The Largest Piece of the Pie - HR/Payroll Challenges in Grants Management

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Mary Johnson – Sponsored Programs
Lara Mekeel – Immunology

Objectives

• Discuss the payroll process

• Describe the different types of salary payments at Duke

• Examine common HR and payroll concerns in grant management

• Review tools to better manage payroll on sponsored projects
Payroll Expense on Sponsored Projects

- Payroll Costs
- Contractual Costs
- Other Costs
- Equipment
- Travel
- Trainee Expenses
- Professional Services
- Patient Care

7% 2% 2% 1% 1%

Patient Care 60%
Professional Services 19%
Equipment 8%
Trainee Expenses 7%

Who is My Payroll Representative?

- Payroll website: www.payroll.duke.edu
- Search using Control F
Building a Partnership

Grant Managers and Payroll Representatives

- The department payroll representative is your go-to person for questions about payroll on a sponsored project.
- The department payroll representative for an employee’s primary department can:
  - Initiate iForms:
    - Hire
    - Cost distribution changes
    - Transfer/terminations
    - Manual salary cost transfer
  - Access payroll reports

Compensatory vs. Noncompensatory Payments

- Compensatory: payment for services rendered and/or work performed for or on behalf of Duke
  - Budgeted as Salary, G/L 60XX
  - Non-exempt employees: paid based on hours submitted per two week pay period
    - Eligible for overtime based on position’s overtime option
    - Submit hours to be paid via ReportXpress or electronic time cards
    - Certify effort via the time card
  - Exempt employees: paid a monthly salary based on work schedule
    - Not eligible for overtime
    - Certify effort via the ECRT system
  - iForms is the primary method for completing transactions
Compensatory vs. Noncompensatory Payments

- Noncompensatory: payments made to individuals who are in training or conducting independent research at Duke University
  - Budgeted as Trainee Expenses, G/L 63XXX
  - Recipients do not have an employer-employee relationship; payments are NOT considered compensation for the services expected of an employee
  - Individuals receiving these payments are not Duke employees, but are receiving funds for educational enrichment opportunities
  - Key words: scholarship, fellowship, postdoctoral scholar, trainee
  - All transactions are completed via paper forms
  - Fringe benefits are not charged
  - Not allowable on RESEARCH projects (3x3 or 2x3)
  - An individual may receive compensatory and noncompensatory concurrently for different activities

Compensatory vs. Noncompensatory Payments

Salary vs. Stipends

- PhD graduate students award package
  - Compensatory payments – salary
    - G/L 6012 or 6014
    - Tuition remission (with 6012 salary)
    - Tuition and Fees (with 6014 Salary)
  - Noncompensatory payments – stipend
    - G/L 63xx
    - Tuition and fees
Payroll General Ledger Accounts

• Service type and service category are the first four digits of the general ledger (G/L) account and identify the type of payment and the specific type of activity being performed to receive the payment
  – For compensatory payments, first two digits are always “60” which identifies the payment as a salary expense
  – For noncompensatory payments, the first two digits are always “63” which identifies the payment as noncompensatory expense
  – Second two digits are the service category and define the specific type of activity being performed for that expense
  – For Duke University, a service type/service category must be provided for all payments
• A complete list of payroll g/l descriptions can be found as part of the GAP:
  http://www.finsvc.duke.edu/gap/glacct/exp60xx.php

Payroll General Ledger Accounts

• Examples:
  – 6000: Exempt personnel (excluding faculty) in academic departments who provide administrative support, where such effort cannot be specifically identified to either the instruction/training/departmental research or sponsored research activities. Requires a CAS form for federal sponsored projects
  – 6012: Exempt graduate students who are directly involved in departmental or sponsored research. Only used for registered Duke students and will be assessed tuition remission
  – 6016: Use only with cost objects in the 153, 453, 2X3 and 3X3 series for exempt personnel (excluding faculty) directly involved in the research aspects of sponsored research or performing specific technical duties directly related to the research or project scope of a sponsored project
  – 6072: Non-exempt personnel (other than students) performing technical duties
Payroll General Ledger Accounts

• If payroll expenses are coded to the wrong G/L, this may have implications with CAS or allowability
• Review payroll G/Ls monthly to ensure best G/L is in use for the work being performed
• Be a resource for department payroll representatives
  – Include ST/SC for all payments or cost distribution changes so the payment is aligned with the appropriate G/L
  – If you do not know the ST/SC to use, contact Accounting Systems and Procedures

Payroll Calendars

http://finance.duke.edu/payroll/schedules/index.php

Every payroll transaction is deadline driven. Missing deadlines can cause significant problems.
### Payroll Calendars

#### Monthly

<table>
<thead>
<tr>
<th>PAY PERIOD</th>
<th>PAYROLL FORMS Due To Administrative, Budget Office (except DH)</th>
<th>PAYROLL FORMS Due To DHH</th>
<th>PAYROLL FORMS Leave of Absence Forms Due to Corporate Payroll</th>
<th>TERMINATIONS For Exempt Employees</th>
<th>PAYROLL FORMS Cost Distribution, Personal Data Changes, Rate Changes WO Rate Changes</th>
<th>PAYROLL FORMS Pay Exception Forms Due to Corporate Payroll Services</th>
<th>PAYROLL FORMS Report Express Closing (646108) To Update PTO Balance (previous month)</th>
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#### Biweekly

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<th>PAY PERIOD</th>
<th>PAYROLL FORMS Payroll Time Reports</th>
<th>PAYROLL FORMS Electronic Time Reports</th>
<th>REPORTS DUE &amp; DATES</th>
<th>CURRENT DUE</th>
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Leave of Absence

- A period of time when a person is away from his/her primary job while maintaining an employee status. Leaves of Absence cover circumstances that require a prolonged absence from work above and beyond the normal use of vacation/sick/PTO days.

- Types of Leave:
  - Family Medical Leave (FMLA)
  - Personal Leave
  - Military Leave
  - Faculty Leave

Family Medical Leave

- Allows eligible workers (12 months of employment and 1250 hours) to take a set amount of time away (consecutively or intermittently) from work to address pressing family needs while protecting the employee’s job and health benefits.

- Events covered:
  - Birth/adoption/foster child placement – 12 weeks
  - Serious medical condition – 12 weeks
  - Primary care provider for ill child, parent, spouse/registered spousal equivalent – 12 weeks
  - Care for ill/injured service member – 26 weeks (single 12 month period)
  - Tend to a variety of different types of activities for deployed military – 12 weeks

- Accrued vacation, sick, discretionary, and/or PTO can be used prior to taking unpaid leave.
Leave of Absence

Personal Leave

• Personal leave is any time off that is granted for reasons including (but not limited to): specialized experiences, family issues, extenuating personal needs, elected office, or formal studies that result in promoting the interests of Duke and/or the staff member

• This type of leave also includes the time off given to any staff with an illness/injury or to those who are pregnant but do not meet the eligibility criteria for Family Medical Leave

• In most instances, granted for a year in three month increments

• Accrued vacation, sick, discretionary, and/or PTO can be used prior to taking unpaid leave

• If time is taken unpaid, staff member loses health, dental and vision insurance and becomes eligible for COBRA

Military Leave

• Military Leave is any time off that is provided to staff who are members of the National Guard or other reserve component of the United States Armed Services and who are called to active duty, attend scheduled reserve service, and/or temporary training duty

• Military Leave without pay should be granted upon a staff member’s submission of Department of Defense orders setting forth the commencement of active military duty

• Length of the leave is outlined in orders
Leave of Absence

**Impact on Grants**

- Can a grant pay for a leave of absence?
  - Yes, if the leave is not detrimental to the scope of the project and if funds are available
  - Questions to ask:
    - Will the employee be away from Duke for an extended period of time?
    - Will another employee have to take over the duties of the person on leave?
    - Will the PI have to hire a new employee to take over the duties?
  - If you answer “yes” to any of the questions, the leave of absence may be detrimental to the scope of the project, and should be charged to a departmental or discretionary code

Vacation Payouts

- When an eligible employee voluntarily resigns, accrued vacation and d-days are paid out as a lump-sum
- When an employee retires, accrued vacation and d-days are paid out over time (with departmental approval) or as a lump-sum
- Who is eligible?
  - Monthly and bi-weekly staff (FT and benefits-eligible PT)
  - Faculty and Postdocs are NOT eligible
- A grant can pay out the vacation accrual, as long as the funds are available and it will not jeopardize the scope of the project
  - Vacation and D-Day payout is based upon the employee’s final cost distribution
Severance Pay

- Reduction in Force: The elimination of a position and related work longer than 30 calendar days in duration, and, in some cases, even a permanent phasing out of positions
- Duke makes every effort to redeploy staff with acceptable performance records and skill sets impacted by a reduction in force
- Staff must be notified in writing at least 60 days prior to their position being eliminated
- Eligible staff will receive one week’s base pay for each year of completed service (minimum of two weeks and maximum of 26 weeks)
- Individuals in the following position types are NOT eligible for severance:
  - 100% grant funded positions
  - Term positions for special projects with a specified end date - communicated in offer the individuals offer letter
  - Individuals in 90 probationary period

Severance Pay

- Partially grant funded positions are eligible for severance pay under Duke’s policy
  - Consideration is not given to the percentage of salary charged to sponsored projects
  - Severance pay is NOT paid from sponsored projects
  - Severance pay would be charged to the default cost center associated with the employee’s position
- Term limited positions maybe eligible for severance if the position ends prior to the end of the term
  - Example – three year term position ends after 2 years
- Offer letters should be clear about severance eligibility
Foreign National Employees

• An individual considered a foreign national (excludes permanent residents and green card holders) if he/she is required to have a Visa or work authorization to be an employee of Duke University

• In most instances, Duke University is the Visa sponsor

• Common challenges with foreign nationals being paid with grant funds:
  – Visa fees: May be paid by a grant prior to the foreign national arrival IF the employee will be working 100% on that grant. Grants cannot be charged visa rush fees
  – After the first month of work, Corporate Payroll Services holds pay checks for those foreign nationals who have not provided valid social security numbers. Payroll expenses will be charged to the grant; however, the employee will not receive the pay check until they have presented a valid social security number to Corporate Payroll Services

• Challenges, continued:
  – Authorization: Visas are authorized for a specific time period and for a specific type of activity at a specific place. If a PI wishes to end employment for someone on a Visa, he may have to pay for a plane ticket home. This cannot be paid from grant funds
  – If employment authorization expires (Visa renewal delayed, work requires a different type of Visa), foreign national employees are no longer eligible to work for Duke and no salary can be charged to the grant
  – Trips home: Trips home are treated like any other time away from Duke. If the foreign national employee has vacation time and the vacation is approved, PTO can be paid by the grant

• Visa Services is Duke’s immigration office
  – http://www.visaservices.duke.edu/DepartmentContacts.html
PhD Students

Salary and Stipends

- Compensatory Awards:
  - Graduate Assistants: Perform work for a department, G/L (60xx) depends on type of work performed. Generally NOT paid on sponsored projects
  - Teaching Assistant: Work is related to teaching and/or grading courses. G/L: 601400, no tuition remission
  - Research Assistant: Work performed is research-related. G/L 601200, tuition remission is charged

- Noncompensatory Awards:
  - Graduate Awards: Stipends paid to students who are here solely for scholarly pursuits. These are paid via the graduate school as a noncomp payment

- Stipends increase 2% annually, subject to approval from Board of Trustees, effective September 1

PhD Students

Tuition Remission

- Tuition Remission: cost of tuition for a research assistant (RA) paid by the graduate student’s funding source
  - Only charged for PhD Research Assistants
  - Charged to the same funding source as the RA’s salary, unless unallowable by sponsor
  - Charged each semester, but can be pro-rated if the student changes codes or graduates
  - Budgeted in Other category, on G/Ls: 633100, 633700, 634100, 634700
  - Designated as Supplemental Pay in ECRT and must be annually certified. It is a form of compensation paid in lieu of wages, that is why it has to be certified in ECRT
  - Excluded from F&A
  - 4% annual inflation for budget purposes
Proposed vs. Actual Effort

- Proposed - % Effort on Application Funded by Sponsor
- Actual - % Effort paid and certified
- Proposed ≠ Actual
  - Change in Scope? Requires Sponsor approval
  - Key Personnel? May require Sponsor approval
  - Reviewed during Audits

- EFFORT CERTIFICATION DETERMINES ALLOWABILITY!

Cost Sharing

- The portion of sponsored project costs not borne by the sponsor
  - Example: PI’s salary over the NIH salary cap
- Salary cost sharing:
  - Salary is charged to project on a cost sharing G/L
  - Salary and fringe benefits are then credited to the project and charged to the paying code as a lump sum on G/L 808000
- Critical to book all cost sharing
  - May have implications for severance eligibility
  - Required during an audit
  - GAP 200.140: Cost Sharing on Sponsored Projects
- NIH Salary Cap Worksheet:
  [https://finance.duke.edu/research/forms-resources/forms/index.php#NIH](https://finance.duke.edu/research/forms-resources/forms/index.php#NIH)
Payroll General Ledger Accounts

- Examples:
  - 6003 Cost-Sharing: Training (excluding Tenure/Tenure Track Faculty)
  - 6004 Cost-Sharing: Research (excluding Tenure/Tenure Track Faculty)
  - 6033 Cost-Sharing: Training (Tenure/Tenure Track Faculty)
  - 6034 Cost-Sharing: Research (Tenure/Tenure Track Faculty)
  - 6007 Cost-Sharing: Training – Graduate Students
  - 6008 Cost-Sharing: Research – Graduate Students
  - 6009 Cost-Sharing: House Staff or Post Doc Assoc

Payroll Reporting Tools

- Financial statements and line item reports do not allow drill down on payroll expenses
- SAP provides two reports with payroll detail:
  - ZH223 - Accounting View of Payroll
    - Provides the option of viewing payroll activity by cost center funding (all employees paid from a cost center or range of cost centers) or by employee (all funding sources for employees belonging to an organizational unit)
    - Allows drill-down to view details for employees paid, such as pay periods included and any adjustments
  - ZH333 – Payroll Activity Detail
    - This can be run by multiple pay periods and/or by job code. This report includes salaries and fringes
    - Allows drill down to the pay period level
Payroll Reporting Tools

**ZH223**

**Accounting View of Payroll Activity - Cost Object View**

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**Payroll Activity Detail - Multi-Period**

**ZH333**
Payroll Reporting Tools

**ZH333 – Drill Down**

- Work with your SAP administrator to determine if access is appropriate for you
  - Permissions are organizational unit/cost object based
  - Permission to ZH223 and ZH333 are linked

- Grant Manager view in iForms also provides reporting functionality for payroll expenses for those without access to ZH223 and ZH333
  - Permissions are linked to fund codes, and must be managed by SAP administrator
Contacts/References

- Corporate Payroll:
  - 684-2642
  - payroll@duke.edu
  - www.payroll.duke.edu

- Accounting Systems and Procedures:
  - 684-2752
  - AcctgSysProc@duke.edu

- Office of Sponsored Programs:
  - 684-5442
  - sponsoredprograms@duke.edu

- Graduate School:
  - Departmental DGSA
  - gssfadmin@duke.edu
  - http://gradschool.duke.edu/financial_support/fin_sup_policies/

QUESTIONS?