months
• FTE: 1.0 (100% time during 12 months)
• 25% effort on Grant A (5250001) entire academic year
• 1 PA needed:
  1. Charge to Grant A at 25% for entire academic year
Example 6:

• Appointment: 9 months
• FTE: 1.0 (100% time during 9 months)
• 50% effort on Grant A (5250001) entire academic year
• 30% effort on Grant B (5250002) beginning 1/1
• 3 PAs needed:
  1. Charge to Grant A at inflated rate (start 8/22)
  2. Add Grant B at inflated rate (start 1/1) – now over 75%, contact SPS for guidance on how to process this PA and all future PAs for academic year
  3. Remove from grants; charge only Dept account (start 5/22)
Reminder: Over 75% Grant Funded

• Email Jen Pelletier (jennifer.pelletier@uconn.edu) as soon as you identify a 9 or 10 month employee with grant funding over 75% for any part of the academic year
Questions?