

Sponsored Project Payroll Confirmation

Business Administration Advisory
Committee (BAAC)

Testing Session

October 18 and 19, 2016



Agenda

- Introductions
- Project Background
- Timeline
- Sponsored Project Payroll Confirmation
- Keys to success
- e-crt system key features & roles

Background

UK engaged Huron to assess its current effort reporting process, policy, systems, and procedures and how they meet the requirements of OMB's new Uniform Guidance.

Areas reviewed encompassed:

- Distribution of Effort process and form (for faculty)
- Staff payroll distribution process
- Faculty and Staff Effort Certification forms

UK purchased and is configuring new software (e-crt) for on-line confirmation on a project rather than individual basis.

Faculty DOE separation from payroll cost distribution

Timeline:

- July 2015 – DOE percentages separated from the payroll cost distribution and removed the annualization of effort
 - Allowed for monthly variation in percentage allocated to each cost object in each month
 - Allowed for changes to payroll cost distribution without requirement of signature
 - Implemented multi-year encumbrance based upon PBC for better oversight of sponsored fund budgets
 - No paper forms submitted to SPA
 - No review of DOE in SPA
 - Increased window of time for processing cost distribution changes for faculty each month

Faculty and Staff Effort Certification to Project Payroll Confirmation

- **Timeline:**
- Summer & Fall 2015
 - RFP process completed for vendor partner
 - e-crt software selected
 - Initial project plan developed
- March 2016 Kick off meetings held with campus
- Since then.....
 - Design requirements for customization
 - Data mapping and loading from BW to e-crt
 - Discovery that standard confirmation periods are required, will not do budget dates as initially considered
- Implementation goal for e-crt is January 2017

Project Payroll Confirmation

- **WHAT is it?**
- Project Payroll Confirmation:
 - An alternative to traditional Effort Reporting that uses a project based methodology and utilizes the concept that “charges are reasonable in relation to the work performed”
- **WHY now?**
- 2 CFR 200 Uniform Guidance
- 4 schools have completed pilots with successful Office of Inspector General audit review
- Significant enhancements in efficiency
 - Volume reduction
 - Reduces administrative burden for PIs, departments and central offices

Effort Reporting vs. Payroll Confirmation

Description	Effort Reports	Project Payroll Confirmation
Certification focus	Individual (exempt) certifies for self; supervisor certifies (non-exempt)	Principal investigator confirms all employees on sponsored project
Certification cycle	Academic semesters or semi/annual fiscal periods	Most likely Quarterly, but also weighing the risks of semi-annually
Approver	Individual, PI, Supervisor	PI
Confirmation focus	Individual's percentage of effort is reasonable based on overall effort	All salaries/wages charged to the award are reasonable based on work performed
Type of funds	All sponsored funds	PI only required on federal funds
Frequency	Faculty – annual; non-contract base – annual; Staff/Students – semi-annual	Quarterly administrator review on ALL sources of funds, PI confirms either quarterly or semi-annually

Fundamental Changes

- Change from one confirmation report per person to one confirmation report per sponsored project (grant number)
 - This change is anticipated to dramatically decrease volume of confirmation reports and individuals who will need to be trained to complete them.
 - Principal Investigator will be completing confirmation of payroll charges for all individuals working on his/her grant.
 - Subsequent changes to payroll (retro) will result in need to repeat process.
- Change in frequency from annually to quarterly
 - This is necessary to demonstrate strong internal controls – frequent review and full reconciliation of grant funds.
 - Consistent with federal reporting and reconciliation cycle.
 - Confirmation period will be based on posting periods of the payroll expense.

Business Process Assessment

- Assess current process flow for payroll information to administrators, particularly on sponsored projects.
- Identify gaps that lead to late retro active pay adjustments.
- Implement identified process improvements to increase timely and accurate processing, improve efficiency, etc.
- Implement process improvements specifically to minimize loss of access to sponsored funds
 - NIH, NSF and other federal agencies have limited the amount of time we have access to be reimbursed at the end of the project
 - Late expenses may not be eligible for reimbursement and opportunity is lost to recover funds from external sponsors

Other related items

- **Proposal to set earliest retroactive date in payroll at least twice per year and align faculty and exempt staff dates**
 - This change would (among other things) support the demonstration of increased internal controls.
 - No longer necessary to maintain separate timeframes for retroactive dates in payroll since annualized effort has been removed.
- **On-line journal voucher project**
 - Joint initiative between General Accounting and Sponsored Projects Accounting to reduce paper processes & utilize edit capabilities within SAP.
 - Journal vouchers processing payroll adjustments first in line to remove on-going need to manually adjust certification/confirmation reports.
 - Initial development completed – campus testers needed!

Your involvement

- Input and testing participation will be key to successful implementation.
- Assessment and feedback concerning reasons for retro active payroll adjustments will be key to effective internal controls and maximum efficiency of confirmation process.
- Continued involvement with championing this change in methodology and supporting faculty and staff through the transition.
- Share what you learn today with others in your department, college or unit.
- Continue to spend time in e-crt test environment – please break it and let us know about it!

e-crt system key features

Simple navigational tools make end-user tasks quick and easy

- Single sign on will be utilized for system access.
- User dashboard displays list of items to complete.
- Ability to monitor progress and completion of confirmations at the department and/or college level.

Standardized workflow and notifications

- Auto e-mails sent to Primary Department Effort Coordinator when time to complete pre-review of payroll on statement for confirmation period.
- Auto e-mails sent to Principal Investigator when time to complete final verification of payroll charges for confirmation period.
- If a change to payroll is made impacting a previously confirmed period, a revised confirmation will be routed to PI for re-confirmation.
- Custom workflow development to allow hold status on confirmation statement while necessary payroll adjustments are completed.

e-crt roles to review & test today

- **Primary Department Effort Coordinator (business adm.)**
 - Receives e-mail notification of statement ready for pre-review
 - Completes review of non-federally funded sponsored projects and pre-review of federally funded sponsored projects.
 - Initiates any noted adjustments to payroll for a specific project prior to opening of “confirmation window” for Principal Investigator.
 - If payroll adjustment occurs, receives payroll task to post adjustment to e-crt to continue process.
- **College Effort Coordinator**
 - Access to view status of all confirmation statements in college/unit.
 - Monitors progress of confirmation process to ensure timely completion.
 - Identifies needs for changes to Primary Department Effort Coordinator assignments in e-crt and notifies Sponsored Projects Accounting.

Next Steps

- October
 - Continued testing
 - Continued Data validation
 - Business Administrators initial system walk through
- November
 - Follow up on feedback received from Business Administrator testers
 - Continued testing & bug fixes
 - Additional system configuration
 - Faculty Advisory Committee initial system walk through
 - Training plan and materials development

Next Steps - continued

- December
 - Finalize system configuration
 - Campus training for College and Primary Department Effort Coordinators
- January
 - First pre-review period opens
 - Additional training for Primary Department Effort Coordinators
 - Open labs for specific issue resolution
 - Roll out training for principal investigators
- February
 - Continued training for principal investigators
 - First confirmation period opens

Thank You!

- This project will reach maximum success with the effective combination of software and strong internal control procedures.
- We value your feedback and welcome your input.
- We are in this together and absolutely cannot do it without you.

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