



PAYROLL DISTRIBUTION CONFIRMATION PROCEDURE

September 19, 2016

SCOPE

This procedure describes the steps required to document payroll charges to sponsored awards in accordance with Caltech's Payroll Distribution Confirmation (PDC) Policy. The definitions of terms in the PDC policy apply to this procedure.

PROCEDURE

Caltech's PDC policy requires that a "responsible person with suitable means of verification of work performed" review and confirm the reasonableness of payroll charges to Federal awards using the on-line PDC system.

PDC reports are collected twice during each Fiscal Year (October 1 through September 30). The year is divided into two reporting periods. Period A covers October 1 through March 31; Period B covers April 1 through September 30.

The Reporting Periods

At the conclusion of Period A and Period B, the PDC system generates the PDC reports which are then available in the PDC system. The PDC process takes place in two steps: The Review Period and The Certification Period. The Review Period provides time for the Payroll Coordinator/Grant Manager to review the PDCs, make any corrections, and indicate that the review has been completed. The Certification Period is for the PI or Award Manager to review the PDC report and certify to its accuracy.

At the start of the Review Period, the Payroll Coordinator is notified that the PDC reports for which he/she is designated as Payroll Coordinator¹ can be accessed on-line. The Review Period lasts for 90 business days. During that time, the Payroll Coordinator should review each PDC report to determine if corrections or changes are required. The Payroll Coordinator should consult with the Principal Investigator, the Grant Manager, or any other individual if there are questions about the accuracy of the PDC report. The Payroll Coordinator should initiate any corrections that may be required. Once the Payroll Coordinator is satisfied that the PDC report is correct, he/she confirms the completion of the review using the on-line PDC system.

The Certification Period begins on the first business day after the conclusion of the Review Period and lasts for 30 business days. During the Certification Period, the PI or Designee is required to

¹ Divisions assign the Payroll Coordinator role to various individuals, including Grant Managers and other administrative staff.

certify or confirm the PDCs for which they are responsible. Before certifying the PDC report(s), the PI or Designee is able to see who performed the reviews of the PDC report and when they occurred.

If the PI or Designee finds that the PDC report is still not correct, he/she immediately prints and annotates the report to show the correct information. If the Review process was correctly performed during the Review Period, there should be exceedingly few, if any, errors that require correction by this step in the process. Once the Certification Period ends, the PDC system is closed. Failure to submit the PDC report is a serious violation of the terms and conditions of all Federal awards.

The following is an example of the time line for the review and approval of PDC reports for "Period A" of fiscal year 2016:

Period A: October 1, 2015 through March 31, 2016

Review Period Begins: April 1, 2016
(the first business day following the end day for the reporting period)

Review Period Ends: August 4, 2016
(90 business days from the start of the Review Period)

Certification Period Begins: August 5, 2016
(the first business day following the conclusion of the Review Period)

Certification Period Ends: September 19, 2016
(30 business days following the start of the Certification Period)

The Reports

The PDC system produces three different reports:

1. Faculty Payroll Distribution Confirmation report (FPDC)
2. Award Manager Payroll Distribution Confirmation report (AMPDC)
3. Project Manager Roll-Up report (PM Roll-Up)

Faculty Payroll Distribution Confirmation report (FPDC)

- **Who gets the FPDC?**
Every faculty member who receives a portion of his or her salary from a Federal award.
- **What does the FPDC show?**
The FPDC shows each sponsored project that was charged for a portion of the faculty member's salary during the six month reporting period. The effort charged to each award is expressed as a percentage of the faculty member's 100% effort. After the listing, the FPDC also shows the "residual" (the portion of salary charged to PTAs and the General Budget). The total for each FPDC is always 100%.
- **Who approves the FPDC report?**
The FPDC report should be approved by the faculty member. Prior to approving the report, the faculty member can see whether the report was previously reviewed by the Payroll

Coordinator and the date when the review took place. Any errors identified by the reviewer should have been corrected before the report is presented to the faculty member for approval.

- ***What if the FPDC is not correct?***

If the PI believes that the information contained in the FPDC report is not correct, he/she should print the report and annotate it, indicating the correct information. The annotated page should be signed and dated. The Payroll Coordinator can then upload that information into the PDC system.

- ***What if the faculty member is not available to approve the FPDC?***

The faculty member does not have to be present on campus to review and approve the report. It can be done from any location throughout the world where there is internet service available and the faculty member can use Access.Caltech to see the FPDC report and approve it.

- ***What if there are extenuating circumstances?*** If the PI is not on campus and cannot access the PDC system, he/she should request that the Payroll Coordinator provide an Excel file of the PDC report so that its accuracy can be confirmed. The confirmation can take the form of an email. This procedure is only for exceptional circumstances, which need to be documented.

Award Manager Payroll Distribution report (AMPDC)

- ***Who gets the AMPDC?***

A PI, or Award Manager, receives an AMPDC report for each separate Federal award for which he or she has been identified as the Award Manager.

- ***What does the AMPDC contain?***

For each separate award, the AMPDC lists each person who was paid from that award and shows the percent of salary that was charged to that award. For each individual, the other sponsored projects, if any, from which they were paid and the percent of salary that was charged to each award. For each individual, the report also shows the “residual” effort that was charged to the General Budget or other fund sources to get to 100% of the person’s salary.

- ***Who approves the AMPDC?***

The AMPDC report is approved by the Award Manager (or PI). Prior to approving the report, the PI can see whether the report was previously reviewed by the Payroll Coordinator and the date when the review took place. Any errors identified by the reviewer should have been corrected before the report is presented to the faculty member for approval.

- ***What does the Award Manager/PI approve?***

The Award Manager or PI approves the salary charges for the awards for which he/she has been designated as the Award Manager or PI. If any individual also received salary from other sponsored projects, the Award Manager or PI is not approving anything pertaining to those other projects. The AMPDC report indicates which specific salary charges require

approval.

- ***What if the AMPDC is not correct?***
If the PI believes that the information contained in the AMPDC report is not correct, he/she should print the report and annotate it, indicating the correct information. The annotated page should be signed and dated. The Payroll Coordinator can then upload that information into the PDC system.
- ***What if the Award Manager is not available to approve the AMPDC?***
If the AM is not able to certify the AMPDC, a Cognizant Individual or Designee should be assigned to certify the report on behalf of the AM. The Cognizant Individual or Designee should be an individual with suitable means of verification that the work was performed and that the payroll charges are reasonable.

Project Manager Roll-Up (PM Roll-Up)

- ***What is a Project Manager Roll-Up Report?***
This report is a special version of the AMPDC report that provides PDC information on a separate project (the “P” in PTA) that is part of an award (the “A” in PTA). Very large grants or contracts may have multiple projects connected to the same award. In some situations, it might be appropriate for the Project Manager (the person heading the project) to review the PDC information for the people who are paid from the project, rather than having the Award Manager perform that function.
- ***When is a PM Roll-Up Report generated?***
These reports are produced at the request of the Award Manager when that person wants the review of the PDCs for project staff to be reviewed by the Project Manager because that person has more direct knowledge of the work being performed by the people working on the project.
- ***Who reviews/approves the PM Roll-Up Report?***
If PM Roll-Up Reports are generated, the Project Manager will be asked to review them and indicate any corrections that may be required. Following the PM’s review of the Roll-Up Report, the information is provided to the Award Manager so that he/she will have it available when certifying/approving the AMPDC.
- **NOTE:** The Award Manager is ultimately responsible for approving the PDC reports for individuals working on that award. The AM should make use of the PM Roll-Up report whenever possible to provide additional support for the PDC approval process.

ROLES AND RESPONSIBILITIES

The Roles and Responsibilities detailed in the Payroll Distribution Confirmation Policy apply to this procedure.

RELATED REFERENCES

The references contained in the Payroll Distribution Confirmation Policy apply to this procedure.

PROCEDURE ISSUED BY

This procedure is issued by the Office of Financial Services and the Office of Research Administration.

EFFECTIVE DATES AND UPDATES

Action Take	Effective Date	Description of Action
New Procedure	Effective December 26, 2014 Issued June 30, 2016	This is a new procedure to be used in conjunction with the Caltech Payroll Distribution Confirmation Policy. Reviewed by the Office of Financial Services and the Office of Research Administration. Approved by the Associate Vice President for Finance.