



FY 2009 Qtr 4

DATE: September 14, 2009
TO: Business Administrators
FROM: Sandra Sanders, Executive Director, GCC
RE: Labor Verification Statement Instructions

The federal Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions, requires periodic confirmation of distributed effort charges. The enclosed employee Labor Verification Statements (LVS) list distributed employee effort for the fiscal year and period indicated above.

Purpose

Labor Verification is a process mandated by the federal government to verify that direct labor charges to or cost shared on Federally sponsored agreements are reasonable and reflect actual work performed. Labor Verification is also required to ensure that facilities and administrative (indirect) charges to federal awards are reasonable. To ensure that the Labor Verification System reasonably reflects actual effort expended, the person completing the statement must be a person with first-hand knowledge of the effort expended (NOT a business manager). **Signed Labor Verification Statements are considered legal documents in which an individual attests to the accuracy of the effort spent on sponsored projects.**

Deadline for Return

All original forms must be reviewed, corrected if necessary, signed, dated, and returned to Government Cost Compliance, ML 0225, **within 45 days of receipt**. Department heads, Deans, and the Provost's office will be copied on escalating late notices. **Failure to certify effort or labor verification within the date parameters specified may result in disciplinary action and postponement of pending proposals and a reduction of the unit's F&A return.**

Failure to return the executed LVS within the time frame may prompt Federal audit scrutiny of the University and your department. By returning the completed LVSs within the time frame stated, you can more quickly identify errors on a timely basis thus preventing future LVS corrections and late cost transfers.

If there are any questions, please contact Janet Brown at 558-2604 or email at brown2jt@uc.edu. Also, please refer to the FAQ's on the GCC website. (www.uc.edu/af/gcc)

Content

- ❖ LVS forms are generated for each employee with sponsored award-related salary charges (not including fringe benefits) during the period noted, either charged directly or cost-shared. Because the sponsored charges for one employee may span multiple departments, it may be necessary to complete the sections relevant to your department and then route the form elsewhere as indicated on the form. It may also be the case that some employees for whom you receive forms are not assigned primarily to your department.
- ❖ Five wage types are EXCLUDED from this form-**OAWD** (award), **OBNS** (bonus), **OEXC** (extra compensations) and **OROY** (royalty payments), **OADL** (additional pay) - since the forms required for these payments provide sufficient verification. Other than these exceptions, the total salary for the employee is now shown on the LVS. Relevant sponsored awards are individually listed per principal investigator (PI) and non-sponsored charges are combined into a single “All Other” category.
- ❖ **Work Study** is also considered “non-sponsored”. When an employee’s only federal award is work study, an LVS will not be generated. Where there are sponsored sources in addition to work study, the work study charge is included in “All Other”.

Reporting Periods

LVS forms are generated for each fiscal quarter. Regardless of classification and/or contractual agreement, all employees with sponsored award-related salary charges are included.

Verification

❖ Review and Correction

- Review each LVS against the appropriate grant budgets and the LH100E report from BW. If significant corrections (**defined as “at least plus or minus 5 %”**) are necessary, cross out and write in the correct amounts/percentages.
- Initiate the process of the PCR/CTR . Indicate on the LVS the dates the PCR/CTR was initiated.
- Return the corrected and noted LVS to GCC **UNSIGNED** by the PI.
- After the changes have taken place in the HR system, the department must request a revised reprint of the LVS. Reprints will be sent in PDF format via email.
- The department will verify that the LVS is now correct and present it to the PI for signature.
- When the amount/percentages are correct and the PI has signed, return the certification to GCC.

NOTE: PREVIOUSLY CERTIFIED EFFORT MAY BE MOVED TO A DEPARTMENTAL FUND, HOWEVER IT MAY NOT BE MOVED TO A DIFFERENT GRANT.

❖ Signature Criteria

- PI or Faculty signature certifying verification is obtained only after the LVS is correct and a clean LVS is available. Thus, if a change is needed to be made by PCR/CTR, the signature will be obtained **after** the revised LVS is received in the department.
- Single or multiple signature lines have been included in the LVS forms as applicable to the employee. Each PI **MUST** sign their own LVS and for each non full-time faculty employee working on any of their awards. Likewise, each full-time Faculty member **MUST** sign their own LVS. Only PIs or regular full-time faculty appointees will sign their own forms. Also, when multiple signature lines are included, the “All Other” salary must be certified by someone who is sufficiently knowledgeable of that effort. The person signing for “All Other” can be the PI of a grant worked on by the employee, the Departmental Business Administrator, or the Department Chair. Faculty members, as previously mentioned, will sign for themselves in the “All Other” portion as well. If the PI is out of town and unavailable to sign, an e-mail from the PI referencing the employee by name and the percentage of effort being certified and attached to the LVS will be accepted. **NO OTHER SIGNATURE WILL BE ACCEPTED.** If a Faculty member has left the University, the signature of the PI will be accepted. If the PI is no longer employed by the University, the signature of the Department Chair is needed.
- Students are not required to sign their statement. If there is a question about who should sign, please contact **Janet Brown at 558-2604** or brown2jit@uc.edu.
- **ONLY ONE SIGNATURE, PER GRANT LINE, IS REQUIRED!** The PI signs their own statement and also for each non full-time faculty member/staff working on their award. Full-time faculty members will always sign their own statements.

❖ Routing

- If the employee’s LVS requires signature by a PI in another department, the employees department **MUST** forward the LVS to the PI’s department for signature certification.
- An LVS for a **staff or faculty member** is routed to the current home department; even if that home department is not the department that houses the PI or under the cost center number where the grant work was performed. **The BA for the home department has the responsibility (whether direct or delegated) to have the LVS verified and certified.**
- An LVS for a **student**, as well as research assistants is routed to the department that has the responsibility for the grant. **The responsible grant department’s BA has the responsibility (whether direct or delegated) to have the LVS certified.**