



Compensation Compliance under Uniform Guidance – Where Are We Now?

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Overview

- Purpose: Consistency in interpretation and practice
- Premise:
 - Faculty realities – perspective and understanding
 - Regulatory distinctions between cost principles and administrative requirements
 - Business models for budgeting and compliance
- System of Internal Controls – holistic approach
- Internal Control Framework
- Update on an implementation
- UG revision impact to 200.430



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Fundamental Disconnect

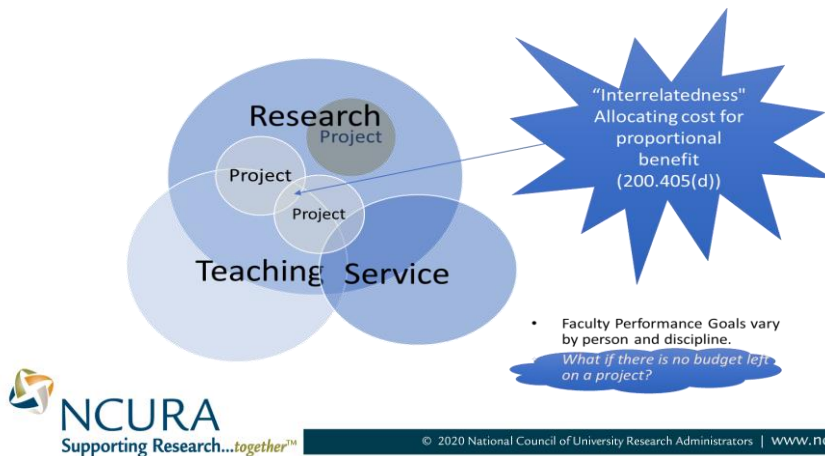
- Faculty are not hourly employees
- UG 200.430 focuses on work activities and compensation
- Salary cost estimates are made at time of proposal (IBS)
- Salary expenses are reported in financial reports (IBS – and budgets are finite)
- 'Person months', in the context of time, are reported on Other Support/Current and Pending (Time)
- RPPR asks if 'level of effort', in the context of time (time devoted), will be reduced by 25% or more in the next budget period

Salary \neq Time \neq Work activities



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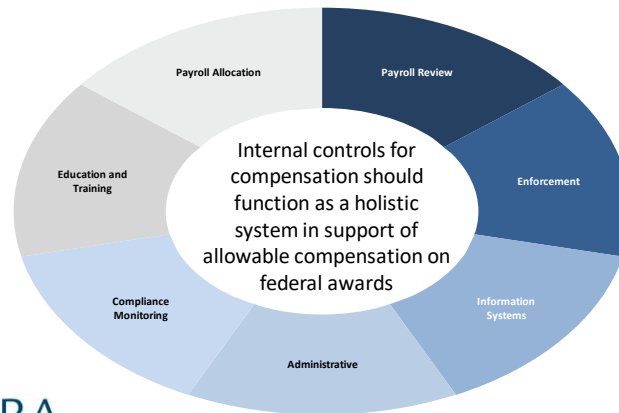
Faculty Perspective: Inexplicably Intermingled Activities



Key Aspects of 200.430

- Flexibility of institutional policies and internal controls to efficiently and effectively meet the cost principles.
- Institutional Definition of IBS
- IBS reflects total compensation and work-related activities under contract
 - **Allowable Activities:** Charges may include reasonable amounts for activities contributing directly to the work, such as delivering special lectures about the project, writing reports and articles, developing and maintaining protocols, managing research materials or project-specific data, participating in seminars, consulting with colleagues and graduate students, and attending meetings or conferences **(h)(i)**.
- Documentation standards apply to compensation charged to federal projects
- Charges for worked performed cannot exceed the proportionate share of IBS for the period reviewed
- Budget Estimates/Interim Charges until confirmed reasonable for the work performed by the after-the-fact review – the final amount charged must be accurate.

Building a System of Internal Controls



Internal Controls

- Salary allocations via Payroll
- Salary cap restrictions (IBS)
- Cost Transfer and Approvals
- Payroll Review and Reconciliation
- Funding source expiration date
- Ensures certification of all federally-funded awards
- Annual Certification based on award budget year anniversary

Internal Controls

- Annual certification reports prepared and are available in a timely manner
- Stakeholders appreciate detailed payroll information available for review on a quarterly basis
- Adjustments, corrections, and revisions identified and implemented on a quarterly (rather than an *ad hoc*) basis
- Strengthened Internal Controls
- Automated Compensation Report
- Automated notifications to PI and Budget Directors to be implemented
- Extend beyond Federal Awards
- Creation of allied companion reports (e.g., PI compensation across all awards)



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Cohort Internal Control Framework

System Controls

- ERP/SYSTEM DRIVEN**
1. IBS Policy: Pay Codes
 2. 100% IBS is identifiable
 3. Allocation of 100% IBS sources
 4. Pay within Project Period
 5. Cost Transfers Identify earning period

Payroll Process Controls

- | | | |
|-----------------------------------|--|---|
| ESTIMATE PAYROLL | REVIEW PAYROLL | ADJUST PAYROLL |
| 6. Initial allocation of payroll | 8. Reconciliations | 12. Reallocate estimates or charges |
| 7. Allocation review and approval | 9. Payroll Reports | 13. Cost Transfers of payroll already reviewed for accuracy |
| | 10. After-the-fact review (charged estimates determined accurate) Individual payroll cross project coordination (if necessary) | 14. Cost Transfer over 90 days of payroll determined accurate |
| | | 15. Extra Compensation review and approval |

Institutional Controls

- | | | | |
|---|--|--|--|
| ENFORCEMENT CONTROLS | ADMINISTRATIVE (NON-FINANCIAL) CONTROLS | COMPLIANCE MONITORING | EDUCATION AND TRAINING |
| 16. Cost Transfer restrictions if controls failed | 18. Agency Salary-Cap restrictions | 22. Confirm controls work as intended or perform additional controls for higher risk processes | 23. Responsibilities of individuals performing controls are understood |
| 17. Spending restrictions for non-compliance | 19. Committed Cost Sharing | | |
| | 20. Minimum devotion of time | | |
| | 21. Reduction of 25% PI/PD time | | |



System Controls

1. Institutional Base Salary (IBS) and Supplemental Pay Codes
 - Institutional Definition
 - Exclusions
 - Administrative appointments
 - Practice Plan



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System Controls

2. 100% IBS Limitation
 - Appointment Types
3. 100% IBS Allocation
 - Transparency
 - Security concerns



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System Controls

4. Compensation within Project Period
 - Impact to review interval
5. Payroll Reallocation/Correction data attributes can properly identify the earnings period for compensation.



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Payroll Allocation

6. Initiation of Salary Allocation (basis for the budget estimate)
 - Who determines
7. Salary Allocation Review and Approval



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Payroll Review

8. Payroll Reconciliation

- Who performs, how often, time to complete

9. Payroll Reports

- How often, type of review and data presented



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Payroll Review

10. After-the-fact Review

- Basis for review (IBS/Time/Effort)
- Review Interval
- Scope (federal, 200.430, other)
- Who completes
- Type of attestation (certification, confirmation, other)



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Payroll Review

11. Coordination of individual compensation review if on multiple projects
 - Process, methodology

12. Salary Reallocation of Budget Estimates and Interim Charges (before attestation of after-the-fact review)
 - Are these defined as cost transfers?



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Payroll Review

13. Salary Corrections (payroll correction is made due to error - not part of control environment such as a reallocation of payroll for charges already reviewed for accuracy in the after-the-fact review)
 - Documentation requirements, timing



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Payroll Review

14. Salary Corrections made to salary expenditures after they were determined to be reasonably accurate should be performed within a reasonable time period (e.g. errors should be corrected within 90 days upon discovery) and be justifiable against a higher level of scrutiny
 - Limitations to allow. Policy / Procedure requirements



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Payroll Review

15. Extra/Other Compensation review (200.430: Includes Incentive compensation, Intra-institution consulting payments and Extra service pay)
 - Process, review requirements



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Enforcement

16. Policy or procedure to restrict cost transfers that are detrimental to the federal sponsor if they are made later than institutional policy (e.g. 90 days upon discovery or after certification (if applicable)) or after a final financial statement has been submitted
17. Freezing of funds for noncompliance
18. Institution escalation process



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Administrative

(Not based on charges to project)

19. Accounting for Salary-Cap restrictions to compensation
 - Unallowable cost to be accounted for in organized research base
 - Procedures and impact for displaying in after-the-fact review
20. Committed Cost Sharing
 - Procedures to capture, account for and ensure allowability.
 - Display and impact to IBS in the after-the-fact review



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Administrative

(Not based on charges to project)

21. Minimum Devotion of Time
 - Reference to regulations not in effect (A-21) via FAQ for Pre-award requirements
 - How to capture?
 - Meaningful?
22. Reduction of Time Devoted to award by PI/PD of 25% or more (include disengagement from research 3 months or more)
 - Prior Approval Requirement – related to programmatic performance
 - Where is time devoted to award
 - Project period or annual budget cycle?



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Monitoring

23. Monitoring

In the absence of the controls above or to confirm that they are effective, various monitoring reports or activities can be developed to identify control failures, exceptions, or errors. These can vary widely and are highly dependent upon the resources, systems, and risk tolerance of an institution. Monitoring activities may be routine (e.g. monthly) and as part of the standard control framework or periodic (e.g. yearly) to test the effectiveness of specific controls. System automated controls designed to prevent errors may be a stronger form of a control because they may have fewer possibilities of errors. These may eventually be a low enough risk to not require additional monitoring once established that they are performing properly and as intended.



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Education and Training

24. Education and Training

PIs, departments, and staff are aware or adequately trained to understand their roles and responsibilities to the varying controls that apply to them. In addition, those that are confirming the accuracy of payroll should have an understanding of the basic concepts and requirements included in the UG for compensation. Education and training may be provided in the form of presentations, web content, webinars, personal interviews or other formats. Individual tracking of training is not a requirement.



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Some Institutions who have transitioned

University of Texas - Dallas	University of NC - Charlotte
University of Texas – San Antonio	George Mason
University of Texas – Arlington	UC Riverside
University of Georgia	UC Irvine
The New School	Michigan Technology University
SUNY - Buffalo	NYU Langone Medical Center
Arizona State University	Vanderbilt
University of TX - Southwestern	Colorado State University

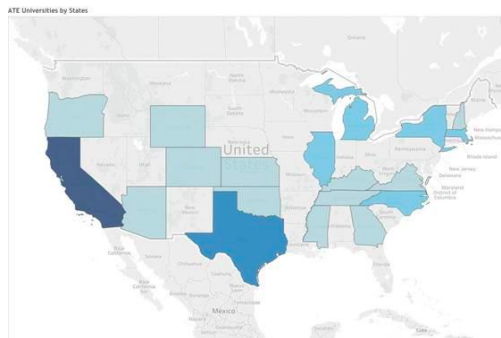


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Data Analysis – UG Compensation Compliance Using ATE

Institutions that have implemented UG Compensation Compliance (with ATE) + Institutions that are implementing Cohort UG Compensation Compliance (with ATE):

- N=44
- 64% are Carnegie R1
- 66% are Large (Carnegie Size/Setting)
- Ave student population = 20,699
- Max student population = 51,525
- Ave research expenditures = \$387 Million
- Max research expenditures = \$1.4 Billion
- Ave HERD survey ranking = 102
- 3 institutions are in top 10 HERD ranking
- 26 schools are public, 18 schools are private
- 20% of institutions are academic medical centers (with average research expenditures of \$275M)



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Blueprint for Strategic Action & Implementation Roadmap

(Email Cohort to receive a copy)

UC Process	Account	Priority	Timeline	Annual & Final Reporting
Research required by system of internal control	✓	✓	✓	✓
Research critical to the success of the institution in a competitive market, research excellence	✓	✓	✓	✓
Supports the distribution of state among research activities	✓	✓	✓	✓
The final amount charged to federal awards, used to identify, identify and allocate	✓	✓	✓	✓
Support of program costs involving fund raising or building operations on federal awards that are required to be used in support of other design	✓	✓	✓	✓
Support for developing budget resources (provide reasonable approximation of activities for future award/development)	✓	✓	✓	✓
Salary adjustment and track levels	✓	✓	✓	✓
Internal controls to allow the fact review and statements	✓	✓	✓	✓

Operations: Policy Key Stakeholders: TNS Leadership, URC, Provost Office, CPE, Finance, Development	E-Systems: Workdex Key Stakeholders: IT, Provost Office, CPE, Finance, Development	Collaborator: National Cohort Key Stakeholders: TNS Leadership, URC, Provost Office, CPE, Finance, Development
Operations: Process Key Stakeholders: TNS Leadership, URC, Division Regs, Provost Office, CPE, Finance, Development	E-Systems: Sponsor sites Key Stakeholders: IT, Provost Office, CPE, Finance, Development	Collaborator: TNS Board Key Stakeholders: TNS Leadership, URC, Provost Office, CPE, Finance, Development
Operations: Guidance Key Stakeholders: TNS Leadership, URC, Division Regs, Provost Office, CPE, Finance, Development	E-Systems: Payward Tools Key Stakeholders: IT, Provost Office, CPE, Finance, Development	Collaborator: Other Universities Key Stakeholders: TNS Leadership, URC, Provost Office, CPE, Finance, Development

ID#	Task	Process	Duration	Key date
1	Overall Alignment, Strategic Planning and detailed project plan (functional, technical, communication)	ROC (Phase = DN)	5 days	6/28/21
2	Participate in National Model Policy Cohort & Develop The New School policy	ROC (Phase = RE)	21 days	6/22/21
3	Participate in task setting of current TNS effort operations	ROC (Phase = RE)	14 days	6/22/21
4	Validate payroll contributors with various national groups: CIG, OMB, FOP, Federal Sponsors, AFUL, NCUA, CODR, AAAC, etc...	ROC (Phase = RE)	5 days	6/22/21
5	Review existing TNS internal controls for research financial compliance - which are needed to support payroll confirmation	ROC (Phase = RE)	5 days	6/28/21
6	Review internal controls (account, monthly monitoring, quarterly check, re/acceleration) -Reports (balance, payroll + commitment, payroll + 100% app) -Tools (direct cost justification form) Structure (Shared Services/Hub)	ROC (Phase = ROC)	8 days	6/28/21
7	Build & test items needed to support and perform payroll review by project -New internal controls (account) -Reports (balance, payroll + commitment, payroll + 100% app) -Tools (direct cost justification form) Structure (Shared Services/Hub)	ROC (Phase = ROC)	45 days	9/15/21
8	Develop guidance documents -Operations manual, checklist, Frequently Documented Issues, desk references	ROC (Phase = ROC)	30 days	9/22/21
9	Apply training materials and user documentation	ROC (Phase = ROC)	8 days	9/29/21
10	Perform communication tasks - initial updates with campus	ROC (Phase = ROC)	10 days	9/29/21
11	Update web resources	ROC (Phase = ROC)	2 days	9/22/21
12	Verify e-Access/Security for systems	ROC (Phase = DN)	7 days	9/29/21
13	Perform communication tasks - provide full list of improvements	ROC (Phase = DN)	7 days	9/29/21
14	Conduct training on new improvements	ROC (Phase = DN)	7 days	9/29/21
15	Relax	TNS New School	6 days	9/29/21



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2018 Summary of Benefits - Presented by Schools Who Have Already Transitioned to an Alternative to Effort

UTD

- Reduced certifications per year from 2026 to 430
- Reduced faculty burden, easier for faculty to complete
- Audit results: the organization has a formal system to track time and effort of employees associated with the grant. Overall, university policies and procedures regarding time and effort reporting meet the requirements of Uniform Guidance and are functioning as intended; however, opportunities exist to ensure improved timeliness and appropriate reviewer access.

MTU

- Reduced certifications per year from 6700 to 620
- Improved % certifications not returned on time from 55% to 0%
- Audit results: determined controls were adequate, return rates improved considerably, interviews confirmed less administrative burden and turn around time to complete was decreased
- Completed OIG audit without findings
- Completed DCAA desk audit of revised DS2

UTA


- Increased faculty understanding of the process and what they are reviewing
- Department staff are utilizing monthly reports – better, more robust information than previously available
- Fewer resources required to centrally oversee the process

UK

- Reduced certifications per year from 11,500 to 1,800
- Improved communication between faculty, department and central admin
- True reduction in administrative burden for faculty,
- Large reduction in overall confirmations by moving from an individual certification to a project confirmation.
- Improved controls are in place which increases visibility in other systems and process improvements.

CSU

- Reduced total quarterly certifications from 2,700 to less than 1,700
- Reduced faculty burden (less time spent, easier to do)
- Improved internal controls
- Reduced administrative burden in monitoring/notifying



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Reduction of Burden from Alternatives to Effort

	UTD	MTU	CSU	UK
# of certifications before ATE	2026/year	6700/year	2,700/quarter	11,500/year
# of certifications after ATE	430/year	620/year	<1,700/quarter	1,800/year
Reduction of faculty burden? Less time to complete and more understanding?	Yes	Yes	Yes	Yes
Faculty approval of ATE?	Yes	Yes	Yes	Yes
Improved overall internal controls?	Yes	Yes	Yes	Yes



2019 Summary of Benefits - Presented by Schools Who Have Already Transitioned to an Alternative to Effort

<div style="background-color: #0072bc; color: white; padding: 5px; text-align: center; margin-bottom: 10px;">Arizona State</div> <ul style="list-style-type: none"> Improved processing time. Achieved system documentation. Audit results: multiple sponsors have accepted ATE as new process for UG compliance. 	<div style="background-color: #0072bc; color: white; padding: 5px; text-align: center; margin-bottom: 10px;">UNC Charlotte</div> <ul style="list-style-type: none"> PI's determined the system and process is easy to follow. PI's demonstrate positive feedback when communicating with Central Office. Faculty commented that ATE is reasonable, accurate and trackable. Audit results: internal audit determined the system of internal controls follow UG. 	<div style="background-color: #0072bc; color: white; padding: 5px; text-align: center; margin-bottom: 10px;">UT-San Antonio</div> <ul style="list-style-type: none"> PI's very responsive and observant in verifying the accuracy of personnel expenses on their projects. Improved timeliness of payroll corrections. Improved accuracy of expenditure reporting to sponsors.
<div style="background-color: #0072bc; color: white; padding: 5px; text-align: center; margin-bottom: 10px;">UT-Arlington</div> <ul style="list-style-type: none"> Informal, anecdotal feedback has been positive from both faculty and staff. Faculty understand the process and what they are reviewing better. Department administrative staff are utilizing the monthly reports – better, more robust, more user friendly information. Fewer resources required centrally to oversee. Audit results: passed program specific audit by external auditor, NSF desk reviews, TX State agency program audit, Dept of Commerce program review, internal audit review. 	<div style="background-color: #0072bc; color: white; padding: 5px; text-align: center; margin-bottom: 10px;">Univ of Georgia</div> <ul style="list-style-type: none"> Decreased burden from 33,000 certs/year to 1,900 certs/year. 94% reduction in # of certs in FY19. Thousands of hours of admin burden saved Improved monitoring infrastructure for better compliance. 	<div style="background-color: #0072bc; color: white; padding: 5px; text-align: center; margin-bottom: 10px;">NYU Langone Health</div> <ul style="list-style-type: none"> Salary allocations are reviewed and results are discussed on a regular basis. Timeless of allocations and/or adjustments are monitored and recorded. Quarterly metrics detail all retroactive salary adjustments are distributed to dept admins. Achieve strong system of internal controls. Timely accuracy of financial reporting. Reduction in administrative burden Audit results: PWC reviewed and no findings.

Reduction of Burden from Alternatives to Effort

	UNC-Charlotte	Arizona State	University of Georgia	NYU Langone Health
# of certifications before ATE	893/period	9,500/period	33,000/year	2,900/year (Pilot program only)
# of certifications after ATE	564/period	4,785/period	1,900/year	1,837/year (Pilot program only)
Reduction of faculty burden? Less time to complete and more understanding?	Yes	Yes	Yes	Yes
Faculty approval of ATE?	Yes	Yes	Yes	Yes
Improved overall internal controls?	Yes	Yes	Yes	Yes

Quick Glance Case Study – NYU Langone Goals

- Regular review of project expenses will **decrease frequency of cost transfers** and will increase timeliness of salary changes
- **Increase accuracy of RPPRs:**
 - Percentages align with payroll records
 - Expenses are already in ledger- decreasing incorrect expense projections



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Quick Glance Case Study – NYU Langone Pilot

- **9 Departments:** Biochemistry and Pharmacology, Environmental Medicine, Orthopedic Surgery, Pathology, Pediatrics, Neurology, Microbiology, Population Health and Medicine
- **Expectations:** Each department in the pilot is expected to conduct a regularly (at least quarterly) review of payroll charges for each PI in their department and provide feedback on the process as well as actions on any misallocation of salary
- **Monthly payroll verification reports sent to each department to regularly review and verify that the payroll allocation** is reflective of the work performed
- Departments can provide input and guide/influence policy on grant administration; specifically related to cost transfers and effort



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Quick Glance Case Study – NYU Langone Post Award Operations

**90 Days Prior to
Project End Date**

**60 Days Prior to
Project End Date**

**30 Days Prior
to Project End Date**

PBI Reports

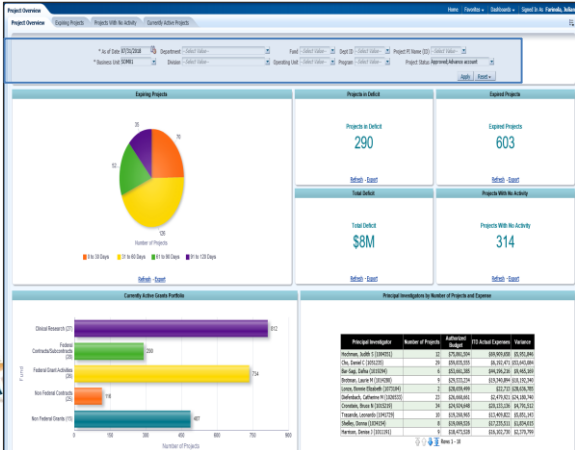
Budget/Project End Queries

- Review the **Projects Ending** in 90 days in PBI.
- Using this report to confirm a **balance/deficit**.
- Review any mandatory **Cost Share** expenses and allocate as needed.
- Verify **personnel and effort** for budget/project period.
- Initiate **prospective MSS changes and process CTs** as appropriate to correct or reallocate personnel/effort.
- Contact **SPA** to initiate **NCE or renewal** as needed.
- Review **PO Receipt/Match Exception Accruals**.
- Review and **stop recurring** charges (DLAR, Telecom, Mail, Core Facilities, etc)

- Review the **Projects Ending** in 60 days in PBI.
- Review all **expenditures** on project to conform with approved budget (salaries and OTPS)
- Verify mandatory **Cost Share** has been properly spent.
- Follow up on **submitted MSS and CTs** to ensure projected spend is accurate and confirm timely approvals.
- Notify Finance to **re-class any OTPS** expenses within the project as appropriate
- Review **PO activities, PO Receipt and Match Exception/Accrual**
- Remind **subawards** of invoices due **before** the end of the project

- Review the **Projects Ending** in 30 days in PBI.
- Confirm approval for **pending MSS** changes and CTs.
- Reconcile mandatory **Cost Share** for closure and reporting.
- Start to **close out PO's** and approve all **P-card transactions**; follow up with Accounts Payable for any unpaid invoices
- Confirm **recurring charges** have stopped.
- Review **PO Receipt and Match Exception Accruals** for completion.
- After** the project end date, return the **completed checklist** to RFO by the respective deadline in the **Status of Milestones Report**.

Quick Glance Case Study – NYU Langone Training, Reporting, Tools, Education




The screenshot shows the PeopleSoft PBI system interface. At the top, there's a 'Project Overview' section with filters for 'Expanding Projects', 'Projects With No Activity', and 'Closed After Projects'. Below this, there are summary statistics: 'Projects in Deficit: 290', 'Expanding Projects: 603', 'Total Deficit: \$8M', and 'Projects With No Activity: 314'. A pie chart shows the distribution of projects by status: 32% Expanding, 31% Closed After, 16% Projects With No Activity, and 19% Projects in Deficit. A table lists various projects with columns for Project Number, Number of Projects, and Additional Charge.

Research PBI Lab Sessions:

Day: Wednesday, Date: October 5, 2018, Time: 2:00pm

**One Park, 11th Floor
Finance Computer Lab
Room 11-070**


Post-Award Grant Management:
From Award to Project Closeout



Click [HERE](#) for online interactive version!

Post-Award Manual
Research Finance Operations,
Regulatory, Reporting & Compliance
Summer 2018

Welcome to PeopleSoft Business Intelligence (PBI)



PBI is the primary tool for reporting on the data stored in PeopleSoft systems. It provides a secure, self-service environment for users to create reports, dashboards, and data visualizations. For more information, visit the PBI Helpdesk.

UG Revisions Impacting 200.430



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