

**Federal Demonstration Project  
Initiative to Reduce Administrative Burdens (IRAB)  
Payroll Certification Subcommittee (PAYCERT)**

**Streamlining of the Payroll Certification Requirements Workshop  
August 23 & 24, 2004**

**Purpose and Outcomes**

- To build a shared understanding of and document the current issues with the PAYCERT Requirements
- To develop a proposed solution – the “ideal” payroll certification requirements
- To develop an implementation plan aimed at achieving the proposed solution

**Institutions' Interests**

- Cost effective system
- Clear, simple, easy to use procedures
- Easy, responsive way to deal with complexities real-time (problem resolution mechanism)
- Flexibility to meet agreed upon principles and standards

**Federal Agencies' Interests**

- Accountability for performance and outcomes
- Fiscal accountability – did we get what we paid for in terms of commitment?
- Audit-ability
- System to be understandable to the faculty and to the funding Agencies

**Auditors' Interests**

- Explicit rules regarding cost-sharing – do I need to audit and if so, is the documentation there?
- Clear, agreed upon rules regarding “full workload” and who tracks full workload

**Participants**

- **Institutions:** Pat Fitzgerald, Massachusetts Institute of Technology  
Beth Mora, Harvard University  
Lynn Kingsley, Johns Hopkins University  
Cindy O'Conner, Northwestern University  
Win Ann Schumi, University of Minnesota  
Maureen Joyce, Northeastern University  
Joe Gindhart, Washington University
- **Federal:** Ron Saylor, DHHS Audit Resolution and Cost Policy  
Debbie Rafi, Office of Naval Research
- **Auditors:** Ralph DeAcetis, PricewaterhouseCoopers  
Mandy Nelson, KPMG  
Gary Talesnick, Bearing Point
- **Facilitator:** Cindy Zook

## **Streamlining of the Payroll Certification Requirements Workshop**

### **Page 2**

#### **Recommendation**

##### **Certification:**

- The PI will incorporate payroll certification in the annual progress (technical) report.
- He/she will include a statement that all salaries charged to the project and the committed cost sharing provided during the period (xx/xx/xx – yy/yy/yy) are reasonable in relation to work performed.
- The PI certifies for everyone contributing working on the project (directly charged and cost shared). The PI does this because technicians and graduate students do not necessarily know what projects they are working on – PI is the person who knows and can certify this activity.
- The payroll certification statement will be included in the document submitted to the sponsoring agency.

##### **Regarding committed cost sharing:**

- Institution will have a mechanism to track committed cost sharing
- Institution will ensure committed cost sharing is factored into discussion of “full workload”
- Institution will include committed cost sharing as part of annual progress report certification

##### **Regarding “full workload”:**

- Institution will define the activities included in “full workload” for their Institution
- Institution will only account for the activities the employee is compensated for by the Institution
- Institution will have a payroll distribution system that ensures charges to all activities do not exceed 100% of salary

##### **Regarding being a sub-awardee:**

- Institution includes sub-award activities as part of 100% salary distribution
- Institution will certify on an internal progress report
- Institution will maintain documentation internally

##### **Regarding non-Federal awards:**

- These are outside the certification system (as it is today)
- These are factored into 100% salary distribution system

#### **Benefits:**

- Simplifies the process – only one report instead of multiple reports / paper
- PI is the single point of accountability for the grant award
- Charges are assigned for each award, not for multiple activities (more reasonable from faculty perspective)
- Provides Institutions the leverage to get the annual report completed on time (greater consequence for being late)