



Payroll Certification Pilot

Federal Demonstration Partnership

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Pilot Goals

- Improve oversight over direct salary/wage charges to sponsored projects by simplifying the salary certification process
- Enable universities to focus resources toward the efficient and effective oversight of federal awards



Project Certification Pilot Overview

- By project grant or contract
- Certified annually by project's budget period & at the end of project
- Principal Investigator certifies
- Salary & wage charges including cost share are reasonable in relation to the work performed



Metrics

STATISTIC	EFFORT REPORTING	PROJECT PAYROLL CERTIFICATION
Certifications distributed per year	6700	620
# NOT returned on time per year	3685	1
% NOT returned on time per year	55%	0%
Average not returned on time per month	307	0



Audit Objectives

- Determine whether the Payroll Certification System provides data that supports labor changes to federal awards
- Determine whether Michigan Tech is certifying, reporting, and claiming labor costs that accurately reflect the actual work being devoted to the federal awards



OIG Audit Summary

- Indicated that Michigan Tech provides accountability over federal funds
- Identified noncompliance with policies for payroll transactions
- Identified weaknesses in controls over the Banner information system, specific to the security over access



OIG Audit Summary

- Validated that all certification documents were returned within the policy guidelines
- Concluded that the problems found were not the result of inadequate controls over the pilot system
- Noted specific concerns over the shift away from certifying 100% of an individual employee's effort



Alternative Method Considerations

- Current system Review
 - Internal controls & risk analysis
 - Administrative burden
 - Cost share system
- Financial impact
- Policy & procedure revisions
- Executive level support
- Personnel capacity



Questions

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