PURPOSE

The purpose of this policy is to establish appropriate guidelines for ensuring compliance with after the fact payroll verification requirements on sponsored projects in accordance with and up to the limits prescribed in the Office of Management and Budget (OMB) 2 CFR Parts 200, Subpart E “Cost Principles for Educational Institutions”, §200.430 (h)

General: Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees

AUDIT REQUIREMENTS

The charging of compensation to a sponsored project, is based on the institutions internal controls to insure compliance and auditability for the after the fact review of payroll charges. Charges to sponsored awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by UTEP entity, not exceeding 100% of compensated activities (this is per UTEP’s definition of IBS)

(iv) Encompass both federally assisted and all other activities compensated by UTEP on an integrated basis, but may include the use of subsidiary records as defined in UTEP’s written policy;

(v) Comply with the established accounting policies and practices of UTEP (See paragraph UTEP’s policy for treatment of incidental work); and

(vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities

Revised as of 06/13/2018 MD
which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

(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:

(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;

(B) Significant changes in the corresponding work activity (as defined by UTEP's written policies) are identified and entered into the records in a timely manner. 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.

PERSONS AFFECTED

This policy applies to all employees of the University of Texas at El Paso (UTEP) whose compensation is charged in whole or in part to a funded project and to parties that are approving and/or reviewing proposed or actual payroll activities on sponsored projects, including:

- Department Administrators responsible for monthly account expenditure verification and project reconciliation
- Principal Investigator(s) for “no less than monthly” expenditure certification
- The Office of Research and Sponsored Projects for monitoring appropriate verification/reconciliation/certification

Approved by:

Roberto Osegueda, VPR

Date:

10-24-18

Revised as of 06/13/2018 MD