

Time and Effort Policy - Norman

Policy Statement

The Office of Management and Budgets' (OMB) Uniform Guidance: *Cost Principles, Audit, and Administrative Requirements for Federal Awards* includes regulatory requirements for certifying effort expended on sponsored awards with which the University must comply. Effort directly charged to sponsored projects and any committed cost shared effort (i.e., committed effort that is not directly charged to the award) must be identified in the University's effort distribution/reporting system.

The principles that govern how the University must document time and effort on federal awards are in OMB Uniform Guidance which requires each grantee to maintain a system of distributing salary charges to federal awards that results in a reasonable allocation of salary charges to each award. The salary distribution system also must include a periodic review to confirm the reasonableness of salary charges to the federal projects.

The University employs an *after-the-fact* payroll confirmation system that provides the principal means for verifying salaries charged to sponsored projects are reasonable and consistent with the portion of total professional activity committed to the projects.

University of Oklahoma Position on Implementing – Payroll Confirmation Policy

The University receives significant funding for sponsored projects from federal and state governments, private foundations, organizations, and industry. There must be accurate planning and verification when these funds are expended for salaries and wages.

Payroll confirmation is required by Federal regulations ([Office of Management and Budget's Uniform Guidance](#)) for all personnel costs charged to federal sponsored awards. To be compliant with these regulations, the University is required to have a system in place for confirming the allocation of salaries and wages associated with sponsored projects. The University has selected the Employee Compensation Compliance (ECC) system for this purpose.

Purpose of Policy

The purpose of payroll confirmation is to provide a reasonable basis for distributing salary charges among direct activities (e.g., sponsored projects) and non-sponsored activities (such as instruction and administration). OMB Uniform Guidance requires that the University document the distribution of activity to each individual sponsored project, including any cost shared effort (i.e., committed effort that is not directly charged to the award).

Method of Reporting

1. At the beginning of each fiscal year and/or budget year salaries and wages are planned and distributed to various activities based on an individual's expected effort (i.e., effort commitment proposed in sponsored project budget). Effort distributions should be reasonable estimates of activities, recognizing that research, instruction, and service activity are often inextricably intertwined, and estimates will be necessary in most cases.
2. This effort distribution is normally accomplished by the department administrator/Shared Business Service Center (SBSC), in consultation with the principal investigator (PI). The effort distribution must be adjusted in a timely fashion for significant changes in effort when they become known.

3. ECC includes activity (research, teaching, administration, and any other activity) for which the investigator or employee is compensated as part of their **institutional base salary**, as well as summer pay on grants and contracts. Other activities generating additional pay, such as overload teaching, consulting, or non-university (professional) committees are **not** included.
4. Payroll confirmation and labor distributions are not the same thing.
 - Labor distribution represents an initial estimate of how effort is expected to be expended.
 - The payroll confirmation process within the ECC system is a method for confirming that charges made to sponsored awards are reasonable in relation to the work performed. This is done by reviewing, updating, and preparing salary reallocations, and, if necessary, making appropriate changes.
5. Individuals are not always paid from individual sources in direct proportion to the amount of activity provided to support that sponsor or account. If actual effort on a grant is greater than salary charged, then it is committed cost sharing. The cost shared effort must be captured in PeopleSoft which will then populate in ECC to confirm as part of the total payroll committed to the project.

Who is Required to Complete Payroll Confirmation Statements?

The University uses project-based payroll confirmation (confirmation of all payroll costs by project). All payroll confirmation statements must be confirmed by the PI or a designee with **firsthand knowledge** of all the activities performed by the employee.

Designees

All PIs are required to approve their payroll confirmation statements. In certain circumstances, the PI may delegate this responsibility to another individual with first-hand knowledge of his or her sponsored award. The individual who confirms the payroll must attest that the salaries charged reasonably reflect work performed on the project and that the signer has sufficient technical knowledge and/or is in a position that provides for suitable means of verification that the work was performed.

Requests for a designee require documented approval by the Grants and Contracts Accounting (GCA) Lead Grant Analyst. The designee request form can be found [here](#). Completed request forms should be emailed to OUNECC@ou.edu.

Payroll Confirmation Process

The University is using a semester-based payroll confirmation method to align with the semester calendar. The report will be routed to preassigned department administrators at the end of each semester. Automated email notifications from ECC provide an alert that the reports have been generated and are available within ECC. Department administrators have 14 calendar days to complete the review and submit any corrections. Corrections are completed through the submission of a cost transfer. Once the 14-day period is completed, the report will be routed to the PI. If the PI identifies any errors, the report **must not** be confirmed. The necessary correction must be submitted to SBSC/department administrator for processing.

To ensure timeliness of confirmations in compliance with university guidelines, department administrators/Pis should continue to utilize the payroll report provided as part of the monthly Project Status Report to proactively manage payroll expenses. This report should continue to be reviewed monthly to ensure that errors are identified and corrected in a timely manner.

Payroll confirmation statements are to be confirmed by the Principal Investigator (or approved designee) within 30 days of being released to the PIs by Grants and Contracts Accounting. PIs receive a notification from the ECC system when the statements are released. The system then sends out three additional reminders prior to the due date.

The University understands there may be exceptional circumstances that will warrant an extension. If an extension is needed, the reason for the extension must be documented and approved by the Director of GCA, or designee, in advance of the report deadline.

Delinquent Reports

First Delinquency Notification:

The first business day following the due date, the delinquency notification process begins.

- A delinquency email will be generated notifying PIs, who need to act on an effort report, to remind them that the report is overdue and request completion of the assignment.

Second Delinquency Notification:

If 30 business days have passed since the first delinquent notification was sent, and the delinquent payroll confirmation statement has not been confirmed, and there has been no approved extension request on file nor has a follow-up been made by the department to GCA, a second delinquency notification will be sent.

- The second delinquency notification will be in the form of an official delinquency memo from the Assistant Vice President of Research Financial Services and is sent to the department chair/director, with a copy to the department administrator and the Vice President of Research and Partnerships office designee.

Sanctions for Non-compliance:

- Failure to follow the provisions of this payroll confirmation policy may subject the individuals and departments responsible for the violation(s) to administrative and/or disciplinary actions in accordance with university disciplinary procedures. Specifically:
 - If payroll confirmation statements are not completed in a timely manner, the PI's home department will be notified. Salary costs associated with unconfirmed grant activity may be removed and charged to a department/center account or other non-project account.
 - The Vice President for Research and Partnerships **will be notified** and may suspend submission of any new proposals on behalf of a noncompliant PI or inclusion of a noncompliant researcher in proposals, until payroll confirmation statements are properly completed and confirmed.

Submission of payroll confirmation statements that are known at the time of submission to be materially inaccurate may expose the individual who completed the reports to disciplinary action.

Effort Report Reconfirmation

Once a payroll confirmation statement has been approved in ECC, no further adjustments to that individual's distribution of effort are allowed unless approved by the Director of Grants and Contracts Accounting. Sufficient and appropriate documentation must be provided that supports allowability and allocability and must explain why the effort was originally confirmed incorrectly.

Record Keeping Requirement for Payroll Confirmations

All payroll confirmation statements are kept within the ECC system, which is the official system of record at the University. Therefore, all compensation statements are subject to review by both internal and external auditors.