

Payroll Compensation and Sponsored Awards

Effort Reports

- Per Federal Regulations (2 CFR 200 Section 200.430 Compensation – we must maintain records that are supported by a system of internal controls which provide reasonable assurance that the salary/payroll charges to sponsored awards are accurate, allowable, and properly allocated.
- Reasonably reflect the total activity for which the employee is compensated by the institution (per the institution's definition of IBS)
- Issued by WVU for July 1 – Dec 31 and Jan 1 – June 30
- Auditors ask for Effort Reports all the time

Institutional Base Salary (IBS) – 2 CFR 200 Subpart E 200.430

- Defined in the Uniform Guidance as the annual compensation paid by an Institution of Higher Education for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities.
- **Unless there is prior approval by the Federal Awarding agency**, charges to a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.

Institutional Base Salary (IBS)- WVU Policy

- Federal rules and regulations...do not allow for an individual's institutional base salary to be increased as a result of obtaining grant funding. Charges for work performed on sponsored agreements by employees must be based on the employee's institutional base salary (IBS) during the fiscal year period of performance.
- Pay Elements included in IBS
 - Regular Pay
 - Summer Pay
 - Supplemental Pay

Payroll Elements

- <https://financialservices.wvu.edu/cost-compliance/effort-reporting/element-definitions>
- Elements not usually allowed on sponsored awards:
 - Incentive pay
 - One Time Pay
 - Overload Pay
 - Incidental Pay
 - Special Pay
 - Annual Leave Payouts (usually on Lump Sum Pay elements)

Effort Reporting Changes for FY 2025

- Ernst & Young issued an audit finding to WVU in the State of WV Single Audit for FY 2024 for Effort Reporting due to some of the effort certifications in the audit sample not being reviewed and approved by someone knowledgeable of the work.
- To address this issue, guidance concerning who should certify the Effort Reports for FY 2025 has been modified.

Effort Reports Must Be Certified By an Individual with first-hand knowledge of all the activities performed by an employee:

- **Faculty**

- Ideally, all faculty should certify their own effort.

- **Staff**

- Effort Reports for classified staff, non-classified staff, and Research Corp Employees should be certified by someone with first-hand knowledge of the employee's effort.
- If the staff member has an understanding of how their effort directly benefits the accounts that were charged, the employee can certify. If not, the employee's supervisor or PI of the award should certify.

Effort Reports Must Be Certified By an Individual with first-hand knowledge of all the activities performed by an employee:

- **Student Workers, Graduate Assistants, Temporary Employees, Seasonal Employees**
 - Effort Reports must be certified by the PI of the award or the employee's supervisor.
 - The PI or the supervisor must have first-hand knowledge of the effort expended in order to review and certify the report.

Compensation Internal Controls

Initial Payroll Allocation

- **There is a basis and means to document the allocation of payroll**, i.e, "budget estimates" used for "interim accounting purposes, which may be based on the awarded budget, consultation with the PI, etc.
- **There is record of someone in a project oversight role having approved the allocation** of payroll for individuals on projects.
- At WVU, this is the % of Effort on Schedule Lines – Did PI/PI designee/someone with knowledge of who is working on the award approve?

Compensation Internal Controls

Review

- **Reports of payroll charges are provided to the department or PI for informational purposes** on a regular basis, which may be used to trigger reallocations of payroll and any necessary Labor Distribution Adjustments. – Grant EBSR and related Grant Expenditure details
- **Payroll charges are reconciled by the department or PI**, via review of payroll reports, to ensure changes to payroll allocations or LDA's are executed as intended on the project – Grant EBSR and related Grant Expenditure details.

Compensation Internal Controls

Review (continued)

- **Certification of the Effort Report by an individual with first-hand knowledge of the activities performed by the employee**

Methods of Certification

1. Attach the pdf report to the following link and certify electronically:
<https://wvu.kualibuild.com/app/builder/#/app/62e92ee90045981b3e3d4be2/run>
Certifiers are able to cc departmental contacts or anyone in the University in this option
2. Adobe/digital signature sent to cost@mail.wvu.edu and/or mdspransy@mail.wvu.edu
3. Scan or photo of wet signature sent to cost@mail.wvu.edu and/or mdspransy@mail.wvu.edu
4. Email with the exact words “I approve of the percentages on report ID XXXXXX”
(located directly below employee name on the pdf). The email approval must be forwarded on to cost@mail.wvu.edu and/or mdspransy@mail.wvu.edu

Contacts

Jaime Bunner – Director, Financial Projects & Compliance

jaime.bunner@mail.wvu.edu

Martha Spransy – Lead Corporate Accountant

martha.spransy@mail.wvu.edu