WINTER 2020

SALARY COMPENSATION REPORTING

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Internal controls: a process implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of reporting for internal & external use;
- Compliance with applicable laws & regulations
2 CFR 200.62 – Internal Control over compliance requirements for Federal awards

Process implemented to provide reasonable assurance regarding the achievement of the following objectives:

- Transactions are properly recorded and accounted for, in order to:
  - Permit the preparation of reliable financial statements and Federal reports;
  - Maintain accountability over assets; and
  - Demonstrate compliance with Federal statutes, regulations and the terms and conditions of the Federal award;
UT’s Internal Control

UT’s system of internal controls is required to include processes for the after-the-fact review of personnel costs that are allocated to a project based on budget estimates to ensure compliance with Federal regulations and sponsor requirements.
2 CFR 200.430
Compensation – personal services

(i) Standards for Documentation of Personnel Expenses

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
2 CFR 200.430
Compensation – personal services

(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

(C) The non-Federal entity’s system of internal controls includes processes to review after-the-fact interim charges made to Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.
Effort Certification System

- Cycle covers 6 month period (Sept - Feb & March - Aug)
- Two-step process
- Certify by budget group
- System provides percentages
Salary Compensation Reports

- Follows academic terms more closely (Fall, Spring, Summer)
- No individual reports – all salary (PI & supporting individuals) listed in same place to review
- One step “review”
- System shows transactions only
## Comparison

<table>
<thead>
<tr>
<th>Effort Certification System</th>
<th>Salary Compensation Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 times a year</td>
<td>3 times a year</td>
</tr>
<tr>
<td>Certifying multiple reports (individual &amp; budget groups)</td>
<td>Reviewing all reports at once</td>
</tr>
<tr>
<td>Reports include transactions, percentages &amp; cost share</td>
<td>Reports include transactions</td>
</tr>
</tbody>
</table>
# Salary Compensation Reports

<table>
<thead>
<tr>
<th>Academic Term</th>
<th>Expenditure Record Date</th>
<th>Report Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall</td>
<td>9/1 – 12/31</td>
<td>Mid-month following end of academic term</td>
</tr>
<tr>
<td>Spring</td>
<td>1/1 – 5/31</td>
<td>Mid-month following end of academic term</td>
</tr>
<tr>
<td>Summer</td>
<td>6/1 – 8/31</td>
<td>Mid-month following end of academic term</td>
</tr>
</tbody>
</table>
Improvements

• No percentages – easier to understand
• All changes occur outside system
• Tool for review only
• Reflects expenditures normally considered effort (salary, tuition) based on object codes (1101-1132, 1198, 1602)
• Reduction in volume of reports
Overview

- PIs and Effort Contact will receive email when notice reports are ready to be viewed
- PIs and departments review expenditures listed for each budget group for accuracy
- PIs mark reports as “Reviewed”
Demo
Dear Principal Investigators,

In response to updated Uniform Guidance requirements, UT has transitioned away from traditional Effort Certification. UT will now provide Salary Compensation Reports as a tool to review for accuracy of personnel cost on sponsored projects.

Salary Compensation Reports will be available the month following the end of each academic term.

Salary Compensation Reports for sponsored project budget groups for Fall of 2019 are now available for review.

https://utdirect.utexas.edu/apps/research/effort/?report_period=20193&pi_eid=ker2267&submit=X

Please review the salary information listed for each of your sponsored project budget groups to ensure that all personnel expenses are accurate, allowable, allocable and reasonable for the work performed.

Additional information regarding Salary Compensation Reports can be found on the OSP website: https://research.utexas.edu/osp/manage-awards-and-subawards/salary-compensation-reports/
Marking Reports “Reviewed”

- Expenditures displayed accurately reflect work performed or;
- Corrections will be made.
- Acknowledgement of review
200.308
Revision of budget and program plans

(c)(1) For non-construction Federal awards, recipients must request prior approvals from Federal awarding agencies for one or more of the following program or budget-related reasons:

(i) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(ii) Change in a key person specified in the application or the Federal award.

(iii) The **disengagement from the project for more than three months, or a 25 percent reduction** in time devoted to the project, by the approved project director or principal investigator.
Report Criteria

- Reports based on record date & object codes (1101-1132, 1198 & 1602)
- Example; July service dates with September record date

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Amount</th>
<th>Service Begin Date</th>
<th>Service End Date</th>
<th>Record Date</th>
<th>Account</th>
<th>Account Title</th>
<th>Document ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>1198</td>
<td>$2,090.17</td>
<td>07/01/2019</td>
<td>07/31/2019</td>
<td>09/30/2019</td>
<td>26-####-##12</td>
<td>SALARIES</td>
<td>60V11111111</td>
</tr>
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Cost Share

• Not recorded through Salary Compensation Reports
• Continue tracking at department level
• Continue reporting to SPAA as needed
• 1% Cost Share - HOP currently under review
What if information on a report is incorrect?

- All corrections made at department level
- Reports will not update
- Corrections show by record date

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What will happen to the old system?

- Data will continue to load
- Corrections may still be needed
- Reports will still be used for audit purposes as needed
Things to keep in mind...

• New reports will cover 09/01/2019 and forward
• This is not the sole source for review. This is one tool provided.
• Best practices - expenditures should be reviewed more frequently than at semester & award close.
• SPAA Restructure will aid with effort & cost share.
• Effort HOP under review.
Other Resources

https://workday.utexas.edu/training/reporting
Questions

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https://research.utexas.edu/osp/manage-awards-and-subawards/salary-compensation-reports/