

Overview of the Labor Verification Report by Project

By reviewing and approving the Labor Verification Report by Project, the principal investigator (PI) of a sponsored project certifies after the fact on an annual basis that salary and wages charged to their sponsored projects, including committed cost share, are accurate and reasonable in relation to the work performed for the reported time period.

Certification Background

Regulatory Changes

In *December 2014*, the U.S. Office of Management and Budget (OMB) issued the 2 CFR 200 “Uniform Guidance” that replaced the administrative and accounting rules and principles previously found in several OMB Circulars. The Uniform Guidance is intended to improve efficiency, effectiveness and transparency of administrative requirements while also reducing waste, abuse and administrative burden. The Uniform Guidance offers the ability to reduce administrative burden on faculty researchers by transitioning to an acceptable alternative method in certifying labor on sponsored projects.

As stated in OMB 2 CFR 200:

[§200.430 Compensation—personal services](#)

(a) *General*. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to salaries and wages. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

b) *Reasonableness*. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.

Annual Labor Verification Process

On an annual basis, Labor Verification Reports by Project that address the compensation requirements in the Uniform Guidance (Cost Principles 200.430) will be collected for each federally funded award.

Technical Specifications for the Labor Verification Reports by Project

Certification of salary and wages are based on the below specifications:

Institutional Base Salary (IBS)

The total guaranteed annual compensation an Individual receives from Dartmouth College, whether the Individual's time is spent on research, teaching, or other activities. The IBS shall be used to compute salaries and wages charged to sponsored projects unless sponsored policies further limit salary and wage charges. IBS includes compensation for instruction, public service, research, and/or other activities. Individuals who work continuously as Deans, Department Chairs, or Center Directors shall include supplemental compensation that they receive for serving in these roles as a part of the IBS. IBS excludes fringe benefit payments; reimbursed expenses; temporary, supplemental compensation for incidental work; income earned outside of duties; and any portion of compensation deemed to be at-risk.

Labor Verification Reports by Project Roles

ADMINISTRATOR – OSP run and manage Labor Verification Reports by Project, provide read only access of these reports to Department Grant Manager's (DGM) and provide approver access to PI's or Designees.

APPROVER – PI's who are involved in proposing, expending, and managing federal sponsored projects are required to review and certify, via their approval of the Labor Verification Reports by Project that salary and wages charged to their federal sponsored projects were reasonable in relation to the work performed.

REVIEWER – DGM's who manage sponsored projects will have read only access to the Labor Verification Reports by Project for their PI's.

DESIGNEE - In absence of the PI, approval of Labor Verification Reports by Project is delegated to a designee. The designee must have sufficient knowledge to perform the review and approval of the project report data.

Reporting Time Period

Each individual sponsored project has a specific START and END date. The Reporting Time Period will include the salary and wages that coincide with the start and end date of that project on an annual basis.

- If a federal award receives a no-cost extension, a final project report will be run for the no-cost extension period.

Reports will be made available within 60 days after the project period end date and should be certified by the PI or Designee within 30 days after receiving the report certification notice.

For example:

Project: 512XXX

Project Start Date: 06/1/2018

Project End Date: 05/31/2021

The Labor Verification Reports by Project generated in this example would be as follows:

6/1/2018-5/31/2019 – Document certified by 8/29/2019

6/1/2019-5/31/2020 – Document certified by 8/29/2020

6/1/2020-5/31/2021 – Document certified by 8/29/2021 (Final Project Report)

NOTE the following:

- *Salary and wages reported is determined by the Expenditure Item Date (date the payroll cost was incurred) that falls between the start and end date of the reporting period.*

For example:

Using the example above, any salary/wages that fall in the Expenditure Item Date range of 6/1/2018 – 5/31/2019 would be captured in the year 1 Labor Verification Report by Project.

- Please see the Transition to Labor Verification Reports by Project section at the bottom of page 4 of this document that explains how we transitioned from PI's certifying Labor Verification Reports by Employee to certifying Labor Verification Reports by Project.

Labor Verification Report by Project Process

1. OSP runs a report identifying all federal and federal flow through awards that had a project start date that began 12 months earlier.
2. OSP generates and uploads Labor Verification Reports by Project into OnBase.
3. OSP emails DGM an OnBase link to view their PI's Labor Verification Reports by Project in case any of their PI's have questions during their review of their reports.
4. OSP emails the PI an OnBase link to their Labor Verification Reports by Project to review and electronically approve their reports.
5. If the PI identifies that adjustments are needed, the PI will need to work with their DGM to send through a correcting wage transfer.
 - DGM will notify OSP that a wage transfer is being sent through to correct a salary or wage amount on that project.
 - DGM will notify OSP once the wage transfer has posted so that OSP can run a revised Labor Verification Report by Project that reflects the corrected amount.
6. All approved Labor Verification Reports by Project will be retained in OnBase for auditing and record retention purposes.

Transition to Labor Verification Reports by Project

- In Fiscal Year 2018, we transitioned to having PI's certify Labor Verification Reports by Employee for only those employees who were paid on Federally funded sponsored project awards.
- In Fiscal Year 2019, we transitioned to having PI's certify Labor Verification Reports by Project for only Federally funded sponsored project awards, these reports reflected salary and wages paid on Federally funded projects based on our fiscal year.
- In Fiscal Year 2020, we will further transition to having PI's certify Labor Verification Reports by Project for only Federally funded sponsored projects awards, however the change here will be that these reports will reflect salary and wages paid on Federally funded projects based on the annual budget/performance period.
- Labor Verification Reports by Employee will still be available upon request as FYI reports.