

I. SCOPE

This policy applies to any department using federal funds to compensate employees and every employee so compensated.

II. POLICY STATEMENT

In each area that employs persons funded in whole or in part with Federal dollars, a formal recordkeeping process must be established to document that time and effort is recorded in an accurate manner. Charges to Federal awards must be accurate, allowable and allocable. Salary shall be charged in a way that is congruent with actual work, based on reasonable budget estimates. Budget estimates shall be reviewed periodically and adjusted accordingly. Salary shall be verified to be congruent with what actually happened. The various departments or divisions of the University do not have to adhere to the same format. One division's forms may not fit the activities of another division. Within a department or division, however, a single reporting format shall be used.

III. REASON FOR THE POLICY

Indiana Wesleyan University ("the University") must have a process or processes by which the salary charged to a sponsored project is reviewed after-the-fact to assure that the salary charged was reasonable in relation to the effort expended on that project.

IV. PROCEDURES

Pursuant to this policy and 2 CFR Chapter II, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule," Section 200.430(i) "Standards for Documentation of Personnel Expenses," the following guidelines should be followed to record time and effort for work that is funded by Federal grants.

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal controls that provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the University;
- Reasonably reflect the total activity for which the employee is compensated by the University, not exceeding 100 percent of compensated activities (per the University's definition of Institutional Base Salary [IBS]);
- Encompass both federally assisted and all other activities compensated by the University on an integrated basis, but may include the use of supplemental records;
- Comply with the established accounting policies and practices of the University; and
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable (not federally funded) activity and a direct or indirect cost activity.

Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

- The system for establishing the estimates produces reasonable approximations of the activity actually performed;
- Significant changes in the corresponding work activity are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
- The University's system of internal controls includes processes to review after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Because practices vary as to the activity constituting a full workload (Institutional Base Salary), records may reflect categories of activities expressed as a percentage distribution of total activities.

It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.

In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR Part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.