Payroll, Labor Ledger, and Effort Certification

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Objectives

- Payroll processing at the UA
- Labor Ledger and General Ledger
- Salary Expense Transfers
- ERE (Fringe Benefits)
- Grad pay and Tuition Benefit
- Effort Reporting

Payroll at the UA

- PeopleSoft HR (UAccess Employee)
- Bi-weekly for all employee types
- Funding via Position Distribution Request
- Position Distribution applies the funding percentages to the biweekly pay
- Sends a file to UAccess Financials Labor Ledger biweekly
- Payroll is split at fiscal year end

UAccess Financials Labor Ledger

- Receives the biweekly file from UAccess Employee
- Loads the detail into the accounts with person detail
- Feeds summary level data to UAccess Financials General Ledger

UAccess Financials Labor Ledger

- Salary Expense Transfers done for after the fact corrections
- Analytics:
  - Payroll Expenditures Listing
  - Labor Ledger Entries Subject Area

Salary Expense Transfers

- Used in UAccess Financials to move pay
- Pay is grouped by month, in the month and fiscal year it was “earned” not posted
  - Pay posted in October but coded as earned in July will show up in July SET view
- Although the pay is grouped by month, portion of the month can be moved by changing the transaction amounts in the document

ERE (Fringe Benefits)

- Employee Related Expense (ERE) are the expenses the University is responsible for as an employer.
- ERE is comprised of FICA, Retirement, Unemployment Compensation, Worker's Compensation, Liability Insurance, Health/Dental/Life Insurance, and Dependent Care Assistance
- Rather than direct charging all the individual components, a composite rate is computed for groups of employees

ERE (Fringe Benefits)

- Currently have 5 ERE types, published on the FSO Payroll website
- The rates are renewed each year with DHHS
- FSO calculates and prepares
- Using a rate system is easier and less volatile than direct charging the individual components
- Posted in Labor Ledger daily

Grad Pay and Tuition Remission/ Tuition Benefit

- Tuition benefit is applicable to Fall and/or Spring academic terms
- Not available for Summer or Winter terms (Supp Comp)
- Switched to direct billing from ERE rate in 2016
- SET is the only way to move Grad pay. Effort reports no longer work because tuition benefit is directly billed.

Grad Pay and Tuition Remission/ Tuition Benefit

Proposal Stage:

- Exclude tuition benefit from the Modified Total Direct Cost (MTDC) F&A base
- 8% inflation per future year is recommended for tuition benefit

Grad Pay and Tuition Remission/ Tuition Benefit

GRA FTE	Tuition Budget
0.50 or above	Full Base Tuition Amount
Less than 0.50	Half of Base Tuition Amount
Uncertain	Use Full Amount to avoid budget shortfall

Effort Verification: Why do we do it?

Required by OMB Uniform Guidance Subpart E §200.430 - Compensation - Personal Services for any employee who received fed or subfed pay

After the fact verification of payroll distribution for all employees paid on fed/subfed awards done on a periodic basis

Payroll timecard approval is not effort approval

Approval must be done by department business office and PI, Co-PI, employee, or someone else with firsthand knowledge of the work done on the project

Effort Verification at the U of A

- Semi-annual reporting: January – June, July – December
- Electronic reports are generated in UAccess Financials
- Route to the fiscal officers of the accounts and then the principal investigators
- Any changes made will route to the SPCS Postaward team for review

Institutional Base Salary

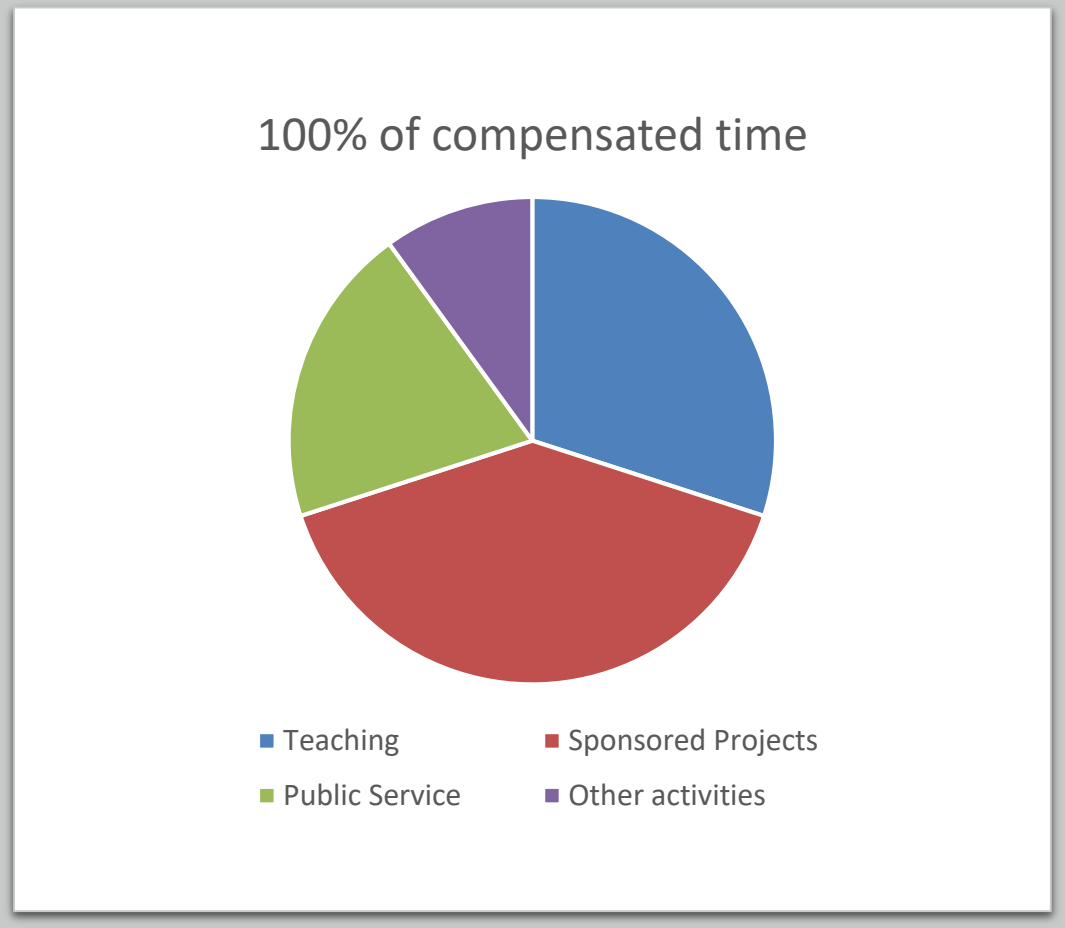
Salaries and wages paid to an employee from any university source as payment for services provided under their employment agreement

Does not include clinical incentive pay, cash awards, or supplemental compensation

Supplemental compensation is separately certified on a second report

Total University Effort

- All professional activity for which an individual is compensated by the University of Arizona
- Totals 100%
- No “overtime” effort



Changes to Effort Reports

- Fiscal officer or PI can change the report to fix the distribution
- Effort reports with changes route to SPCS Postaward to review for allowability, grant balance, etc.
- Effort reports no longer work for moving regular grad pay due to direct billing of the Tuition Benefit (Supp Comp is okay)
- Per University policy, once a report is fully approved, the period is closed and salary can no longer by moved

Changes to Effort Reports

<u>Exceptions</u>

Recreating reports later on to transfer between accounts implies our approval process is not functioning correctly, and that people may be “rubberstamping” effort reports rather than truly examining and certifying the distribution.

However, exceptions do exist. Requests should be sent to SPCS Financial Compliance Services for review.

Changes to Effort Reports

- <u>Examples of Exceptions</u>
  - Funding for a period arrives after or withdrawn after the report was certified
  - The project is in deficit and the only way to clear the deficit is by revisiting the certified period to move effort to cost share or discretionary account
  - Unallowable expenses were discovered after the report was certified

Creation and Due Dates

- Created in Financials through a batching process
- SPCS Compliance Services sets up parameters
- About 5,500 e-documents created every six months
- Due date of 30 days from document create day
- **100% compliance required**

Roles and Responsibilities

- <u>Department Business Office</u>
  - Reconcile accounts regularly
  - Reconcile effort report to financial records, identify and research discrepancies
  - Meet/discuss changes with PI, follow up with PI approvals
  - Meet approval deadlines (remember 30 days is for business manager and the PI)

Roles and Responsibilities

- Principal Investigator / Project Director
  - Reviewing and providing after the fact verification of effort/worked performed on fed/subfed awards for percentages displayed.
  - Contact fiscal officer/business manager for any clarification or modifications if needed.

Roles and Responsibilities

- <u>SPCS – Postaward Services</u>
  - Review reports with changes
  - Follow up with departments

- <u>SPCS – Compliance Services</u>
  - Creation of reports
  - Follow up with departments and PI as needed
  - Superuser approvals as needed
  - Answer to auditors
  - HHS/NIH Salary Cap Review

Known Bugs

	* CHART	* ACCOUNT	SUB-ACCOUNT	* OBJECT	SUB-OBJECT	PROJECT	ORG REF ID	* POSITION	PAY FY	PAY PER	PAY HRS	FRINGE BENEFIT	* AMOUNT	ACTIONS
1	UA University o...	1123020 LAW COLLE...	-----	1360 Classified St...				1836668	2018	12	0	View	12,832.15	
2	UA University o...	1123020 LAW COLLE...	-----	1383 Overtime Pa...				1836668	2018	12	0	View	249.42	

TOTAL: 13,081.57

TO

HIDE DETAILS

	* CHART	* ACCOUNT	SUB-ACCOUNT	* OBJECT	SUB-OBJECT	PROJECT	ORG REF ID	* POSITION	PAY FY	PAY PER	PAY HRS	FRINGE BENEFIT	* AMOUNT	ACTIONS
1	UA University o...	3019610 USPTO Pro ...	-----	1360 Classified St...				1836668	2018	12	0	View	6,540.29	
	: Yes * Account Expired Override													
2	UA University o...	3019610 USPTO Pro ...	CS006 Cost Share, ...	1360 Classified St...				1836668	2018	12	0	View	6,541.28	
	: Yes * Account Expired Override													

TOTAL: 13,081.57

Known Bugs

KATTS-330 – Wrong object code is moved on system generated ST after Effort report approval. SPCS Compliance fixes.

EFFORT SUMMARY

ADD NEW DETAIL LINE

*CHART	*ACCOUNT	SUB-ACCOUNT	EFFORT	SALARY	ACTIONS
UA	3021861		10		ADD

FEDERAL AND FEDERAL PASS THROUGH ACCOUNTS

*CHART	*ACCOUNT	SUB-ACCOUNT	ORIGINAL EFFORT	EFFORT	ORIGINAL SALARY	SALARY	ACT

*CHART	*ACCOUNT	SUB-ACCOUNT	EFFORT	SALARY	ACTIONS
UA	3021861				ADD

FEDERAL AND FEDERAL PASS THROUGH ACCOUNTS

Known Bugs

- Effort report does not route to the Business Manager or PI if a value is entered in effort field when adding a new line
- Just add the chart code and account number without an amount, and this issue is avoided

Training & Resources

- Contact SPCS Compliance for one-on-one training, invite us to your business manager meeting
- *Coming Soon* Micro Learning https://rgw.arizona.edu/research-resources/training/administrators
- Research Gateway: https://rgw.arizona.edu/administration/managing-projects/effort-reporting
- Using the Financials system:

  Login with your UA NetID and password, and select the Effort Certification topic: https://upktraining.uits.arizona.edu/odstrack/content/financials/toc0.html

Questions?