PPS Users Group
Payroll Certification Audit Update
8/23/16

Background: In 2011, UCR became one of four universities in the nation approved to participate in a Federal Demonstration Partnership pilot to demonstrate an alternative method of certifying salaries charged to federal funding. The goals of the pilot were to provide greater accountability, accuracy, efficiency and transparency. UC's original proposal involved an 18-month demonstration with two internal audits. In 2013, UC was informed Health and Human Services Office of the Inspector General would be performing a joint audit of each institutions payroll distribution systems and processes with the National Science Foundation Office of the Inspector General at all four pilot locations. The audit proceeded throughout 2013. UCR finally received a draft audit report in April 2016. Response provided in June 2016. No timeline for final report.

Between April 2011 and June 2016, UCR issued approximately 4,000 payroll certification; for the same time period, approximately 24,000 effort reports (aka PARs) would have been issued.

Although the draft report contained many inaccuracies and HHS-OIG is not seeking reimbursement, there is room for improvement in some areas. The documentation provided by departments to support salary charges and cost transfers was inconsistent. Payroll transactors' cooperation and assistance is requested, in collaboration with your department financial manager and contract & grant analysts, in the following areas involving contracts and grants to ensure consistency:

Cost Transfers:
- Ensure PI approval is obtained. Simply noting on PPS entry "per PI" is not sufficient. Approval be accomplished a number of ways; e.g. e-mail, signature on request form, signature on PPS screen print, etc.
- Ensure the reason for the cost transfer is necessary is fully explained. A reason code alone is not sufficient. "To correct an error" is not sufficient.
- Transactions over 120 days old should not be moved to another contract and grant fund. Note: PPS should be enforcing, but if transfers are processed EMF will be asking for additional documentation and may be asked for cost to be moved to unrestricted funding source. Note: In UCPATH, UCR business rules will prevent cost transfers over 120 days to a contract and grant fund.
- Please refer to Business & Finance Bulletin A-47 for additional information and the Cost Transfer (NCT/FCT) training module in LMS.

Late Pay (LX/RX):
- Even if the system does not restrict, department transactors are responsible to ensure inappropriate transactions are not processed. Requires awareness of expiration dates and other reporting impacts.

Student Employees:
- Student appointments (and all other positions) should have documentation to show how directly benefiting project; e.g. position/job description.

Distribution Changes:
- PI Must approve distribution changes; position on budget not sufficient to document approval.