PURPOSE
UT Southwestern Medical Center requires salary and wage confirmation for individuals paid with sponsored funds, federal appropriations, or committed cost sharing.

CONSIDERATIONS
The university receives significant funding for sponsored projects and organized research from federal and state governments, private foundations, organizations, and industry. There must be accurate salary and wage planning and confirmation when these funds are expended for salaries and wages of faculty and staff members and graduate assistants.

This policy should be read and understood by the following position types:

- Department administrators, managers, and grant specialists
- Deans, chairs, and directors
- Business and Academic Affairs leaders
- Grant and contract specialists
- Principal Investigators
- Individuals paid from, or cost shared to, sponsored projects or federal appropriations

DEFINITIONS
Award: An executed agreement between UT Southwestern Medical Center and a sponsor.

Confirmation: Verification, using suitable means, and attestation that work on a particular funding source was performed, and that salaries and wages charged are reasonable in relation to that work performed.

Cost Sharing: A portion of total project or program costs related to a sponsored agreement that is contributed to a sponsored project or program by someone other than the primary sponsor.

Departmental Research: Expenditures for research activities that are not funded under a sponsored agreement, are not separately budgeted, are not separately accounted for, are identified in the university’s general ledger with a departmental research or instruction higher education function code (insert code numeration). Departmental research generally includes professional and scholarly research funded by internal allocations, endowment income, start-up funds, and gifts.

Firsthand Knowledge: Direct evidence of work performed. One may have firsthand knowledge of work performance by either performing the work or supervising the individual performing the work.
**Institutional Base Salary (IBS):** The annual compensation that UT Southwestern pays for an employee’s base appointment, whether that employee’s time is spent on research, teaching, administration, or other activities. Institutional base salary (IBS) excludes augmentation, compensation for an employee’s outside consulting activities and other compensation received from an entity other than the university. IBS normally does not include supplemental pay on a separate appointment, or special pays, such as job-related allowances. See UT System Administration Policy HOP2.1.6 Institutional Base Salary Policy.

**Labor or Salary Distribution:** An allocation of one’s salary to specific general ledger accounts. The general ledger documents salary in the university’s financial books and records. Note: labor distribution requires a conversion of time (i.e. effort) to dollars (i.e. compensation). This is implemented in the University’s Electronic Data Warehouse (EDW), reporting utilizing the Salary & Wage Confirmation Tool, PFr005, through cost allocation calculation.

**NIH Salary Cap:** Federally mandated limitation of the rate of pay that may be charged to awards funded by the National Institutes of Health (NIH). This amount is established annually, and is most recently based on the federal Executive Level II salary. Special accounting procedures are necessary when an individual whose IBS exceeds the cap is charged to an NIH award.

**Organized Research:** Expenditures for research activities that are funded under a sponsored agreement, are separately budgeted, and are separately accounted for in the university’s general ledger. Organized research has a specific scope of work and period of performance. Organized research also encompasses any funds used as voluntary committed or mandatory cost sharing for an organized research project. Organized research typically is supported by sponsored agreements from federal and non-federal governments and other external organizations, such as foundations or corporations.

**Salary Confirmation:** An internal control whereby at least annually a statement will be attested by the Principal Investigator (PI), or responsible individual with firsthand knowledge using suitable means of verification. This statement must state that the work was performed, and that salaries and wages charged are reasonable in relation to the work performed.

**Principal Investigator (PI):** The individual, designated by the university, who is responsible for the scientific or technical aspects of the grant and for day-to-day management of the project or program. In addition, the principal investigator (PI) is a member of the university team responsible for ensuring compliance with the financial and administrative aspects of the award. This individual works closely with designated officials within the grantee organization to create and maintain necessary documentation, including both technical and administrative reports; prepare justifications; appropriately acknowledge federal support of research findings in publications, announcements, news programs, and other media; and ensure compliance with other federal and organizational requirements.

**Sponsor:** Typically, federal and non-federal governments or other external organizations, such as foundations or corporations, that provide funding for research and other activities.

**Sponsored Project (Sponsored Program):** A project funded a sponsor through a grant, contract, cooperative agreement, or other instrument under which the university agrees to perform a certain scope of work, according to specified terms and conditions, for a specific budgeted monetary, or in-kind, compensations. For the purpose of this policy, this category includes federal appropriations.
Suitable Means of Verification: Process through which one provides assurance that the payroll sourcing is reasonable for work completed and per the proposed budget and may be approved by an individual not having firsthand knowledge. Suitable means of verification requires the documented review by the PI, in collaboration with individuals such as their Department Administrator(s), project manager, supervisor, or an employee who has firsthand knowledge that the work was performed in relation to the sources charged.

PRINCIPLES

Overview
Federal principles in the Uniform Guidance (2 CFR 200.430) establish standards for the recording and certification of payroll charged to sponsored awards or federal appropriations. Payroll directly charged to sponsored projects, federal appropriations, and cost sharing, must be identified in the university’s salary distribution/reporting system.

PROCEDURES

The department and center administrators, in collaboration with the Principal Investigator (PI), must perform the following tasks in the salary and wage planning and reporting process:

1. Develop a salary plan for each individual, which may be initiated during the regular budget season (normally in April/May or as determined by University leadership), each fiscal year.
2. Periodically, review salary distribution for appropriateness and accuracy of individuals sourced on all sponsored research. This review is required to be done quarterly, at a minimum, utilizing the Salary and Wage Confirmation tool, PFr005 in EDW. Appendix A depicts the Orbit report and navigation through the report and how to further review. Additionally, there is a visual of the quarterly requirements and deadlines.
3. Complete salary/wage expense transfers in PSFT 9.2 HCM System via Direct Retro or Change Funding forms for all needed retroactive and future adjustments. These forms will then update the salary distribution for prospective changes.
4. The PI, or individual with firsthand knowledge, is required to complete the Institution’s Official attestation of the salary and wage confirmation report annually, after fiscal year-end, using the EDW report, PFr005, using suitable means of verification that activities identified in the university’s financial system of record, PSFT 9.2, are reasonable in relation to activities performed. Appendix B shows the sample Attestation Statement to be signed annually.
5. If the project (contact) PI is different than the Primary PI on the award, the project (contact) PI should attest by way of signature and forward his confirmation to the Primary Award PI, as he/she will be considered the official holder of required signatures related to the award in his name. Appendix C provides a flow chart showing this example.
6. The Department of the Principal Investigator will then save the final reviewed and signed documents to the SharePoint repository after each quarter. These reports are due 45 days after the end of the fiscal year quarters. Appendix D provides further details on the Institution’s SharePoint site, organization of the site, how to request access and suggested nomenclature for saving reports.

9/26/2020 v1
7. See Table 1 for the steps to complete salary and wage confirmation.

**Table 1: Salary and Wage Confirmation Roles and Responsibilities**

<table>
<thead>
<tr>
<th>Item</th>
<th>Who</th>
<th>What</th>
<th>When</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sponsored Programs Administration teams</td>
<td>Provide required training and instructions</td>
<td>July/August 2020 or at hire</td>
<td>Conduct training based on the instructions for the year’s salary certification process</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provide access to SharePoint site for Departmental staff</td>
<td>Upon request by departments as needed</td>
<td>SharePoint site is created to allow uploading of Attestations and Quarterly reviews so they are centrally located for ease of monitoring and ad hoc audits.</td>
</tr>
<tr>
<td>2</td>
<td>Department/ Division and Center Administrator</td>
<td>Update sourcing documentation iteratively</td>
<td>At budget time, monthly or as needed throughout the year</td>
<td>Inform PI and supported individuals of their role in the salary confirmation process. Inform individuals of the funds supporting their appointment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Verify PI and/or supported individuals received required salary and wage confirmation reports to attest</td>
<td>After each fiscal year-end</td>
<td>Notify Sponsored Programs Administration immediately if individuals working on sponsored activity having difficulty retrieving report from system.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Review project data</td>
<td>Quarterly, at a minimum</td>
<td>Participate in the process of monitoring projects costs, especially as it relates to individuals appointed on sponsored funds. Review account statements, salary confirmation, or labor distribution data, cost sharing and salary cap data as appropriate.</td>
</tr>
</tbody>
</table>
## Salary Cap and Cost Share Considerations

Every year since 1990, Congress has legislatively mandated a provision limiting the direct salary that an individual may receive under a National Institutes of Health (NIH) grant and certain other Department of Health and Human Services (DHHS) funds. For the purposes of the salary limitation, the NIH terms "direct salary," "salary," and "institutional base salary" have the same meaning. Base salary excludes any income that an individual may be permitted to earn outside of the duties to UT Southwestern Medical Center. NIH grant/contract awards for
applications/proposals that requested direct salaries of individuals in excess of the applicable rate per year are adjusted by the NIH in accordance with the legislative salary limitation, and include a notification such as the following: None of the funds in this award shall be used to pay the salary of an individual at a rate in excess of the applicable salary cap. Please see the salary cap summary and the time frames associated with salary caps at grants.nih.gov/grants/policy/salcap_summary.htm. Special accounting procedures are necessary when an individual whose 12-month equivalent institutional base salary (IBS) exceeds the cap is charged to an NIH award. To document proper treatment of the salary limitation a separate cost sharing COA, funded by unrestricted funds. The portion of the salary exceeding the cap is charged to this COA and tracked by the department, at this time.

For example:
1. Salary cap for this example is = $180,000/year. Current salary caps may be found at grants.nih.gov/grants/policy/salcap_summary.htm.
2. Individual’s IBS = $200,000
3. Individual’s sourcing on the project = 10%.

Since the individual is over the cap, the maximum that can be charged to the award for the 10% is $18,000 (10% times the annual cap of $180,000). During this period, though, the individual is paid $20,000 for that same percentage (10% times the Individual’s IBS). As a result, $2,000 ($20,000 minus $18,000) must be charged to the cost sharing COA. The PSFT 9.2 costing allocation would reflect charging 9.00% ($18,000 divided by $200,000) to the NIH award, and 1.00% ($2.000 divided by $200,000) to the cost sharing COA. You will note that these two percentages equal the 10% sourcing.

Mathematically, the PSFT costing percentage can be determined by:
1. Percent charged to award = (Sourcing % * Cap) / IBS
2. Percent charged to cost sharing COA = [(Sourced % * IBS) – (Sourced % * Cap)] / IBS

To determine the amount that should be in each PSFT 9.2 COA’s:
1. Award COA = Sourcing % * Cap
2. Cost sharing COA = (Sourcing % * IBS) – (Sourcing % * Cap)
APPENDIX A: SAMPLE QUARTERLY REVIEW

The right side of the tool has several attributes to facilitate in your review.

⇒ Attributes on the left side of the tool provide details on the award, project details, personnel included in the eGrants budget; PI, Co-PI, other Key Personnel, or those individuals who are paid personnel on the award.
⇒ The “tool” also notes if there are differences in HCM department or funding department of the individuals.
⇒ This report additionally notes the type of funding and looks at Budget for the award period and actual Life to Date based on date inputs for each individual.
⇒ PI’s with clinical research will also be listed on this report but the clinical awards will be listed at the bottom of the report.

The “Tool” will depict all sponsored research for the individual PI, based on your inputs.

⇒ Attributes on the left side of the tool provide details on the award, project details, personnel included in the eGrants budget; PI, Co-PI, other Key Personnel, or those individuals who are paid personnel on the award.
⇒ The “tool” also notes if there are differences in HCM department or funding department of the individuals.
⇒ This report additionally notes the type of funding and looks at Budget for the award period and actual Life to Date based on date inputs for each individual.
⇒ PI’s with clinical research will also be listed on this report but the clinical awards will be listed at the bottom of the report.

The right side of the tool has several attributes to facilitate in your review.

⇒ The tool will default to the Total Expenses view for the data range entered. Due to the date range entered for this sample, there are multiple quarters which can be expanded to review quarterly payroll totals. You can drill to review the expenses at a monthly view by clicking the to expand the data. You can revert or collapse the view by clicking the once you complete your review.
⇒ The data is representative of “Regular Pay”, it does not include Augmentation, Fringes or Longevity.
⇒ % Regular Pay is the comparison of eGrants budget vs. Actual expenses as pulled from PeopleSoft.
⇒ The tool further flags, in yellow, if there is a variance greater than 25% between budget and actual. Please note, this variance can occur due to several factors the tool does not take into consideration at this time, such as Salary Cap, Cost Sharing, no cost extensions or carry forward funding. The purpose of this flag is to identify possible expenses which need to be addressed with Direct Retros, Change Funding or even working with the Sponsor to make changes to the award budget. It is up to the department to review and justify these variances. The tool also looks at encumbrances and historical expenses to possibly reconcile the variance. The variance flag is not shown for individuals who are not “Key” at this time.
⇒ Clinical research awards will be noted at the bottom of the listing. These awards which originate in eAgreements will not have budget associated to compare to the actual pay; therefore, it will not have the variance comparison either.
Salary and Wage Confirmation Requirements:

(3) Quarterly Reviews – signed and complete with notes outlining needed adjustments or considerations

1st Quarter – September thru November
2nd Quarter – December thru February
3rd Quarter – March thru May

(1) Annual Attestation – signed and completed by Primary PI, Project PI (if necessary) and Financial Lead or Department/Division Administrator
APPENDIX B: SAMPLE SALARY & WAGE CONFIRMATION PFr005 REPORT FROM ORBIT

The visual below shows what the Annual Attestation statement looks like which appears on the last page of the Orbit report, PFr005. This should be printed out with the reports and can be signed via wet ink, electronic signature or DocuSign as needed.

The Orbit team is currently working to provide an email burst noting that the report is ready for the review and Annual Attestation.

![PI Salary and Wage Confirmation Certification](image-url)
APPENDIX C: Flow Chart explaining Primary vs. Project PI signature requirement
APPENDIX D: SharePoint Navigation and Guidance

SharePoint for Salary and Wage Confirmation (SWC)
https://365utsouthwestern.sharepoint.com/sites/UTSWPayrollConfirmation/SitePages/Home.aspx

Our SPA team will grant access to SharePoint at the departmental level
Access was granted to Department Administrator’s first. If other need access, please send email note to
SPA_RFC@utsouthwestern.edu

Landing page for Salary and Wage Confirmation

Pick your department from the drop down options to navigate to your departmental folders

Once you navigate to your page, you will be able to see a folder for the current Fiscal Year

Once you click on that, you will see other folders set up for you and your department for filing your PIs Annual
Attestation and Quarterly Reports

We would like to standardize the nomenclature for the reports when uploaded. We ask that you save the
Attestations like this:
   Last_First_Person#
For the Quarterly Reports like this:
   Last_First_Person#_Q#
APPENDIX D: Version Control Notes

9/1/2020 v1 – Updated draft to final version, to include final notes from training sessions.