Overview and Background

• Salary Certification is a component of the internal controls over compensation
  – Uniform Guidance (UG)
    • 2 CFR 200.430(i): Compensation – Personal Services
  • This process focuses on the after-the-fact certification of salaries by position
  – For all individuals conducting activities supported by sponsored projects, including Federal Capacity Funds

Ongoing Monitoring

• Salary Certification complements, but does not replace, routine monitoring of accounts
  – Documented ongoing monitoring
  – Followed by mandatory documented year-end verification
• Per UG: “Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term.”
  – Salary transfers must be submitted timely when it is recognized that effort component changes more than ± 10%
Ongoing Monitoring

- Costing allocations change when:
  - New projects are established
  - Projects end
  - A material, or sustained, change in effort occurs
- Prospective changes are updated in Workday
- Pre-award accounts, along with future-dated costing allocation changes in Workday, can reduce the need for salary transfers

Considerations: Faculty

Faculty and/or Principal Investigators:
- Summer salary - Is available only for project work performed during the summer (5/16-8/15)
  - Should be requested prior to work being performed
  - Nine-month faculty do not receive paid vacation
- Institutional roles (e.g., chair or DGS duties) or indirect activities (e.g., proposal preparation) are not direct grant costs
- Effort Commitments
  - Are commitments being met?
    - Reduction of PI effort by 25% or more (i.e. from 50% to 37.5%) typically requires sponsor approval
    - Is a person overcommitted?

Considerations: Salary Cap

National Institutes of Health (NIH) salary cap
- Affects anyone paid all or in part on NIH funds who exceed the following rates
  - CY2019: $144,225 (9 months) or $192,300 (12 months)
  - CY2020: $147,975 (9 months) or $197,300 (12 months)
- Limitation on other Department of Health and Human Services (DHHS) awards (e.g. CDC, FDA, HRSA, ACF)
  - Special rules for DHHS contracts
- Impacts both academic year and summer earnings
  - If summer pay is at a reduced rate, units should have documentation stating such
Considerations: Salary Cap

• This cost must be recorded in a cost share subaccount with “NIH CAP” in the title
  – Workday costing allocation may require an update July 1 for new earnings rates
  – Cost sharing requirements (voluntary committed / mandatory), are recorded in a separate cost share sub-account
    • Tracked towards cost share obligation
    • Salary caps are not contributed towards cost share obligation as it is an unallowable cost

Considerations: Graduate Students

• Only the stipend portion of payments to graduate assistants is reflected
• Per Policy 3.13, Graduate Tuition and Other Support, tuition must follow same distribution

Accounts FWSCONT/FWSENDW

• Administrative accounts used for federal work study subsidies. This occurs systematically and is overseen by the student employment staff
• The supervisor is responsible for certifying the aggregate earnings between the departmental and administrative account as being reasonable compensation in relation to the work performed by the student
  – *There is no need to try to reconcile the charges on FWSCONT or FWSENDW accounts*
Frequently Raised Questions/Concerns

• Certified salaries must reasonably reflect actual effort on project
  – Excluding voluntary uncommitted cost shared salary charged to university resources
  – Salary charged to a project must not exceed proportionate amount of activity on the project
    • Additional effort may be supported institutionally but not supported by another project
  • Certifiers must have firsthand knowledge of work performed
    – Or suitable means of verification
  • Senior and key staff should know the project on which they are working
    – And from what funds they are paid

Frequently Raised Questions/Concerns (continued)

• A person’s compensated activities on a position, including; teaching, committee memberships, administrative duties, etc. cannot exceed 100% and must be factored into the overall allocation of time
• Breaks in certification dilute integrity of the system of internal controls
• Overstating effort on projects may lead to an audit finding
  – Risk to existing and additional funding

Cornell Process

• Salary Certification is performed after-the-fact
  – Only for positions charged to sponsored activities, federal appropriations, or cost share accounts/subaccounts

• Only Cornell-compensated activities are included
  – Some types of supplemental compensation, primarily for allowances or reimbursements through payroll, may be excluded
Units should be reviewing salary distribution throughout the year and making prospective changes in Workday.

Salary Transfers (ST e-Docs) must be fully approved by June 30th. Note: NO CHANGES TO STATE APPROPRIATIONS MAY BE MADE AFTER THE JUNE 30TH SALARY TRANSFER APPROVAL DEADLINE.

Year-End Salary Transfers (YEST e-Docs) must be submitted by Wednesday, July 15 at 3:00PM and fully approved by Wednesday, July 15 at 5:00PM for the changes to be included in the final reports.

Subject to Policy 3.20, Cost Transfers on Sponsored Projects.

Preliminary FY20 reports distributed on Tuesday, May 12th.

- For review only (not for certification)
- FY20 Summer Salary will not be included

Final reports will be distributed on Tuesday, July 28th which will include year-end salary transfers.

- Main reports
- Summer salary reports

Main reports will contain fiscal year salaries:

- Header: FY20
- Reports include all FY20 salary for the position with the exception of object codes 5050, 5060, and 5460

Faculty summer salary will be shown on a separate “Summer Salary” report:

- Header: Summer FY20
- Reports include all FY20 faculty summer salary (object codes 5050 and 5060)
Dropbox Distribution or CALS Application

- Files uploaded for Cornell Secure File Transfer (formerly known as the Cornell Dropbox) are retained for a max of 21 days. Download files and save to a secure location on your server as soon as you receive notice of the upload.
- If you did not receive a dropbox file, your org may have opted to use the CALS Salary Certification application.
- Please contact Beth Peet with the Employee ID and Position Number if you believe a report is missing from your org’s file.
- Email should not be used to share salary information. Use Secure File Transfer or CALS application to share these reports.

Why did I receive a report that includes accounts that are not assigned to my org?

- The report is sent to the org for which the position is assigned in Workday.
- The receiving unit is responsible for coordinating the certification for all accounting lines on that position.

*This may require coordination with other administrators.*

- Please contact us immediately if you believe a report has been assigned to your org in error, so that we may determine who should certify the report.

Certification Process

Make any necessary data changes BEFORE the reports are signed because the certifying signature attests that all information correctly represents the employee’s activity during the preceding fiscal year.

- For distribution changes not reflected on final report, the salary distribution must be updated.
- If a new account needs to be added, populate each column.
- Must still total 100% and total dollars must not change.
- Write corresponding Salary Transfer edoc nbr on the report.

Cost transfers require additional supporting documentation to substantiate the transfer (University Policy 3.20).
Who signs the salary certification report?

- Reports can be certified by anyone either having firsthand knowledge that the account distribution represented on the report is reasonable in relation to the work that was performed.
- Reports can be certified by someone using “suitable means of verification” from someone else having firsthand knowledge.

**Certification Process**

Suitable means of verification as defined in Policy 3.11:

- The process through which one receives assurance that effort was provided as stated so that a salary certification may be approved by an individual not having firsthand knowledge.
- Suitable means of verification requires the documented review by an individual, such as the PI, project manager, supervisor, or an employee who has firsthand knowledge that the work was performed.

**Definitions**

- **Direct Evidence of Work Performed**: Direct evidence of work performed. One may have firsthand knowledge of the work performed by the individual performing the work.
- **Salary Certification**: A written guaranty that work has been performed. The guarantor may be someone who has suitable means of verification.
- **Suitable Means of Verification**: A process which provides assurance that the work was performed as claimed. Suitable means of verification requires the documented review by an individual, such as the PI, project manager, supervisor, or an employee who has firsthand knowledge that the work was performed in relation to the work performed.
 Certification Process

Extraneous comments or marks should not be included on the report that will be the official record of certification.

- All notations made on the report are subject to review by DFA, agencies, and auditors
- If notes make it easier to discuss distribution with PIs, consider making an additional copy for your discussion and have the PI sign a clean report if no post-report changes need to be made

Group Certification

- If your org chooses the group certification method rather than certifying reports individually, use the Group Certification Form as a cover page when you return the reports
- Use the Group Certification Form ONLY FOR THE PURPOSE OF GROUP CERTIFICATION
- All reports for the org that is being certified need to be returned with the group certification cover page. Reports must follow the group certification cover page sequentially
- If you are certifying for more than one org, a group certification page needs to be completed for each org that you are group certifying
Group Certification

- Be sure to select the “suitable means of verification”. You are responsible for keeping all supporting documentation of your verification on file in your unit for six full fiscal years.

Using the suitable means of verification described below (check one of the following):

- Sufficient written certification provided by peers and reviewed by department
- Documented peer reviews of certification times conducted from
- Documented individual staff reviews of certification times (conducted from
- Pre-_WEEK after recording system maintained by year
- All Salary Certification Requirements are individually certified in the CalSIS Salary Certification System
- Other

- DFA may perform after-the-fact reviews to validate the use of suitable means.

Group Certification

The organization name for the group certification must match the organization name in the header of the org’s reports.

FINAL Salary Certification Report: FY20

[Table containing organization names and details]

ONLY USE THIS FORM FOR GROUP SALARY CERTIFICATION

GROUP SALARY CERTIFICATION FORM

Cornell University

ANNUAL CERTIFICATION OF SALARY
FISCAL YEAR 2020

This is a supplement of the following: (check all that apply):

- Sufficient written certification provided by peers and reviewed by department
- Documented peer reviews of certification times (conducted from
- Documented individual staff reviews of certification times (conducted from
- Pre-_WEEK after recording system maintained by year
- All Salary Certification Requirements are individually certified in the CalSIS Salary Certification System
- Other

[Form containing detailed information and certification details]
Certification Process

Electronic files for group certifications will be accepted if the certification is digitally signed with a CERTIFICATE SIGNATURE issued by a certificate authority.

- E.g. Certificate signature tool provided in Adobe Acrobat
- Additional requirements must be met to submit electronic files:
  - Reports must be legible and presented in the correct orientation and numbering sequence following the group certification page
  - All reports issued for the org must be included in the file
  - If backup documentation is provided, it must immediately follow the report it supports
  - Electronic files can only be returned by Cornell Secure File Transfer

Cornell Secure File Transfer

- Formerly known as “Cornell Dropbox”
- URL: https://sft.cornell.edu/

Files with certificate signatures cannot be modified by parties other than the certifier, therefore electronic files will be accepted only if the following conditions are fulfilled:
  - Group certification cover page is digitally signed with a CERTIFICATE SIGNATURE issued by a certificate authority
  - Reports must be legible and presented in the correct orientation
  - All reports issued for the org must be included in the file and follow the group certification cover page in the correct numbering sequence
  - If backup documentation is provided, it must immediately follow the report it supports
Certification Process

Hard copy reports will be scanned on receipt by DFA. Please assist with this process by observing the following:

• Return all certified pages in order based on the page number at the bottom right side of the report
• Supporting documentation should follow directly behind the report it supports
• If the report is printed double-sided, be sure that the report on the flip side is sequential
• If you send a non-sequential file to a PI it is important that the PI print it single sided

Certification Process

Checklist prior to returning hard copy reports:

☐ Confirm that each page is signed and dated in the designated field at the bottom of the report if reports are certified individually
☐ Confirm that each page is arranged in sequential order according to the page number at the bottom right of the report
☐ All pages in the file you received need to be returned, including group certified reports
☐ Confirm that any necessary backup documentation follows directly behind the report that it supports

Certification Process

❖ Reports filed in DFA must be certified either with hard-ink signature and date or certificate signature on e-files with group certification
❖ When a PI is out-of-town or it is otherwise impractical to obtain an original signature, a scanned document of sufficient quality is acceptable
❖ Copies of the originals along with any back-up of the verification process should be retained in the unit
Certification Process

Completed certifications must be received in DFA no later than Friday, August 28, 2020

- Send e-files via the Cornell Secure File Transfer to eap2
- Send hard files via campus mail to the attention of Beth Peet, SFS/DFA, 341 Pine Tree Road

DFA will notify appropriate officers (e.g. unit heads, college business officer) when certifications are delinquent

Breaks in Certification

A salary transfer moving sponsored salary after a report has been certified results in a nullification of the original attestation or a “break in certification.”

- This includes any ST that transfers certified salary to/from a sponsored project
- Even if the new project is a continuation award, it is still a break in certification if a new OSP number was assigned
- Linked projects and associated projects under an umbrella are considered separate projects; moving salary between projects after salary is certified is a break in certification

Breaks in Certification

Breaks in certification are an area of high audit scrutiny and require additional documentation.

- The previously certified report needs to be modified to reflect the salary transfer and recertified with signature and date
- A letter of explanation must be provided with the updated report to document why the prior certification was not certified correctly the first time
  - Include the doc number of the Salary Transfer in the letter
- Send the updated, recertified report and the letter of explanation to SFS/QA when the ST is submitted
Salary Transfers that do not affect sponsored accounts...

- A comment will be added to the official archived record noting the change between non-sponsored accounts with a reference to the ST doc number
- The same comment should be added to the copy the department has retained
- The report does NOT need to be recertified in these cases

Late Cost Transfers

Per Policy 3.20, a Late Cost Transfer is one requested 90 days or more after the original transaction posted.

- The transfer request must include a valid reason for the delay and is normally permitted only under extenuating circumstances
- If lateness is due to administrative delay, explain the corrective action addressed to prevent future recurrence
- An Error Certification tab on the Salary Transfer edoc is available to provide substantiation for all cost transfers

University Policy 3.20 Cost Transfers on Sponsored Agreements

The following information is required in cost transfer documentation:

- A description of the cost(s) being transferred, including why and when the original charge(s) occurred
- Why the non-sponsored account was non-sponsoring
- Why it is appropriate to charge the non-sponsored account the cost incurred must be allowable under the terms and conditions of the sponsored agreement and other regulations governing the sponsored agreement (see the appendix)
- That any appropriate re-allocation of expense that caused the transfer has been addressed
- Note if the transfer is subject to the 90 day limitation, if made after the due date, the explanation must include certification for lateness (see the Requirements for Cost Transfers Request an Sponsored Project Accounts section of this policy)
References

- Annual Certification Process
  - https://researchservices.cornell.edu/resources/salary-certification
- Policy 3.11, Salary Certification Policy
  - https://www.dfa.cornell.edu/policy/policies/salary-certification
- Policy 3.20, Cost Transfers on Sponsored Agreements
  - https://www.dfa.cornell.edu/policy/policies/cost-transfers-sponsored-agreements
- Part 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
  - https://www.ecfr.gov/cgi-bin/text-idx?SID=704835d27377ef5213a51c149de40c9&node=2:1.1.2.1&rgn=div5

Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Meaning</th>
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<tbody>
<tr>
<td>ACF</td>
<td>The Administration for Children and Families</td>
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<td>CDC</td>
<td>Centers for Disease Control and Prevention</td>
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<td>CFR</td>
<td>Code of Federal Regulations</td>
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<tr>
<td>DFA</td>
<td>Division of Financial Affairs</td>
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<td>DGS</td>
<td>Director of Graduate Studies</td>
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<td>DHHS</td>
<td>U.S. Department of Health &amp; Human Services</td>
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<td>FDA</td>
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<td>U.S. Health Resources &amp; Services Administration</td>
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<td>Kuali Financial System</td>
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<td>Organization</td>
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<td>ST</td>
<td>Salary Transfer</td>
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Assistance/Questions

Sponsored Financial Services
- Beth Peet, eap2@cornell.edu, 607 255-3351
- Janet Strait, janet.strait@cornell.edu, 607 255-1482