



Office of Sponsored Projects Policy on Institutional Base Salary for Sponsored Projects

Effective: June 1, 2016
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Scope

This policy sets forth Northern Arizona University's (NAU) definition of Institutional Base Salary (IBS) for sponsored projects and effort reporting purposes. It applies to all individuals whose salary is charged to sponsored projects, in whole or in part, and all individuals who have committed effort to a sponsor but not receiving salary support from the sponsor, also known as cost sharing.

Purpose of Policy

This policy establishes NAU's definition of IBS and the requirements for calculating salaries for allowable activities in proposals and on awards in order to ensure compliance with Federal regulations that require Federal Awardees establish a consistently applied definition of IBS. Specific details can be found in Federal regulation in the Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. See 200.430 of 2 CFR, Part 200.

Financial penalties, expenditure disallowances, and harm to NAU's reputation could result from the failure to accurately propose, charge, and/or document faculty salaries relating to sponsored projects; whether charged directly or provided as cost sharing.

Definitions

Institutional Base Salary (IBS)

IBS is the compensation paid by the University for an employee's appointment, whether the time is spent on research, teaching or other activities. IBS includes both academic-year salary and summer salary on sponsored projects, if applicable. Calculation of summer salary is based on annualizing the University's academic-year base salary (excluding amount associated with secondary assignments) at 100% effort. In most cases, academic salary is assigned for a 38-week academic period and the annualized IBS is calculated on a 52-week period. For faculty on 12-month appointments, the IBS reflects the annual contractual compensation.

IBS does not include bonuses or one-time payments. Also excluded from IBS is salary paid by another organization and income that an individual is permitted to earn outside of their University responsibilities such as consulting.

Institutional Base Salary

- May not be increased as a result of replacing University salary funds with sponsored project funds
- Is established by the University in an annual letter regardless of the source of funds
- Excludes bonuses, honoraria and extra compensation not included in the effort reporting system

Allowable Activities

Charges to Federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animals, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences relating to the project.

Policy

Whether requesting salary support directly from a sponsored project or providing effort on sponsored project in the form of cost sharing, the cost of faculty effort must be based on the individual's IBS. The portion of effort multiplied by the IBS will determine the appropriate amount to be requested from the sponsor or to be approved by NAU in the form of cost sharing.

Roles and Responsibilities

Chairs, Deans, Center Directors, and/or Provost Office

- Provide appointment and salary change letters to faculty indicating approved institutional base salary
- Retains copies of appointment and salary letters for audit purposes

Principal Investigator

- Ensures that all requests for direct salary support and cost sharing commitments are based on the individual's correct IBS.

Office of Sponsored Projects

- Review and approve proposals (including budgets) requesting funds from external sponsors
- Review sponsored project direct expenditures and cost sharing expenditures for accuracy
- Review and approve NAU's Payroll Electronic Personnel Actions Request and/or Funding Change Forms to ensure IBS is used in all calculations for direct charging the PIs and/or Key Personnel salary to externally sponsored projects.

Questions

Questions regarding this policy should be directed to Kerri Byrd at 3 – 6466 or kerri.byrd@nau.edu.