



POLICY FOR REVIEW OF COMPENSATION CHARGES TO SPONSORED PROJECTS

Uniform Guidance Requirements and Seattle University Procedures

Responsible Offices: Controller's Office, Office of Sponsored Projects (OSP)

Effective Date: FY21

Uniform Guidance: **CFR Title 2 Part 200.430 Compensation – Personal Services**

Purpose

Institutional compliance to CFR 200.430 requires an after-the-fact review to be conducted to support that compensation charged to a sponsored project and/or committed as cost sharing does not exceed the proportionate share of Institutional Base Salary (IBS) for the work performed on the project.

Policy Statement

This policy applies to all sponsored projects governed under CFR 200.430 (i.e. all federally-funded awards).

Policy Exclusions:

- Student Employee compensation that is paid in the form of hourly wages is not covered under this policy because accuracy is confirmed through time entry and approval in the Payroll system.
- Compensation charged to institutional sources is not covered under this policy, except for compensation used in support of committed cost sharing requirements.
- The accounting of voluntary uncommitted cost sharing for a specific project (faculty project time that is not compensated or committed as cost sharing towards the project).

Seattle University's system of internal controls help ensure that compensation costs are charged in accordance with applicable policies governing the proper authorization of expenditures. Central to, but not exclusive among these internal controls is the federal guidance for the after-the-fact review of interim charges that are based on budget estimates. In accordance with 2 CFR 200.430(h)(viii)(C), this policy addresses the after-the-fact review requirements so that the final amount charged to the federal award is accurate.

All compensation costs charged to a sponsored project must be reasonable for the work performed, necessary for the performance of the project, allowable per sponsor and SU policy, and allocable to



the project. For federally funded projects, compensation charges must be based on a rate not in excess of an individual's SU institutional base salary, adequately documented in accordance with 2 CFR 200 Subpart E Section 430 Compensation- Personal Services, and be in accordance with applicable governing authoritative guidance, including sponsor requirements and SU policy.

In accordance with 2 CFR 200.430(h)(8)(x) "It is recognized that teaching, research, service and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected."

In accordance with SU's Procedure for After-the-fact Review of Compensation Charges to Sponsored Projects, the after-the-fact review of Project Compensation Reports are performed by the principal investigator (PI) or the PI- assigned program/project director/co-investigator or other individual. Reports must be reviewed at least annually to verify that the compensation of individuals charged to or committed as cost sharing towards a project reasonably reflects the work performed. This process conforms to and satisfies the requirements in 2 CFR 200.430.

Procedures

On a annual basis aligned with a project's annual project period end date, all Principal Investigators will receive a detailed payroll summary report displaying all personnel paid from their sponsored project during the previous fiscal quarter from the Controller's Office. This report will display each individual's portion of compensation, compared to their total institutional base salary, displayed as a percentage for that quarter. This payroll report will be included with the Quarterly Financial Certification Report which corresponds with that annual project period end date (for example, a project period end date of 12/31 will receive this payroll report with their Q2 Financial Certification Report). The PI is responsible for reviewing and signing off on the quarterly report and all compensation charges, certifying that:

This report has been reviewed. To the best of my knowledge, salary and wages charged to this project are appropriate in relation to work performed on this project. All other costs charged to this project are, to the best of my knowledge, allowable, allocable, and reasonable. Where required, the below noted corrections have been, or will be, submitted to the Associate Controller.

This report should be signed by the PI and Activity Manager and returned to the Controller's Office within 30 days of receipt.

If the report is incorrect or the expenses require modification, the PI must work with their budget manager and the Controller's Office to resolve the issue within 30 days.

If the report is not signed and returned by the given deadline, the OSP will notify the PI's dean for follow-up.

Definitions



Allowable – Costs expressly unallowable or mutually agreed to be unallowable shall be identified and excluded from any billing, claim, application, or proposal related to a sponsored project. Sponsoring agencies use the term "allowable" to mean permitted as a cost within sponsor guidelines, the terms of a specific award, and/or the institution's policies.

Allocable – A cost is allocable to a particular award if the goods or services involved are able to be directly assigned to the award based on the benefit provided.

Institutional Base Salary - base salary (9-, 11-, or 12-month) plus administrative stipends (e.g., Associate Dean, Department Chairperson, Program Director, etc.), if any, paid to a faculty member, but does not include summer (for 9-month faculty) or overload salary (sections II and III).

Necessary - A cost is necessary if the objectives of the project cannot be met without incurrence of the cost.

Principal Investigator - Typically, a faculty member or center director named in the award who has primary responsibility for technical compliance, completion of programmatic work, and fiscal stewardship of sponsor funds.

Quarterly Financial Certification Report - The report distributed to the Principal Investigator of all expenditures charged to a sponsored project during the previous fiscal quarter, including a detailed Payroll Summary Report. The purpose of the payroll summary report included within the Quarterly Financial Certification Report is to support that expenditures are accurate and reasonable in relation to the work performed by each individual.

Reasonable – A cost may be considered reasonable if the nature of the goods or services, and the price paid for the goods or services, reflects the action that a prudent person would have taken given the prevailing circumstances at the time the decision to incur the cost was made.

Related Policies & Forms

[Grant Compensation Policy](#)

[Cost Transfer Policy](#)