



**FEDERAL
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THE NATIONAL ACADEMIES
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FDP PAYROLL CERTIFICATION PILOT UPDATE

SEPTEMBER 4, 2015



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PAYROLL CERTIFICATION PILOT UPDATE

PILOT GOALS

- Improve oversight over direct salary/wage charges to federal awards by simplifying the salary certification process for federal awards
- Enable universities to focus resources toward the efficient and effective oversight of federal awards.

The goals aligned with the FDP Mission and focus of Phase V, which is to improve the productivity of research without compromising its stewardship through pilots that enable the PI to spend more time on research.



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EFFORT REPORTING VS. PAYROLL CERTIFICATION

Description	Effort Reports	Payroll Certification Pilot
Certification focus	Individuals	Grant/Contract (award)
Certification Cycle	Academic semesters or semi/annual fiscal periods	End of each award budget year (every 12 mos.) and at the end of the award
Approver	Individual or PI	PI
Confirmation focus	Individual's percentage of effort is reasonable based on overall effort	All salaries/wages directly charged to the award are reasonable based on work performed
Type of funds	All sponsored funds	Federal funds



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University	Individual Effort Reports (approx)	Individual project Payroll Certification Reports (approx)
George Mason Univ.	2,700 / yr	700 / yr
Michigan Tech Univ.	6,700 / yr	700 / yr
Univ. of CA - Irvine	10,500 / yr	1,400 / yr
Univ. of CA - Riverside	5,058 / yr.	752 / yr



ACHIEVEMENTS AT PILOT INSTITUTIONS

- Improved PI oversight of direct salary/wage charges to federal awards because the review is aligned with the award annual financial reporting and budget cycles.
- Enhanced efficiency by certifying all direct salary/wages charged to an award instead of certifying individual employee charges.
 - Significant reduction in certification volume
 - Significant improvement in timely certifications
 - Simplified process reduces administrative burdensome for PIs, departments and central offices



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AUDIT UPDATE

- UC Irvine:
 - Report issued December 2014
 - DHHS IG did not express an opinion regarding the payroll certification process
- UC Riverside: DHHS IG draft report pending
 - Tentative Date for issuance – Fall 2015
- **George Mason: NSF IG Final Report Issued – Aug 2015**
- Michigan Tech: NSF IG draft report pending
 - Tentative Date for issuance – Fall 2015



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NEXT STEPS FOR GMU

- Audit Resolution for GMU Audit
 - NSF will proceed with normal/routine audit resolution process
- ONR will issue GMU notice of completion
 - The pilot successfully demonstrated its goals
 - No significant audit issues with concept
 - Payroll certification method is acceptable under 2 CFR 200



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NEXT STEPS FOR FDP

- GMU Audit provides both FDP member and non-FDP institutions helpful insight on implementation at your institution
- Payroll Certification is permitted under 2 CFR 200
 - Approval from the cognizant agency is NOT required
 - Guidance on internal controls should be considered in your implementation



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NEXT STEPS FOR FDP

- 2 Remaining Audits will be reviewed by FDP upon receipt
 - Michigan Technological University Fall 2015?
 - University of California, Riverside Fall 2015?
- Capstone Report
 - Will present “overall results”
 - Summarize “issues identified at all four universities”
 - FDP will review the Capstone report upon receipt