

Policy:	2.4002
Title:	Sponsored Project Payroll Certification
Effective:	07/01/11
Senate Proposal:	No
Responsible University Officer:	Vice President for Research
Responsible Office:	Sponsored Programs Office

Policy Statement

The salary and wages of faculty, staff, and students charged to sponsored projects and/or committed cost share, must be certified in compliance with federal regulations.

Policy Requirements

All principal investigators and co-principal investigators who are involved in proposing, expending, and managing sponsored projects must ensure that the salary and wages charged to the sponsored project are in accordance with all applicable sponsor policies and university policies and procedures.

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.

Reason for the Policy

Compensation for personal services typically represents the single largest expense charged to sponsored projects. Per OMB Circular A-21, Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions (OMB A-21), compensation for personal services on federally sponsored projects (research, training, instruction, and service) must produce an equitable distribution of charges for an employee's activities and be documented in a method acceptable under OMB A-21.

To administer all sponsored projects consistently, Michigan Tech has chosen to apply a project payroll certification method to all sponsored projects. The Office of Naval Research, the University's federal cognizant agency, has approved the University to administer this method.

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Related Policy Information

The related compensation policies, located in the University Policies and Procedures, sections 2.6006 Additional Compensation and 2.6011 Summer Compensation.

To ensure accuracy of the project payroll certification document (PPCD) that is used to certify payroll of sponsored projects, the following is recommended:

- At the beginning of each semester, the principal investigator and the department administrator should discuss and determine the salary and wage distribution for each individual working on the sponsored project.
- On a monthly basis, via email, the principal investigator and the department administrator *automatically* receive financial reports for sponsored projects. The reports include:
 - a summary by expense category compared to the budget,
 - a detailed transaction listing, and
 - a detailed labor distribution by individual.

NOTE: If multiple index numbers are assigned for a sponsored project, the principal investigator of the sponsored project will receive a report that combines all expense categories compared to the budget for all the associated index numbers.

- If a co-principal investigator is assigned their own index the monthly financial reports for that index will be *automatically* sent to the co-principal investigator, via email.
- If an error is found or a correction is required on the financial reports, the principal investigator, the co-principal investigator, or the department administrator, may adjust salary and wages on an after-the-fact basis, but within 90 days of the original charge, by using the Reallocation of Payroll Funds form.

The internal guidelines for the reallocation of expenditures is located at the following link: <http://www.mtu.edu/research/administration/sponsored-programs/accounting/post-award-management/salary-wages-payroll/reallocation-expenditures/>

Exclusions

Salary and wages charged to non-sponsored projects do not require certification by the financial manager/account custodian.

By federal statute, voluntary uncommitted cost sharing of faculty time is not required to be certified.

Contacts

Office/Unit Name

Telephone Number

Sponsored Programs Accounting

487-2244

<http://www.mtu.edu/research/administration/sponsored-programs/accounting/>

Sponsored Programs Office

487-2225

<http://www.mtu.edu/research/administration/sponsored-programs/office/>

Definitions

Co-Principal Investigator (Co-PI) – The individual(s) involved with the principal investigator in the scientific development, execution of the project, and financial oversight of a particular index.

Committed Cost Share – The portion of total project costs paid from sources other than the sponsoring agency. Committed cost share can be mandatory or voluntary committed.

- Mandatory cost sharing is required as a condition of the award by statute, the sponsor's program requirements, or the sponsor's solicitation.
- Voluntary committed cost sharing is cost sharing not required by the sponsor as a condition of the proposal submission and was quantified in the proposal, narrative, budget or budget justification.

Departmental Administrator – An individual, appointed by the department, to collaborate with the principal investigator and/or co-principal investigator and serve as a liaison with human resources and payroll for the life of the project.

Financial Manager/Account Custodian – The department employee responsible to operate and maintain the financial aspects of a particular index. In most cases, the financial manager of a sponsored project is the principal investigator and/or the co-principal investigator of the sponsored project.

Index – The six-digit letter/number combination in the Banner accounting system assigned to identify sponsored projects or internal funds. This is the number used when charging expenditures and setting up payroll distributions.

Principal Investigator (PI) – The individual designated by Michigan Tech and approved by the sponsor, responsible for the scientific and technical direction, financial oversight and all other aspects of the sponsored project.

Project Anniversary Date – One year from the original start date of the sponsored project.

Project Payroll Certification Document (PPCD) – The form distributed to the principal investigator either at the project anniversary date or the project end date, to certify the salary and wage expenditures charged to a sponsored project is accurate and reasonable in relation to the work performed, all individuals worked on the project, and the federal costing requirements were met. The PPCD has three sections within the document:

- The top section includes the basis information for the sponsored project and the reporting period.
- The middle section of the document lists information in regards to the individuals who have been compensated from the sponsored project and committed cost sharing. Which includes the compensated individuals name, job title, compensation of the referenced sponsored project and the percent of the individuals total compensation received from all sources.
- The bottom section includes the certification statement that clarifies what it means by the principal investigator signing the form and it includes the signature line. The form lists the compensated individuals on the sponsored project and committed cost share.

The generation of an annual project payroll certification document (PPCD) is based on the sponsored project's anniversary date.

Project Payroll Certification Method – It has been determined the Principal Investigator (PI) will be primarily responsible to certify the salary and wages for all faculty and staff on their respective projects. The PI may request the co-principal investigator (Co-PI) also certify the salary and wages for the faculty and staff working on the project. The Project Payroll Certification Document (PPCD) generated annually based on the sponsored projects anniversary date and upon completion of the project, is the means for the PI and/or Co-PI to certify faculty and staff salary wages.

Sponsored Project – Sponsored work performed under grants, contracts and other agreements with external agencies.

Voluntary Uncommitted Cost Share – Internally committed cost sharing that was not committed or quantified in the proposal, narrative, budget or budget justification.

Responsibilities

Co-Principal Investigator (Co-PI) – Reviews the monthly labor distribution reports, received via email, and verifies the accuracy of the salary and wages charged to their sponsored projects, including committed cost share charges. At the request of the principal investigator and if the co-principal investigator has direct knowledge of the salary and wage charges, the co-principal investigator may assume the same responsibilities as described for the principal investigator.

Departmental Business Office – Receives, distributes, and collects project payroll certification reports for sponsored projects within their unit.

Department Chair/Director, Dean or Higher in Supervisory Chain-of-Command –Assists with assuring the project payroll certification document (PPCD) is completed, certified, and returned to Sponsored Programs Accounting (SPA) within 35 days of the distribution. Follows up with principal investigator and/or co-principal investigator, if notice is received the PPCD is not returned to SPA within the 35 days.

Principal Investigator (PI) – At the beginning of each semester, determines the labor distribution for each individual working on the project; reviews the monthly labor distribution reports, received via email, *and* verifies the accuracy of the salary and wages charged to their sponsored projects, including committed cost share charges; corrects any salary wage distribution errors found during the monthly review; reviews the annual and/or final project payroll certification document (PPCD) to ensure that all compensated individuals worked on the project, and that the salary and wages charged to their sponsored projects, including committed cost share, is accurate and reasonable in relation to the work performed; signs the PPCD to certify to the best of their knowledge and belief the salary and wages have been correctly charged; and returns the annual certification documents to Sponsored Programs Accounting (SPA) within 35 days of distribution. The principal investigator must return the final certification document to SPA five (5) days prior to the due date of the final financial report.

Sponsored Programs Accounting (SPA) – Generates and distributes the annual project payroll certification document (PPCD) within 45 days of the project budget anniversary date; generates and distributes the final PPCD at the time the project is financially closed; and informs the principal investigator of the due date of the final PPCD. Upon receipt of the signed, final PPCD, submits the final financial report to the sponsor. Informs the principal investigator, co-principal investigator, and/or the department chair if the PPCD is not returned in a timely manner. Maintains the original PPCD for auditing purposes.

Procedures

In support of this policy, the following procedures are included:

Procedure:

Forms and Instructions

In support of this policy the following forms/instructions are included:

Project Payroll Certification Document (PPCD). Currently not available on the web.

Reallocation of Payroll Funds Form

<http://www.mtu.edu/research/administration/sponsored-programs/accounting/post-award-management/salary-wages-payroll/reallocation-expenditures/>

Appendices

History

Adoption Date: 10/XX/2011