Scheduling, Maintaining, and Adjusting Labor Distribution (LD) on Sponsored projects (G or Z Award prefix)
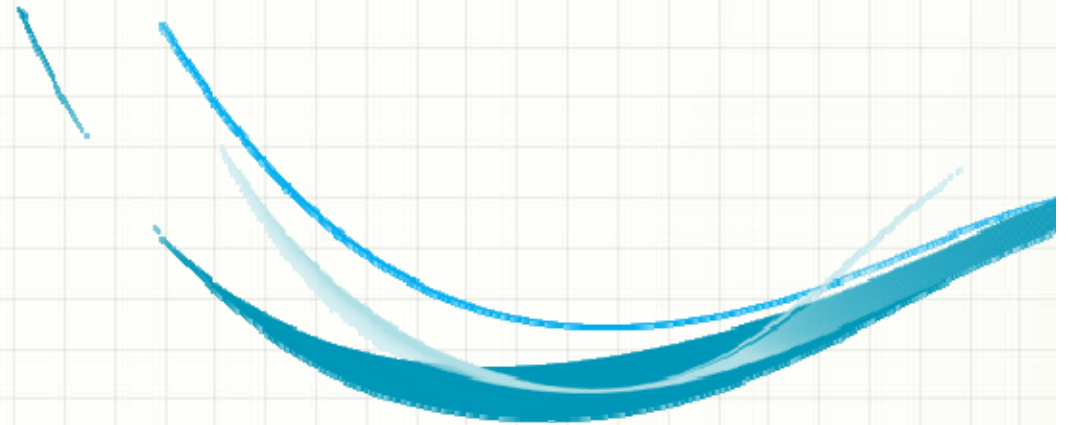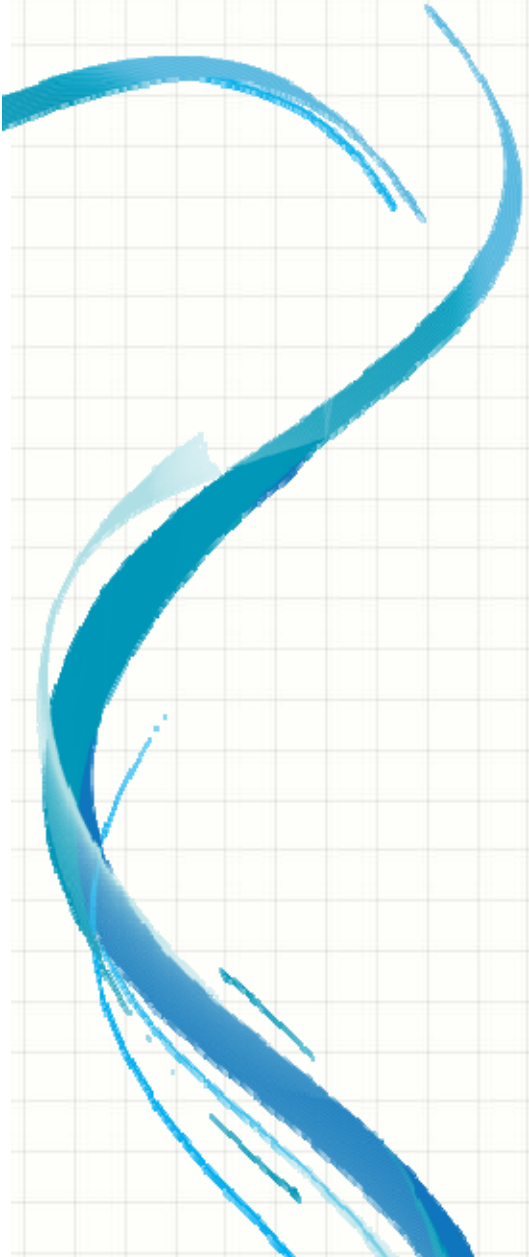
*Salaries and wages represent the vast majority (>80%) of the University's expenses against sponsored activities. The Integrated System's **Labor Distribution** Module is the primary tool used for labor cost accounting and reporting*.

A **Labor Schedule** is a collection of charging instructions that specify how labor costs should be distributed for an employee and assignment.
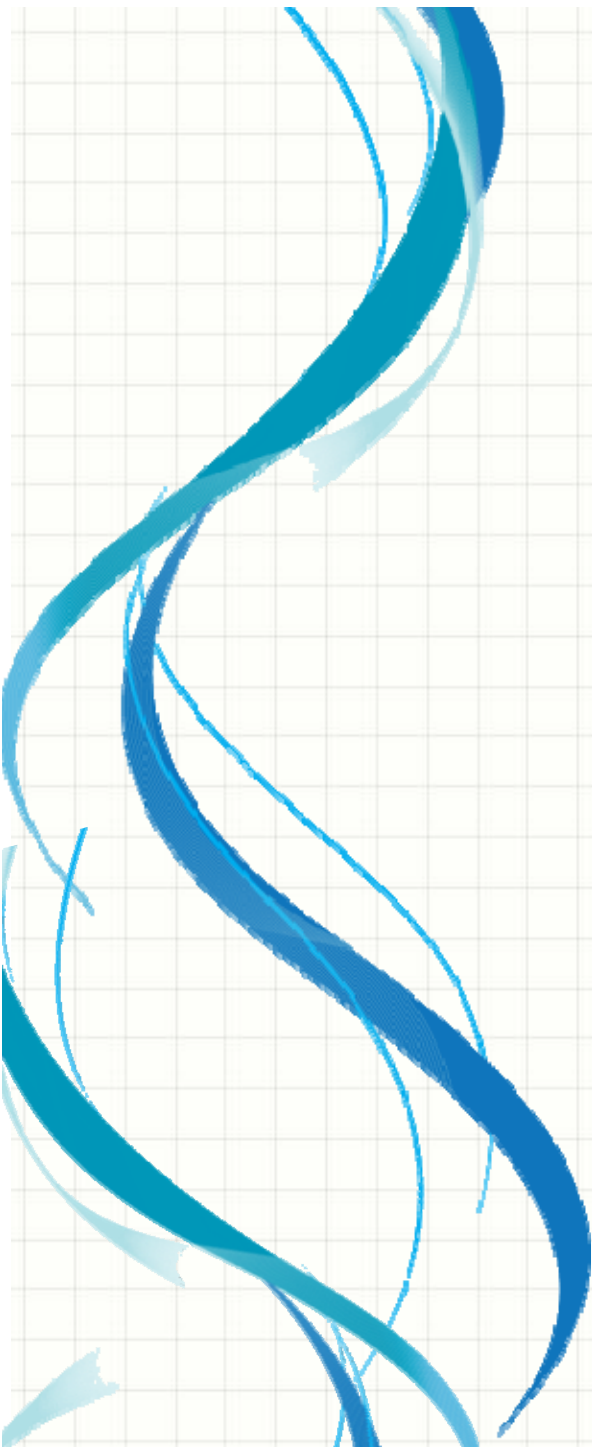
The Integrated System Labor Scheduling module imports labor cost information from the Human Resources System and distributes it across funding sources.

Sponsored Research *activities are externally funded programs under which the Institution is obligated to perform a defined scope of work according to specific terms and conditions within budgetary limitations.*

In fiscal year 2014, sponsored research made up **19.4%** of the **$1.45 Billion** annual academic division operating budget. In contrast, state general funds contributed just 10% to the operating budget.

Source: 2014 Budget Summary

-It is important to understand the difference between types of awards-

Cost Reimbursable: the sponsor reimburses the institution after expenses are incurred. UVA "draws down" or invoices funds at regular intervals based on expenditures. OSP invoices. Project is BUDGETED up front with awarded amount. This is NOT CASH

Event Paid Reimbursement – the sponsor reimburses the institution when specific milestone events or other deliverables are achieved. OSP invoices except for clinical trials/contingent paid/sample testing award types

-Award Types

<u>At Risk Prelim or Extension</u>- Where work is being done in the absence of a signed agreement. This allows for expenses to be captured where they belong while the paperwork catches up.

<u>Contract, Clinical Trials</u> – Since the amount of the award is unknown (depends on # patients) budgets are not loaded. Dept. usually invoices. Payment is always in arrears, deficits are normal and allowable.

<u>Fixed Price or Advance Payment</u> – The amount the sponsor is going to pay is established in advance. Usually there is not a requirement to return unspent balances to the sponsor. These are usually CASH.

Overview and Objectives

1
- To understand how labor scheduling impacts managing and reporting on sponsored research at UVA
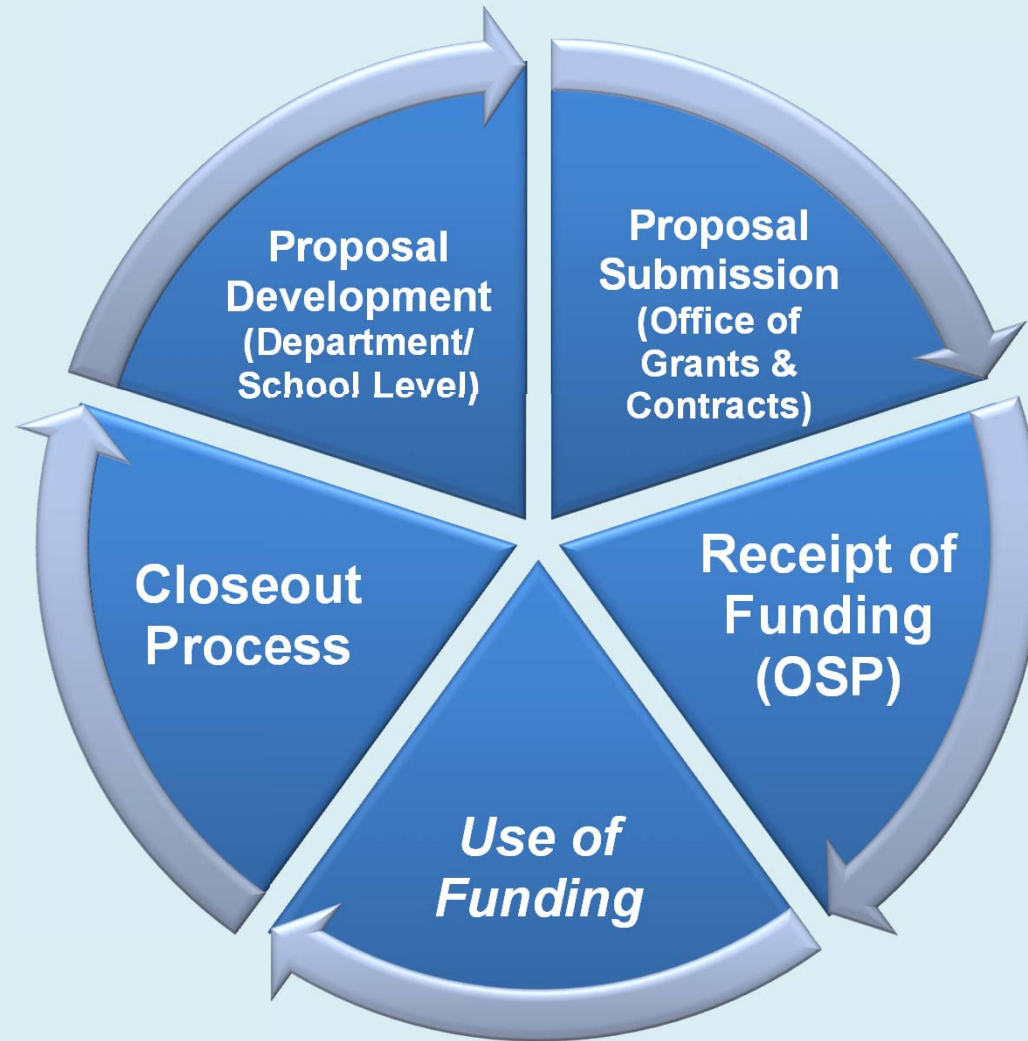
2
- To give LD Schedulers and other decision makers a set of guidelines and examples of best practices

3
- To empower LD Schedulers to obtain the necessary information to make the right decisions when setting up labor schedules

Life Cycle of a Grant

Entering Labor Schedules (LD)

Monthly Maintenance of Labor Schedules

Distribution Adjustments

Labor Scheduling Impacts

Committed Effort

Direct Charged

Paid for by the sponsor

Cost Shared

Paid for by the institution

Payroll

Labor Distribution Schedule

Reports

Salary Encumbrances/ Forecasting

Monthly Reconciliation Reports

Reports to Sponsors

Effort Reports
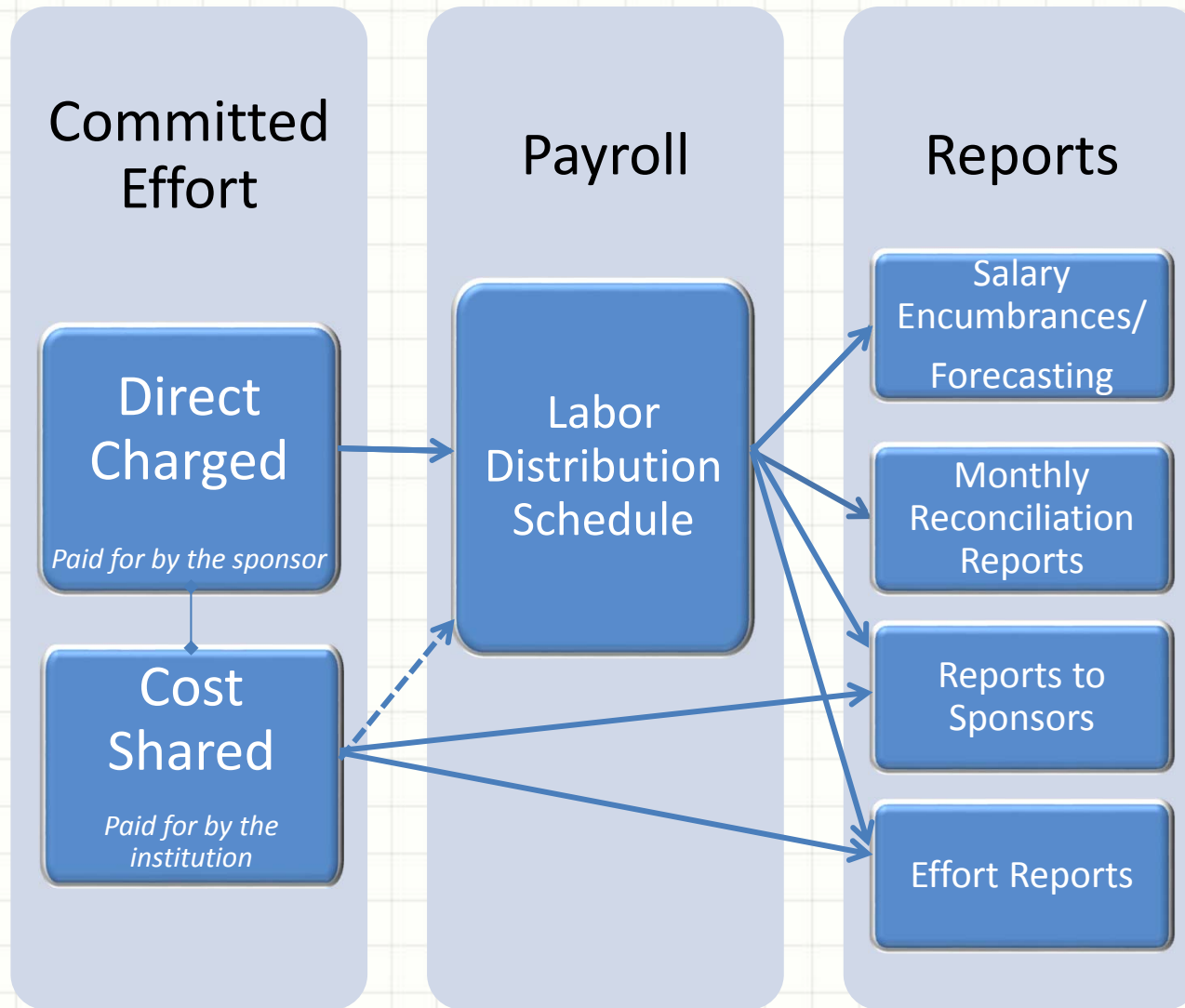
Labor Scheduling Process

Schedule Labor and Monitor schedules MONTHLY

Determine WHO is to be scheduled, for HOW MUCH and for HOW LONG

Receive the Notice of Award and PTAO

Receipt of Funding/Use of Funding
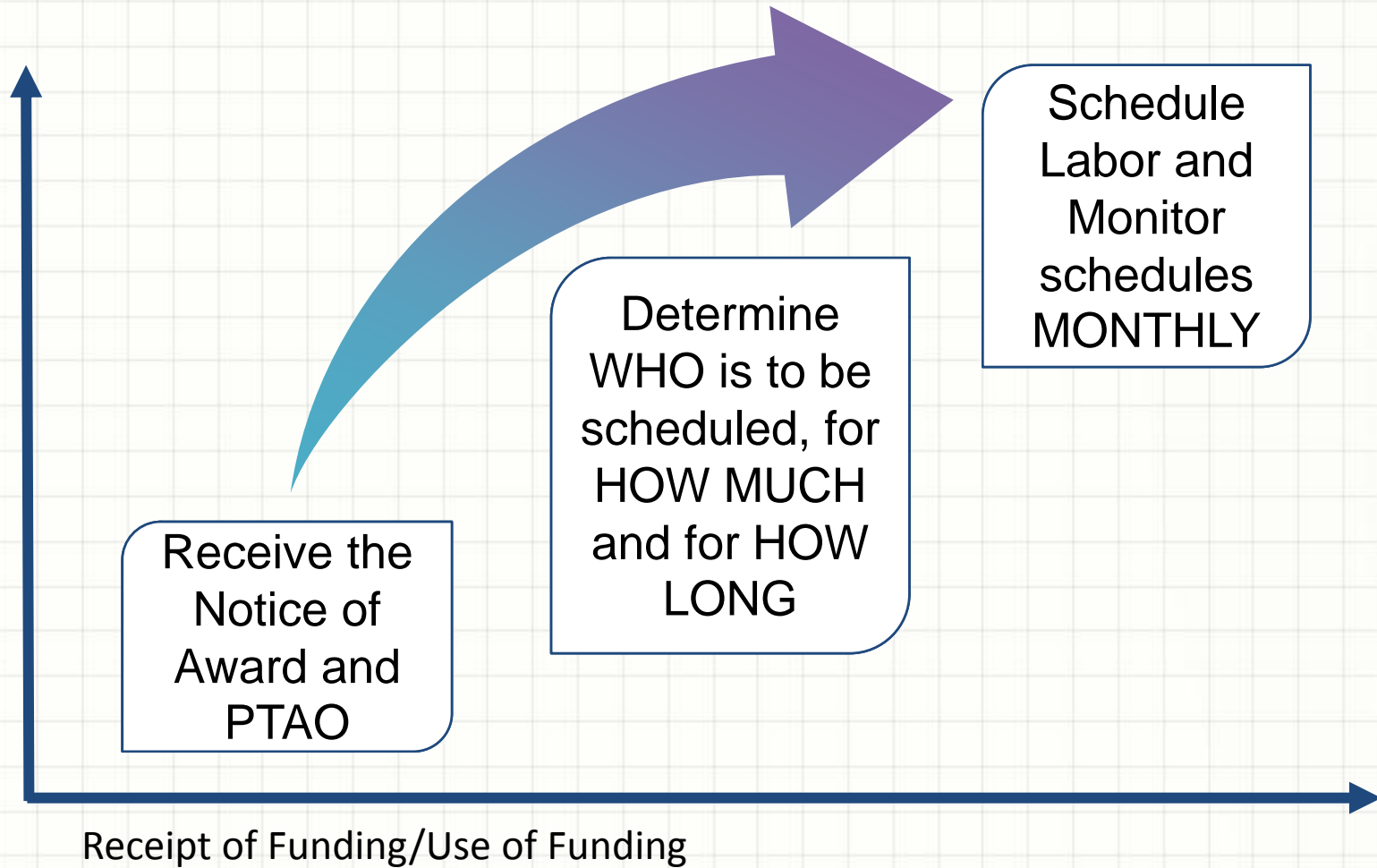
Who's Who

Role	Responsibility
The Principal Investigator	• Ensures that labor costs are incurred for the intended purpose of the grant/contract, and in accordance with sponsor requirements and University policies and procedures. • Communicates with administrators to establish accurate and timely LD schedules for themselves and all supervised employees. • Provides notification of the need for any modification to the labor schedule • Complies with Sponsor requirements regarding any significant reductions (normally $\geq$ 25%) in effort on sponsored activities • Informs other key personnel on the project, particularly those in other departments, of the receipt of the award.
Research Administrator/ Fiscal Contact/ Labor Distribution Specialist	• Communicates with the Principal Investigator regarding the scheduling of salaries on sponsored projects. • Establishes proper/timely labor distribution schedules for persons *in your organization* supported from sponsored activities to ensure appropriate allocations of salary costs. • Adjusts labor schedules in a timely fashion in support of accuracy in salary allocations.
Chair/Division Head	• Maintains effective practices in proper and timely scheduling of LD

Labor Scheduling Steps...........

1) Upon receipt of a notice of award (NOA) and PTAO creation, the PI communicates to the appropriate business unit employee the names and amount of effort of all personnel assigned to the project, making any adjustments necessary to accommodate their effort on other projects. The proposal budget is a good launching point for this discussion.

2) Determine the scheduled start dates for each employee to be scheduled. The scheduled start date can be the first day of the sponsored activity, but if the person will be starting on a sponsored activity after the project start date, the scheduled start date is when the person's effort actually begins.

(Payroll start and end dates should not normally be used for ongoing labor schedules, i.e. 25-JUL-2012 to 24-JUL-2013. It is usually more accurate to use Award start and end dates, i.e. 01-JUL-2012 to 30-JUN-2016.)

3. Determine the Schedule End Date
(Sounds easy, right?)

- Where possible, to minimize the number of entries that have to be made in Labor Distribution, an individual's labor should be scheduled for the **longest period possible** that does not exceed the award/project end date in the Integrated System, since the system is set up to automatically generate the proper encumbrances

- If it is known that the person's effort on a project is limited to a predetermined period of time, the LS end date should be set to the date that the PI has determined that the person's work on the project will end. For example, a data analyst could be brought in for a period of three months to analyze data generated from experiments. That data analyst would be scheduled starting on the first day of work on the project and ending three months later.

Take advantage of the Automatic System Cut-offs

For Sponsored Projects

(G and Z awards), the Integrated System *automatically* stops encumbering salary on the EARLIEST date of the following:

- Any segment of the PTA

  Project End Date

  Task End Date

  Award End Date, OR

- Labor Encumbrance End Date (LEED), OR

- The Labor Schedule, OR

- The individual's appointment end date (HR)

University of Virginia

PI Funds Available Report

17-OCT-13 04.30.16 PM

Project PI:Dutta, Anindya   Project:142228 MD-BIOC Dutta Chromosome   Fiscal Contact:Kish, George Alexander (Alex)

Period   : 'Sep-13'

Grant/Contract #:1R01CA166054-01A1

Description:Effect of anti-S phase agents on human chromosomes

Sponsor:U.S. National Cancer Institute

FnA Rate:58%

Labor may be end dated 31-Jan-2018

Project.Period:01-FEB-2013 to:31-JAN-2018

Project	142228 MD-BIOC Dutta Chromosome		Award	GC42214 MD-BIOC Dutta Chromosome	Project Org	40400 MD-BIOC Biochem/Mole Genetics	Award PI	Dutta, Anindya	
F&A Sch	Org Research, MTDC - On	Lbr Enc End Date	31-JAN-2014	Status	ACTIVE	Award Org	40400 MD-BIOC Biochem/Mole Genetics		

	Budget Category		Budget Amount	Expenses This Period	Expenses To-date	Current Budget Balance	Future Planned Expenses	Budget Available after Planned Expenses
	Personnel Services			9,628.49	78,757.67	-78,757.67	40,806.73	-119,564.40
	Materials & Supplies			4,798.34	71,164.60	-71,164.60	2,224.38	-73,388.98
	Other Services			0.00	3,682.64	-3,682.64		-3,682.64
	Other Direct Costs		207,500.00			207,500.00		207,500.00
		Direct Cost subject to F&A	207,500.00	14,426.83	153,604.91	53,895.09	43,031.11	10,863.98
Total Direct Costs			207,500.00	14,426.83	153,604.91	53,895.09	43,031.11	10,863.98
	F&A		120,350.00	8,367.64	89,091.08	31,258.92	24,958.04	6,300.88
		F&A	120,350.00	8,367.64	89,091.08	31,258.92	24,958.04	6,300.88
Indirect Costs			120,350.00	8,367.64	89,091.08	31,258.92	24,958.04	6,300.88
Grand Total			327,850.00	22,794.47	242,695.99	85,154.01	67,989.15	17,164.86

I have reviewed current month expenditures for accuracy and sufficient source documentation in accordance with University Financial Procedure 1-4a.
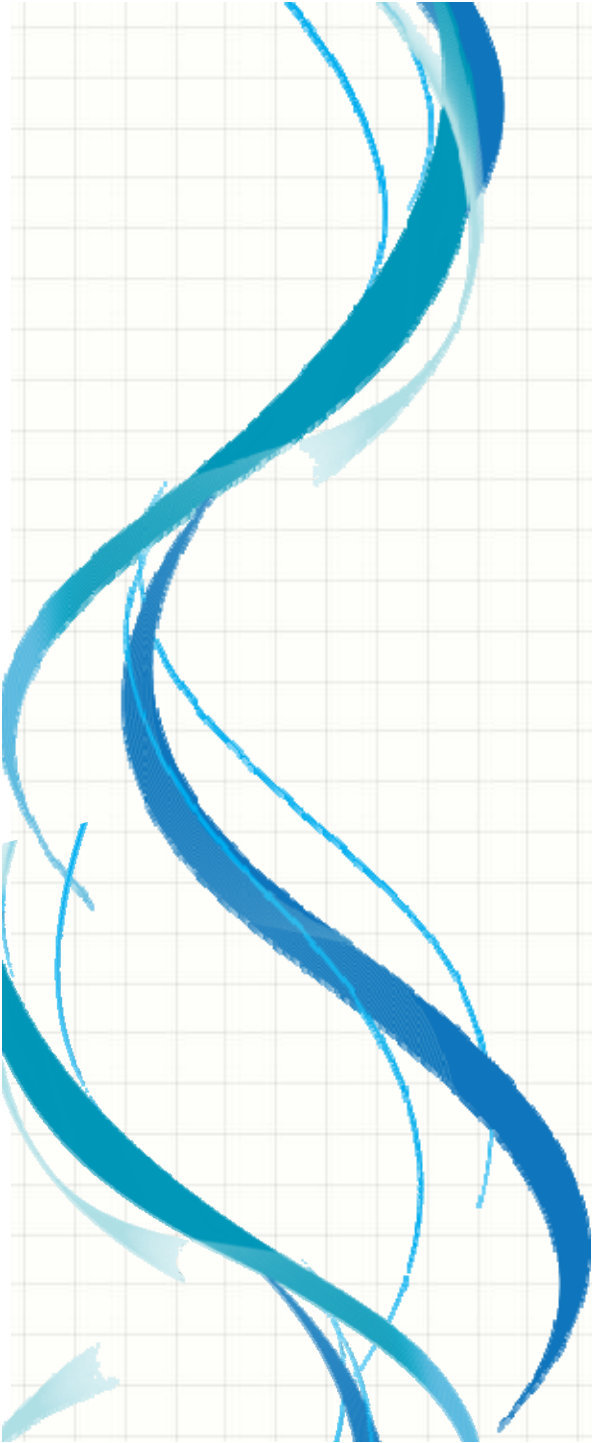
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After review of the period expenditure detail report and this summary report, to the best of my knowledge all costs charged to this project are appropriate and salary and wages charged are in relation to work performed on this project. Where required, corrections have been or will be requested to be made in the Integrated System.

Page: 1

Reviewer:_____Date_____   PI Signature: _____Date_____

Scheduling Steps cont……….

4) The responsible business unit schedules the data using the Labor Distribution Module in accordance with IS Labor Schedule Specialist procedures.

5) Any changes in effort requiring modification of Labor Distribution should be communicated in writing to the responsible administrator in the business unit *by the PI*. Changes may include, but are not limited to:

- Reassignment of work/project changes
- Changes in level of effort
- Budget modification

6) In order to encourage proactive sharing of information, both the PI and the Labor Schedule Specialist should communicate initial effort distributions as well as any modification with the Effort Reporting Coordinator. Delayed adjustments to effort reporting can result in the need for extensive justification and additional documentation.
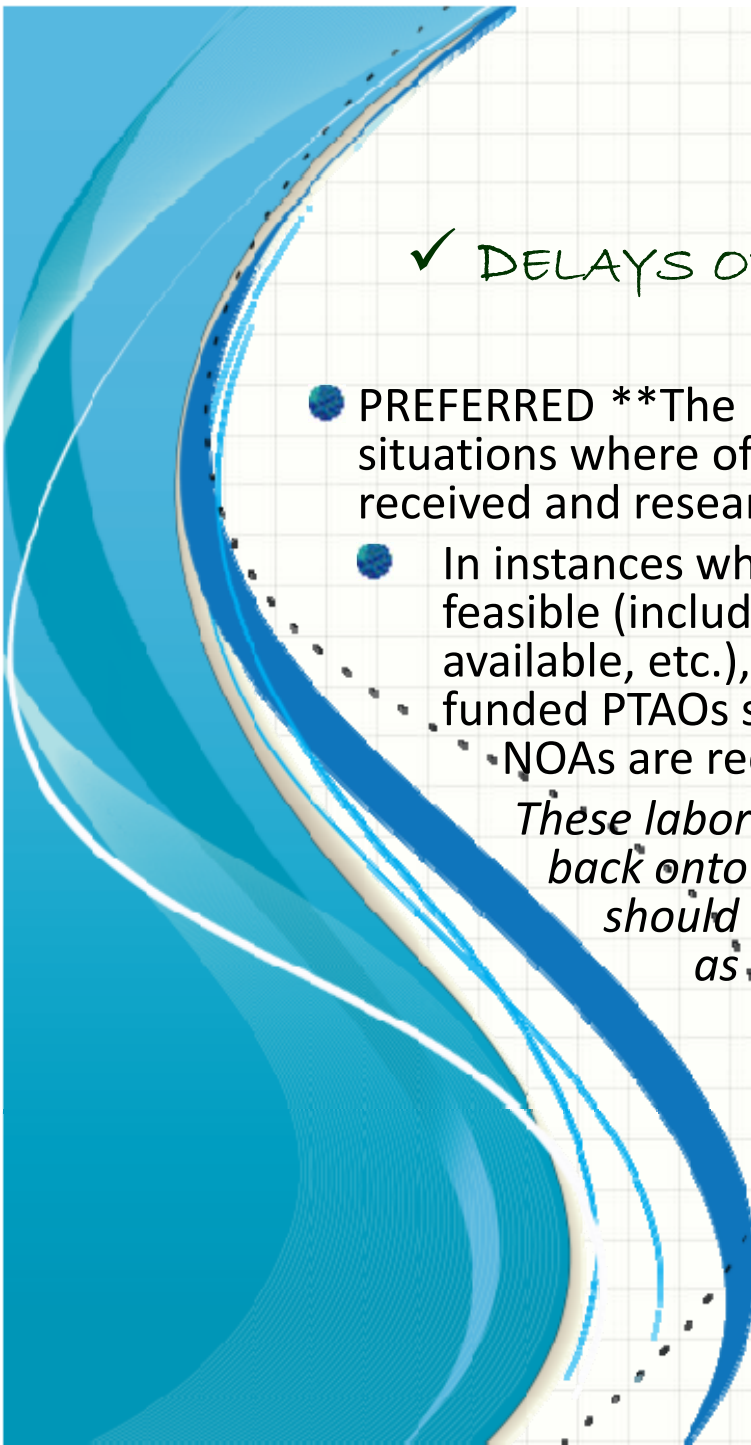
Employee labor schedules are maintained by the **Employee Assignment Organization**. This is true even if the employee is working for a faculty member on a project or in space owned by a different Organization.

Regardless of who owns the award, the LD schedule should use the ORG of the employee.

For each person in a department or unit, a determination must be made on allocation of 100% of their salary. For persons who are not paid from sponsored research project (i.e. Departmental Administrators), it is allowable for salaries to go to an Organizational Default Account. However, everyone who has salary coming from sponsored research must have an LD schedule to allocate 100% of their salary to the correct PTAO.

Special Considerations and Examples

- ✓ Delays or Gaps in Research Funding
- ✓ Clinical Faculty with UVA UPG pay
- ✓ Working with Salaries in Excess of NIH Salary Cap
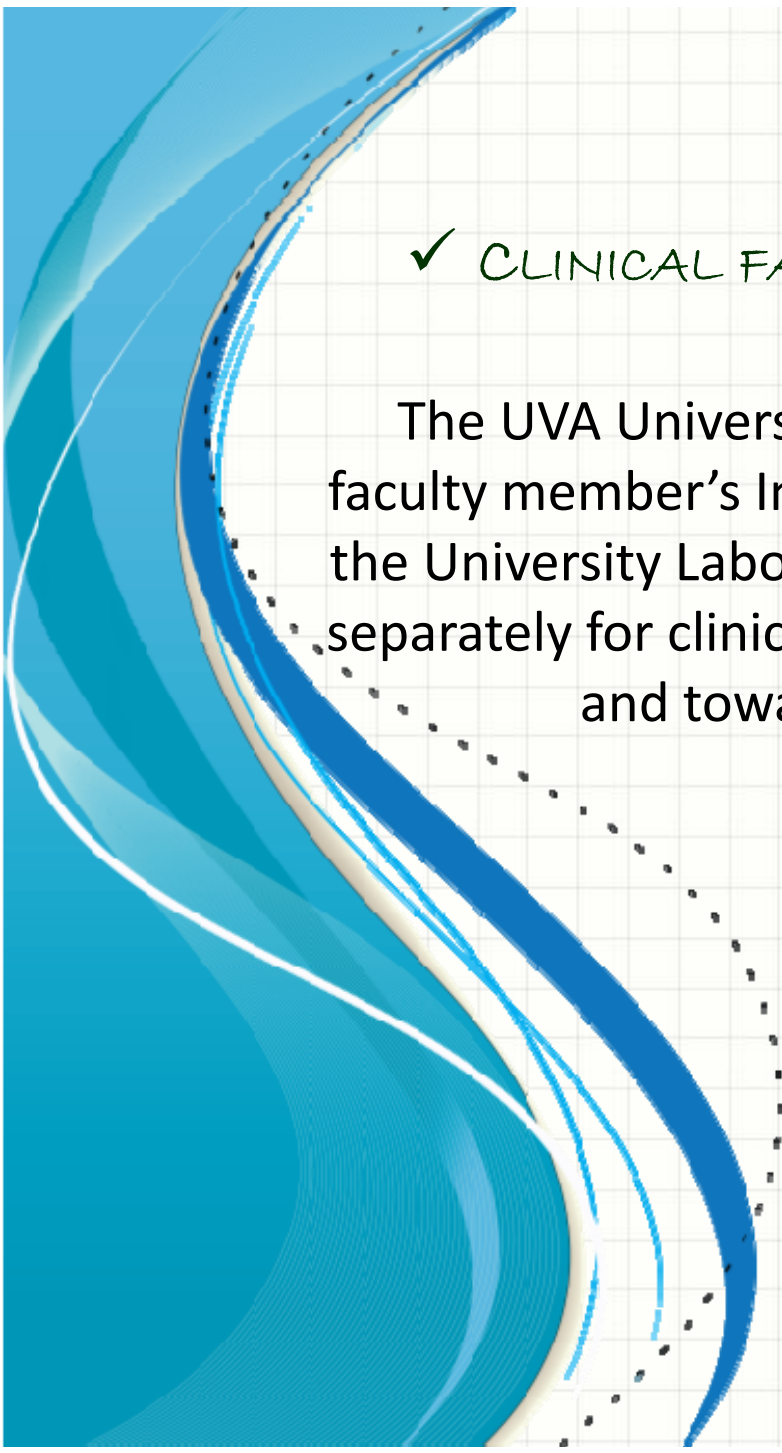- ✓ Clinical Trials

✓ **DELAYS OR GAPS IN RESEARCH FUNDING**

- PREFERRED **The use of preliminary/at-risk PTAOs is encouraged for situations where official award confirmation is anticipated but not yet received and research effort (LD) is being expended.

  - In instances where requesting a preliminary/at-risk PTAEO is not feasible (including circumstances when documentation is not available, etc.), departmental overhead or other non-grant funded PTAOs should be used for initial labor distribution until NOAs are received.

    These labor distributions should be retroactively adjusted back onto the project when it becomes active. Salaries should never be scheduled to another sponsored activity as a temporary measure.

✓ CLINICAL FACULTY WITH UPG PAY

The UVA University Physicians Group (UPG) portion of a faculty member's Institutional Base Salary is not paid through the University Labor Distribution System and must be tracked separately for clinical faculty. It still *counts* as part of their IBS and towards their total *University Effort.*

✓ SALARIES IN EXCESS OF THE NIH SALARY CAP

To calculate the maximum percentage of labor that should be entered into the Labor Distribution module:

Committed Effort Percentage x Current NIH Salary Cap

divided by **UVA Compensation ONLY**

(REMOVE any UVA UPG pay from denominator)

****

Note: The NIH salary cap only applies to NIH or other federal awards that explicitly impose it. If the sponsor does not impose the cap it should not be applied unless permission has been obtained to cost share the salary

✓ CLINICAL TRIALS

- Labor should be scheduled on clinical trials according to the effort expended, beginning when the effort commences, NOT necessarily when patient enrollment begins.

- Since budgets are loaded when money is received, clinical trial accounts will often run deficits. This is expected, but accounts must be monitored closely.

- As with other forms of grant funding, effort devoted to clinical trials should be paid for by the sponsor and not cost shared by other funding sources.

MONTHLY MAINTENANCE OF LABOR SCHEDULES

Review of Labor Schedules by Assignment Organization

- At the beginning of each month and before the first payroll for the month runs, log onto Discoverer and run the following report:

LD_Labor Schedule Hierarchy Report: Labor Schedule with end dates tab (middle tab) *Please note that this report is formatted to print on legal sized paper.*

- Select your ORG code in the Assignment Organization field from LOV (report will not run properly if ORG number is hand-keyed).
- Click OK to run report.

From Menu at top of page select Format: Conditional Format. Click New
Conditional Format……..From the Item pull-down menu select:
UVA_LD_Labor_Sched_Asg_Org.**Schedule_End_Date** <=Last Day of Current
Month (select from Calendar). Click OK

Click OK on the Conditional Format Screen

Employees with a Schedule End Date in the Current month will have a RED
highlight
Employees whose Labor Schedule expired in the previous month will have a
Schedule Type of S (Suspense)

ems: Assignment Organization: 40775 MD-INMD Infectious Dis ▼

Employee Name	▶ Assignment Number	▶ PTAEO	▶ Percent	▶ Schedule Type	▶ Element Name/Group	▶ Schedule Begin Date	▶ Schedule End Date	▶
ey, ... ˙ ˙/P . . y	11300.	. . . . .1 . . . . Salary, Class Staff OT . 40775	100.00	EG	Premium Pay	17-JAN-2011	03-JUL-2011	31-
		.. 791 . 101 . 0011050 . Salary, Class Staff FT . 40775	50.00	A		01-APR-2011	31-MAR-2012	31-
		. . 40 . . .1 . 5199043 . Salary, Class Staff FT . 40775	50.00	A		01-APR-2011	31-MAR-2012	31-
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For anyone with a PTAO ending in the current month, a determination will need to be made on how to extend the LD schedule. If the project in question is being continued or renewed, and the person's effort on the project will continue, then schedule the person to the end of the new end date. If the project in question is ending, then a determination will need to be made as to where the person's effort should be directed, and the new PTAO added. This decision is made by Principal Investigators for themselves and for the people under their supervision.
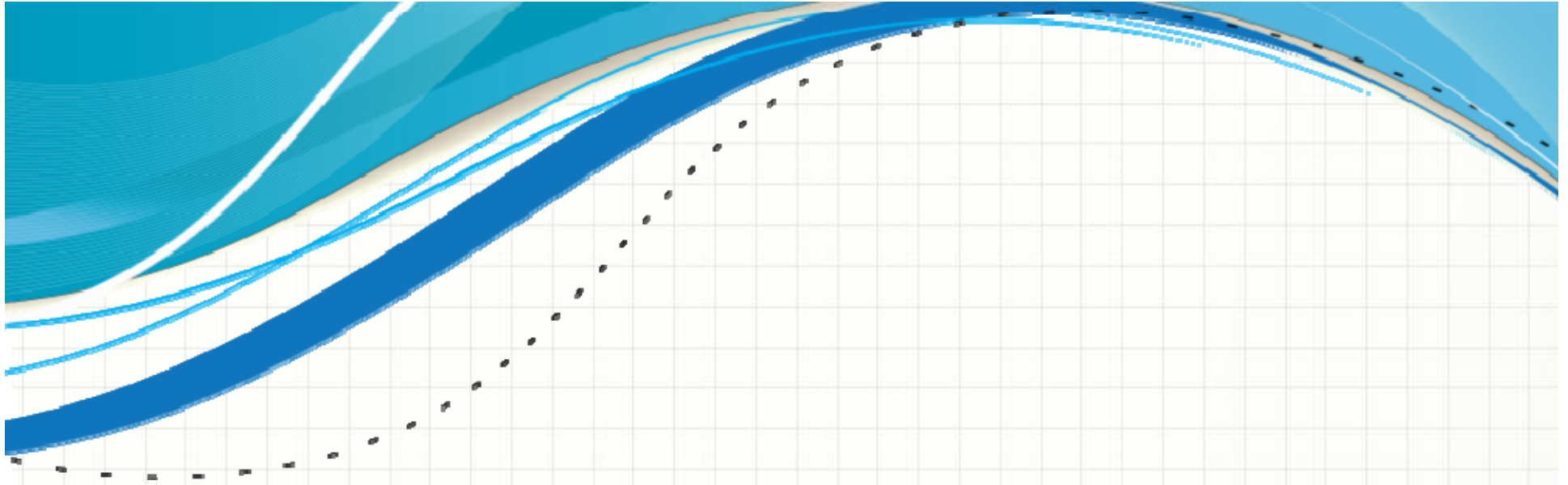
GUIDELINES ON ENTERING DISTRIBUTION ADJUSTMENTS

Labor Distribution Adjustments

Sometimes the distribution of payroll will need to be adjusted after it has been processed. Corrections to previously posted payroll should be made as soon as possible after the need for the adjustment is identified. Delays in submission of adjustments of over 90 days require OSP permission, and may result in disallowance of those charges on sponsored program accounts.

Examples of circumstances that require LD adjustment:

- Delays in funding resulted in charges being initially directed to a non-sponsored account
- The Principal Investigator discovers an error during a monthly account reconciliation review
- The Principal Investigator or other personnel on the project change their effort and there is a delay in the communication of this change, or it is communicated after the current period payroll cutoff dates.
- Another department notifies an employee's home department that he/she should have been scheduled on their project(s).
- During the effort certification process, the certifier realizes that payroll does not accurately reflect effort.

LD Adjustment Steps………

1) Determine the start and end dates of the adjustment. Be sure that they fall within the active project dates.

2) Determine the percentage or dollar amount that needs to be adjusted. Be sure to account for UPG pay according to the formula provided in the LD scheduling procedure.

3) If another ORG provides a dollar amount instead of a percentage, verify that the amount you are given does not include fringes or F&A.

4) Always adjust the salary using the dates of the actual period the work was performed, **even if it means you are required to get a retro.** Do not load the LD into the most recent period(s). Otherwise, the effort report "Payroll" and "Calculated Effort" fields will not be correct for that effort reporting cycle.

Adjustment Steps continued…….

5) Moving salary dollars from one grant to another grant requires extra attention. Keep in mind any sponsor thresholds for changes in effort of the PI or key personnel. Ensure that the changes will reflect the actual effort expended across *all* projects and that the receiving project has adequate funds. These types of moves require thorough justification and will be reviewed for allowability.

6) The LD adjustment batch comment should include:

    -The default batch comment

    -Reason for the transfer – if you are transferring salary onto a sponsored project, include the technological benefit to the recipient grant and/or the person's role on that project; if transferring salary off the project, include the reason for the transfer.   Use the list of [Reason Codes](to reduce the amount of text that must be included.

Adjustment Steps continued…….

7) Prior approval (retro approval number) is required

- For adjustments over 90 days old from the date the payment was issued

- If a generated effort report has moved beyond the 'Pre-Review' status into the hands of the Certifier

8) Verify that your adjustment is correct and all comments are in place before the final submission. As a reminder, the UVA naming convention to be used is School/Department prefix - last name of employee you are entering the distribution adjustment for, first name or initial - date entered, for example MDBIOC-Smith,J-05SEP2013. Do not use wildcard characters such as < >" ' \ & as these will cause an error in the workflow process.

Adjustment Steps continued…….

9) LD adjustments impacting sponsored projects ONLY (G and Z award/projects) trigger a workflow review process in the Integrated System.

- OSP reviews LD adjustment batches daily creating a workflow for feedback to the creator of the batch,

- OSP will take one of the following actions via workflow notifications/email: a)Approve, b) Reject, or c) Return with Comments

Adjustment Steps continued…….

- If Returned with Comments, the creator will be responsible for taking one of the following actions: a) Resubmit with added comments, or b) Finish (delete) the batch. One of these two actions MUST be taken. Failure to act on a returned batch places the salary dollars in a limbo status that is unreachable by anyone but the creator of the batch.

- In order to add necessary details (reason code, employee role, etc.), click on the "Note" field at the bottom where "Response" is indicated. Add the details and resubmit.

10) *Follow up LD Adjustments with a corrected Labor Schedule where needed so that future LD adjustments are avoided.*

Some (actual) examples of good LD Distribution Adjustment Justifications

- "The PI, Dr ___, instructed that his LD be adjusted in order to accurately reflect his effort towards a new project."

- "The graduate student changed labs, and PI, Dr. ___ instructed the LD be adjusted to reflect change in project."

Some (actual) examples of NOT-so-good LD Distribution Adjustment Justifications
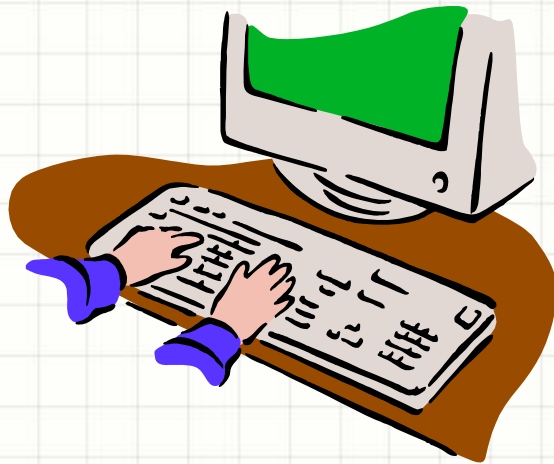
- "Charging LD to correct PTAO"
- "Labor schedule was not set up correctly. We are fixing this."
- "PI told dept to change the LD"

Allocation and role not addressed

- "The department is short-staffed and no one had time to schedule the labor"

While this may be true, it is not an acceptable justification.

SUMMARY

I have a question!

**Labor Scheduling is one of the *most* critical aspects
 of managing grant dollars**

> **Impacts everything from reporting to forecasting
> to effort reporting to basic science incentive pay**

Get the information you need to do it right

> **If you are having trouble getting correct information in a timely
> manner, tell someone**

**Keep on top of it, make changes as soon as you know about them and
monitor regularly**

> **Run reports and review schedules monthly**
> **Labor suspense accounts should always be -0-**