



UNIVERSITY OF  
NOTRE DAME  
Research & Sponsored  
Programs Accounting

Research & Sponsored Programs  
Accounting Policy  
**Payroll Expense**

Responsible Executive: Controller  
Responsible Department: RSPA  
Review Date: September, 2008

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## POLICY STATEMENT

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Payroll expense may be charged to restricted funds (See [Restricted Funds Definitions](#)) assuming the fund allows for it and the fund's available balance is sufficient to support such charges.

Salaries charged to grant funds must reflect the percentage of effort expended during the respective period. [Office of Management and Budget \("OMB"\) Circular A-21](#) defines principles to determine appropriate costs for research and development expenditures of grants and contracts with educational institutions. Individuals may not receive more than their regular annual salary by engaging in sponsored programs. Part J, Section 10 2 CFR220 in part, reads as follows:

*"d. Salary rates for faculty members. (1) Salary rates for academic year. Charges for work performed on sponsored agreements by faculty members during the academic year will be based on the individual faculty member's regular compensation for the continuous period which, under the policy of the institution concerned, constitutes the basis of his/her salary. Charges for work performed on sponsored agreements during all or any portion of such period are allowable at the base salary rate. In no event will charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period. This principle applies to all members of the faculty at an institution."*

Some sponsors, such as National Institutes for Health ("NIH"), impose salary caps that limit monthly salaries paid to individuals. NIH restricts salaries charged to its grants, cooperative agreements, or contracts to Executive Level I of the Federal Executive Pay scale. Any portion in excess of this amount must be cost-shared by the University.

A faculty member on a 9-month contract may be paid a summer salary assuming the fund has a budget to accept such charges. Salary for the month of June should be based on the same monthly rate in effect during the academic year prior to the summer in which the salary is earned. Salary for July and August should be based on the academic salary that will be in place during the next academic year. Summer salary is charged to grants and contracts in direct relation to the effort actually expended on research during the summer period. Faculty members receiving three months of summer pay must be performing research during that period. Certain sponsors, such as National Science Foundation ("NSF"), allow only the equivalent of two months summer salary to be charged to a grant in any given 12 month period. Specific questions award budgets should be addressed to your Research and Sponsored Programs Accounting ("RSPA") accountant.

When an individual receives an external Fellowship and elects to receive it through the University, a grant fund will be established and the individual will receive pay and benefits directly from the University. Benefits will be charged proportionately to the Fellowship fund

unless the granting agency specifically disallows benefits. In this case the University will cover the benefits charge as a cost share component to the award.

The following forms are required when charging, transferring, and certifying payroll expenses:

1. Personnel Action Form (“PAF”)
  - a. A PAF must be completed to initiate an individual’s appointment to a fund.
  - b. Based on departmental procedures, approval must be obtained from the Employing Supervisor, the Academic Department Head, the Provost’s Office or Graduate School.
2. Labor Distribution Change Form
  - a. A [Labor Distribution Change Form](#) must be completed in order to modify the distribution associated with an employee PAF, be it for past or future changes.
  - b. The effective dates on the form must be supplied in order to appropriately re-allocate labor charges.
  - c. Benefits are prorated in proportion to the salary charged and will automatically be adjusted when the labor redistribution is processed.
  - d. If the redistribution period includes a period that has already been certified via a Personal Activity Report (“PAR”), a corrected and re-certified PAR must be attached along with a valid justification for the change.
  - e. Labor redistributions related to an earlier period must follow the policies set forth under *Cost Transfers*.
  - f. A valid explanation must be included for all redistributions to support the change in funding.
3. Personnel Activity Report (“PAR”)
  - a. Employees and Students charging salary to a grant fund must certify their effort on a project by completing a Personnel Activity Report. The PAR must reflect the percentage of the person’s time that was dedicated to a project.
  - b. PARs are required for each term: Fall, Spring and Summer.
  - c. The PAR must be signed by the Principal Investigator (“PI”) of the grant fund and if possible, the employee/student. If this is not practical the PI may designate a Laboratory or Project Manager/Director to certify PAR’s on the PI’s behalf as long as that person has direct knowledge of the work performed and has a suitable means of verifying the effort shown on the PAR is valid
  - d. If a person’s effort on a project has been cost-shared by another restricted fund, or by an unrestricted fund, this should be documented on the PAR to explain any difference between the percentage of effort certified and the percentage of labor charged to the project.
  - e. PARs are not required for students being paid under participant support costs.
  - f. For further guidance on PARs, see [Effort Reporting Policy](#).