Labor Distribution (LD) Adjustments – New Workflow with OSP Approval
Requirements in Entering Comments When Impacting Sponsored Projects (G/Z awards)

Effective: October 17, 2011

Background/Federal Guidance:

From the NIH Grants Policy Statement and from 2 CFR Part 220 (A-21; Section C-4b), grantees must have in place accounting and internal control systems that provide for appropriate monitoring of grant accounts to ensure that obligations and expenditures are reasonable, allocable, and allowable. Cost transfers by grantees that represent corrections of clerical or bookkeeping errors should:

1) Be accomplished within 90 days of when the error was discovered,
2) Be supported by documentation that fully explains: a) how the error occurred and b) a certification of the correctness of the new charge by a responsible organizational official,
3) NOT contain an explanation merely stating that the transfer was made “to correct error” or “to transfer to correct project”,
4) NOT be performed to transfer costs from one sponsored project to another or from one competitive segment to the next solely to cover cost overruns,
5) NOT be performed to avoid restrictions imposed by law or terms of the sponsored project,
6) NOT to be performed for other matters of convenience

Additionally, LD scheduling and subsequent adjustments have direct impacts on time and effort/payroll distribution reporting data and the generation of complete and accurate periodic reports for certification.

Processing the Labor Distribution Adjustment:

The manner in which adjustments are entered and submitted via the Integrated Labor Distribution (LD) Module will not change. Creators of these batches will follow the same steps and process in entering the adjustment as they always have – but now with an emphasis on additional comments beyond the defaulted language provided by the system.

THE CHANGES:

1) LD adjustments impacting sponsored projects ONLY (G and Z award/projects) will no longer ‘auto-approve’ when debiting or crediting a G/Z award/project,
2) OSP reviews LD adjustment batches daily creating a workflow for feedback to the creator of the batch,
3) OSP will take one of the following actions via workflow notifications/email:
   a) Approve, b) Reject, or c) Return with Comments
4) Each of the actions above will generate an e-mail to the creator of the batch noting the action taken along with guidance for any additional information needed (if returned with comments from OSP)
5) If Returned with Comments, the creator of the batch will be responsible for taking one of the following actions: a) Resubmit with added comments, or b) Cancel/Finish the batch.

6) Selecting Cancel/Finish will delete the LD batch from the Integrated System as if it never existed.

Components of an Adequate Comment (There are 2,000 characters in the text field):

1) The default verbiage from the LD module
2) Retro LD Approval #, if applicable
3) Selection of a reason code describing ‘how’ the error occurred (See generic reason code list – examples of what went wrong)
4) **Include the ‘role’ of the individual on the sponsored project being charged (See Role guidance)
5) **Include context to describe how the individual is tied technically to the project – what are they doing to further the technical/scientific aims of the project?

** Only required when - when charging salary/wage to sponsored projects and the ‘role’ of the individual is not clear based on the expenditure type used. ** Not required when removing costs from a sponsored project to non-sponsored sources.

Managing Comments: When an LD adjustment batch is ‘Returned with Comments’ from the OSP reviewer:

1) Do not remove the system default verbiage provided in the LD module
2) Do not remove or edit comments from OSP
3) When ‘resubmitting’ the LD batch with additional comments add this information on the next available line of the comment box, creating a dialogue

Requirements for Retro Prior Approval (specific to labor adjustments):

1) When any part of the LD adjustment time frame impacts an effort reporting period that has moved past the ‘Pre-Review’ status of the certification cycle, and/or
2) When the ‘Check Date’ has passed and that date is 90 days old (See Payroll schedules at:
http://www.hr.virginia.edu/other-hr-services/payroll-information/2011-payroll-calendar/)

Examples of Adequate Comments (given that it fits the circumstance at hand):
‘Distribution Adjustments for Person Xu, Lijun, Assignment 123456, Currency USD between 01-FEB-11 and 24-APR-11’; LD-SB-092711-246; #2; Research Associate

‘Distribution Adjustments for Person Doe, Jane, Assignment 654321, Currency USD between 01-MAY-11 and 31-MAY-11: LD-SB-092811-247; #6; Program project core funding allows for administrative staff salary – charged to wrong project on same award (P01 program)

‘Distribution Adjustments for Person Davis, Mark, Assignment 567890, Currency USD between 25-JUL-11 and 24-AUG-11; #9

**Examples of inadequate Comments:**

The presence of these comments alone in the comment field will either result in ‘rejection’ of the batch or ‘return with comment’ from OSP reviewers:

1) Adjustment made to correct clerical error
2) Adjustment made to transfer to correct PTAO
3) Adjustment done at the direction/request of the PI
4) Turnover in administrative staff/vacancies in staff support
REASON CODE LIST and ROLE comment guidance

Reason Codes (ONLY Type Code # in comment field unless using Code #12):

1) Adjusting salary/wage based on certified effort percentages
2) Adjusting salary/wage based upon review of generated effort report
3) Adjusting salary/wage based upon the project budget
4) Adjusting salary/wage given a change in effort allocations between/among activities
5) Error in salary allocation/LD schedule noted by approver during review of project costs
6) Adjusting salary/wage to same award – different project
7) Employee is contributing effort outside of their home organization – lead organization did not advise so as to properly schedule salary/wage
8) Delay in sponsored funding source – charged salary/wage to non-sponsored funds
9) Removing salary/wage to non-sponsored funds as cost share
10) Removing salary/wage costs - not allowable/allocable on sponsored project
11) Labor schedule was not established – defaulted to labor suspense/charged to default PTAO
12) Other – requires creator of batch to enter text into comment field explaining circumstance

Role Guidance – When is context necessary (requirement #5) for adequacy in comments?

Most of the expenditure types used to charge salary and wage are not descriptive enough to provide a ‘role’ for the individual and their contributions to a sponsored project. For example, ‘Salary, Faculty, T&R, FT’ can include the PI, Co-PI, Research Associates/Research Assistants, Statisticians, etc. Similarly, the various ‘Staff’ expenditure types can include Lab Managers, Lab Specialists, Lab Techs, Animal Techs, Clinical Research Coordinators, Web Developers, etc.

Wage expenditure types are the same, including Wage, Temp.

In these cases, indicating the person’s ‘role’ on the project will be a required item in the comment field.

Conversely, wages for students such as Graduate Research Assistants (GRA) clearly indicate the individual and their role. No additional role or context is necessary in the comment field to describe their technical association to the sponsored project.

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