



POLICY MANUAL

OPERATING POLICIES AND PROCEDURES

Number 582

Subject: Time and Effort Reporting

Effective Date: April 20, 2007

OVERVIEW

The Time and Effort Report is a means of confirming that both the effort paid by the sponsor and the effort expended in support of a project, including cost sharing, has been performed. Payroll distributions and Time and Effort Reports are not the same thing. Payroll distributions allocate an individual's salary, whereas the Time and Effort Report allocates an individual's effort. Salary distribution and effort may not be the same month by month, but by the end of the fiscal year (the certification period) they shall be in alignment within 5 percent or less. Annual Time and Effort Reports are sent out on both the Plan-Confirmation and After-the-fact Activity Records payroll distribution methods. Annual Time and Effort Reports are not required for hourly employees or for Faculty and Staff Overload payments.

Office of Management and Budget (OMB) Circular A-21 Cost Principles for Educational Institutions, requires each university to maintain a system of charging salaries in a reasonable allocation to each grant. In lieu of time sheet reporting, OMB Circular A-21 provides for both the planned confirmation and after-the-fact methods of effort certification.

This effort certification, entitled "Time and Effort Report" at Utah State University (USU), applies to all employees who work on federal or federal flow through awards, and should be completed with great care. Salaries are considered high risk because of the potential for fraud and abuse by grantees.

Failure to comply with OMB Circular A-21 effort reporting requirements can result in serious penalties for the University and/or the individual certifying their effort. These penalties may include financial audit disallowance of costs, and in some cases criminal charges may be brought against an individual certifying to a falsified Time and Effort Report.

582.1 DEFINITIONS

Payroll Distribution Methods. USU utilizes the following payroll distribution methods to pay employees:

(a) *Plan-Confirmation* (as defined in the OMB Circular A-21)

[<http://www.whitehouse.gov/omb/circulars/>]: Each USU department prepares an Annual Budget Plan for their salaried employees, which is submitted through the Banner Salary Planner module to the Budget and Planning Office for review and processing. The Plan Confirmation method must be adjusted as effort commitments change requiring a change in salary distribution.

(b) *After-the-fact Activity Records* (as defined in the OMB Circular A-21)

[<http://www.whitehouse.gov/omb/circulars/>]: Some departments have chosen to add a monthly process based on the current month's activity. At the end of each month an allocation sheet is prepared and entered into the payroll system.

(c) *Daily Timecard Method*: For each hourly employee, semi-monthly time cards are completed and are electronically approved for payment each pay period.

(d) *Faculty and Staff Overload*: Overload is compensation to employees above their primary role statement with the University for work performed outside their primary roles. Overload pay includes compensation for incidental work allowable within the OMB Circular A-21 (<http://www.whitehouse.gov/omb/circulars/>) and USU's Extra-Service Compensation Policy (<http://www.usu.edu/hr/policies/376.cfm>). Examples of overload pay could be extra-contractual teaching and consulting outside one's own department.

582.2 POLICY

Except as allowed under this policy, faculty and staff salaries charged to sponsored programs shall be commensurate within 5 percent of the direct effort provided to the project.

582.3 PROCEDURES FOR EFFORT CERTIFICATION

The following procedures shall be followed for Time and Effort Reporting:

(a) The employee's percentage of allocable time must be documented in writing. Effort is calculated on total effort rendered, not on a 40-hour work week. Total effort rendered must equal 100 percent.

(b) The confirmation reflects actual time spent working on the federal award in which salaries were charged. The Plan Confirmation method must be adjusted as effort commitments change, requiring a change in salary distribution.

(c) The confirmation must include all of the employee's salary for the time period covered (including non-federal sources).

(d) Someone with firsthand knowledge of the effort performed must sign certifications. If someone other than the principal investigator signs the certification, the signer must be able to demonstrate suitable means of verification of the work performed.

(e) A certification of work effort is required for faculty members as well as graduate students, postdoctoral fellows, and similar persons. Certifications for student employees (graduate students and postdoctoral fellows) shall be signed by the principal investigator or supervisor.

(f) Certifications must be signed in ink.

(g) If the salary distribution differs from the effort reported during the same Effort Certification period by more than 5 percent, the person certifying the effort shall contact their department to modify the salary distribution.

582.4 CERTIFICATION PERIODS

Certifications are required annually based on Utah State University's fiscal year (July 1 through June 30).

582.5 TYPES OF APPOINTMENTS

The type of appointment reflects the earning period in which an employee's effort is certified.

(a) 12-month appointment employees certification period - 07/01 through 06/30.

(b) 9-month academic appointments certification period - 07/01 through 06/30 (9-month contract employees are compensated for their academic year work over the 12-month fiscal year.)

582.6 COST SHARING

Cost Sharing is a portion of total project or program costs related to a sponsored agreement that is contributed by someone other than the sponsor. Effort for committed cost sharing is a part of the total effort rendered on sponsored projects. Cost sharing effort is tracked and requires certification on the annual Time and Effort Report.

Different types of Cost Sharing are:

(a) *Mandatory Cost Sharing*: A contribution to a sponsored project or program required by the sponsor as a condition of obtaining the award. Such contributions are binding commitments and must be accounted for in accordance with the Sponsored Program

Office Internal Procedures & Policies
(<http://www.usu.edu/research/programs/costshare.cfm>).

(b) *Voluntary Committed Cost Sharing*: Quantified contributions reflected in the proposal narrative, budget, and/or budget justification not required by the sponsor. These are binding commitments and must be accounted for in any resulting award in accordance with this Time and Effort Reporting policy.

(c) *Voluntary Uncommitted Cost Sharing*: A contribution to a sponsored project or program offered by the principal investigator not included in the proposal narrative, budget, and/or budget justification and not required by the sponsor as a condition of obtaining the award. This type of cost sharing need not be accounted for under this Time and Effort Reporting policy.

Note: When a project is awarded and it includes mandatory and/or voluntary committed cost sharing, that cost sharing becomes a binding commitment that must be accounted for and tracked in a consistent manner.

582.7 COORDINATION OF TIME AND EFFORT REPORTS AND LABOR ADJUSTMENTS

Time and Effort Reports, personnel actions, and salary redistributions are related as follows:

- (a) Personnel actions establish the pay amounts to be charged to index numbers and account codes in the University's payroll system for each employee.
- (b) Salary redistributions are an after-the-fact reallocation of salary distributions from one Index/project to another Index/project.
- (c) Initial Time and Effort Reports are based on pay sources and amounts established in the University's payroll system by personnel actions and salary redistributions.
- (d) It is necessary to coordinate retroactive personnel actions and labor redistributions affecting contract and grant projects with the time and effort certification process. Any needed changes must be made before the certifications are signed. When personnel actions and salary redistributions affecting monthly payrolls are processed after effort is certified, the percentages printed on the Time and Effort Report no longer agree with the adjusted salary distribution.
- (e) Late labor redistributions that take place after time and effort have been certified are not supportive of the concept of careful review and certification processes. Labor redistributions, especially if they are frequent, may be a cause for audit findings, disallowances, investigations, or sanctions by the federal government. Labor redistributions after certification shall be allowed only with approval from the cognizant Department Head/Director and must include an acceptable justification approved by the

Manager of Sponsored Programs Accounting (see Cost Transfer Policy at <http://www.usu.edu/hr/policies/581.cfm>).