

Middle Tennessee State University

OFFICE OF RESEARCH SERVICES

Procedure No. ORS 004 Time and Effort Reporting and Certification

Date Approved: March 8, 2010

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I. Scope

These policies apply to all Middle Tennessee State University Faculty, Staff, and Graduate Assistants of the University.

II. Policy Statement

Middle Tennessee State University's effort certification reporting policy complies with the requirements of the Office of Management and Budget (OMB) Circular A-21, Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions. As a condition of receiving federal funding, institutions must maintain an accurate system for reporting the percentage of effort that employees devote to federally sponsored projects. Audits of Effort Reports under the Single Audit Act substantiate that a responsible person confirms the distributions of salary costs. The confirmation is essential to preserving the integrity of both financial statement and cost accounting reports because it establishes a uniform policy with respect to documenting the expenditure of personnel effort rendered during the period of performance under sponsored agreements. The effort certification reports reflect personnel service costs for each academic term. Compliance with this policy protects the University against penalties and funding disallowance due to inaccurate, incomplete, or untimely effort reporting.

III. Procedure

The University uses the "Plan-Confirmation" method of payroll distribution for Effort Reporting as defined in OMB Circular A-21. Under this method, the

distribution of salaries and wages of professorial and professional staff applicable to sponsor agreements is based on budgeted, planned, or assigned work activity, updated to reflect any significant variances in actual work. Compensation for personnel service, i.e., effort expended, covers all amounts paid by the institution for services of employees rendered during the period of performance under sponsored agreements. The Effort Reports are based on the University's payrolls documented in accordance with the generally accepted practices of colleges and universities.

It is recognized that, in an academic setting, teaching, research, service, and administration are often inextricably intermingled. A precise assessment of time spent on each activity is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate. Report of effort can vary up to 5% of the planned effort. Payroll costs for faculty, staff, and graduate research assistants should reflect the allocable budget costs established by the principal investigator and/or project director. The payroll distribution system reflects salary and wage costs of sponsored project accounts expressed as a percentage of total activities not to exceed 100%. The apportionment, whether it is 100% or less, of employees' salaries and wages which are chargeable to sponsored agreements is initiated by the Office of Research Services (ORS) with the Grant Notification Form at the start of the grant. Whenever it is apparent that a significant change in work activity which is directly charged to sponsor agreements will occur or has occurred, the principal investigator and/or project director initiates new Personnel Event Forms (PEFs) or a Payroll Redistribution form.

ORS approves the PEF(s) and forwards them to the Provost Office with a copy to the Budget Office. A Payroll Redistribution form is forwarded to Human Resources. Non material fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term, such as an academic semester. ORS will distribute and collect signed Effort Reports for inclusion in the University's records of sponsored programs that are maintained for audit review. The principal investigator/project director should also retain a copy for his/her grant files. The employee, principal investigator, or responsible official(s) who has knowledge of the work and can verify that it was performed signs the reports. Changes and corrections are noted on the report. That person's signature confirms those salaries and wages charged to the sponsored agreements, as direct charges, are reasonable in relation to the work performed.

Effort reports for the academic year are generated two (2) times during the University's fiscal year (July 1 – June 30) to capture the distribution of effort for personnel services of professorial and professional staff that are charged to sponsored program accounts. Reports are produced according to the following schedule:

January – Previous Fall Semester

June – Previous Spring Semester

IV. Frequently Asked Questions

1. What is effort?

Effort is the proportion of time spent on professional activities such as research, teaching, and administration service for which an individual is employed by Middle Tennessee State University or for which one is appointed as a Middle Tennessee State University faculty member.

Effort does not include activities such as consulting that are conducted outside the terms of employment at Middle Tennessee State University.

2. What is Effort Reporting?

Effort reporting is a method of documenting the proportion of work time devoted to these professional activities as a percentage of total professional activity. It is important to note that effort is not calculated on a 40-hour workweek. If an individual works 80 hours in a week, 40 hours represents 50% effort.

Payroll and effort distributions are not the same thing. Payroll distributions describe the allocation of an individual salary, while effort distributions describe allocation of an activity to individual projects independent of salary.

Middle Tennessee State University's effort reporting process relies on payroll distributions to provide a general reminder of the projects on which an individual's salary was charged during the certification period. Individuals completing effort reports are required to identify other areas where they provided effort with no salary support and to ultimately report the appropriate distribution of effort over all activities.

3. Why is Effort Reporting Important?

As a recipient of significant sponsored funds, Middle Tennessee State University must assure federal and other sponsors that the assignment of effort and associated salary costs to projects they sponsor is fair, consistent, and timely. The Effort Certification Form is the document that Middle Tennessee State University utilizes to confirm effort on externally sponsored projects.

Signed Effort Certification Forms are considered legal documents in which an individual attests to the accuracy of the effort spent on sponsored projects. Material inaccuracies in Effort Certification Forms can result in the

misallocation of costs to sponsored projects. An improper allocation of costs reported by internal, external or federal auditors may result in substantial restriction in ongoing research activities and can affect Middle Tennessee State University and the individual research both financially and publicly.

4. Who is subject to Effort Reporting?

Every individual who devotes effort to sponsored activities is subject to effort reporting.

5. What is 100% effort?

The total amount of effort expended to accomplish the professional activities of Middle Tennessee State University faculty, staff, and students regardless of the actual number of hours expended on those activities. This normally includes all effort expended on compensated sponsored research, administration, teaching, university scholarly activity, and other activity. Effort reported at a level of 100% is not defined as a single, standard number of hours or days per week, since it will likely be different for each person and may vary during the year. The number of hours implicit in an individual's 100% effort must be reasonable and supportable to department, school, university and external reviewers, if requested. In most circumstances, a minimum of 37.5 hours (assuming a full-time schedule) and a maximum of 80 hours would be considered a reasonable average work week.

6. Can the total effort listed on the Effort Certification Form be 0% or greater than 100%?

No. The effort percentages on the Effort Certification Form must total 100%-neither more nor less. All compensated effort must be accounted for, and obviously the sum of the individual effort categories cannot be greater than 100%. Again, just because an individual may work more than a normal 37.5 - hour week does not alter this rule.

7. Are there some sponsored projects where I can report 0% effort?

With the exception of equipment and instrumentation grants, doctoral dissertation grants, student supplement grants, and institutional/individual training grants (for faculty mentors), individuals are expected to commit some level of effort (>0%) on sponsored projects on which they are listed as a principal investigator or key personnel.

8. Who should sign the Effort Certification Form?

To ensure that the effort reporting system reasonably reflects actual effort expended in the various categories during the report period, the person

completing the Effort Certification Form must be a person with first-hand knowledge of the effort expended. In general, this is the individual whose effort is being reported. Therefore, at Middle Tennessee State University the individual named on the Effort Certification Form should sign/certify his or her effort except for GRAs (e.g., graduate students, post-doctoral fellow, research assistants) whose effort is certified by the principal investigator of the sponsored project for which they are contributing effort. After the person reporting the effort has signed his/her form, it must then be certified by the principal investigator. In the case where a principal investigator is certifying his/her effort, the form must be signed by the individual principal investigator and then certified by his/her department chair or college dean.

9. How often are Effort Certification Forms completed?

Effort forms are currently completed two times a year for all faculty and staff.

10. What if my effort on an externally sponsored project changes?

Faculty are required to review, modify as necessary, and certify that the effort percentages for themselves and their GRAs are reasonable estimates of the actual work performed. Federal guidelines and Middle Tennessee State University policy recognize that the activities that constitute effort are often difficult to separate. Effort certification must often rely on a reasonable estimate of effort, and because it is an estimate, a degree of tolerance for the certification is appropriate. However, a change in effort noted on the effort certification form (regardless of how small the change is) must always be accompanied by a change in the payroll or cost sharing. The change is accomplished by the completion of a payroll redistribution form.

Certified effort forms assert that the information represented is to the best of the certifier's knowledge, accurate and complete. Changes to previously certified effort erode the credibility of the certifier as well as the entire effort certification process. For these reasons, changes to a certified effort form are not allowed except in limited circumstances, which require extensive documentation as to why the effort was originally certified incorrectly. Likewise, it is important for administrators to complete known salary distribution corrections and salary reallocations before the effort form is certified, since changes to payroll distribution that contradict certified effort are not allowed after certification.

11. How do I report cost-sharing of effort?

The Effort Certification Form requires that effort expended on an activity be reported, whether or not that activity is funded by an outside source. For example, if a faculty member expends effort on a sponsored research project but does not charge the project for all (or any) of his or her salary for that effort, the entire effort must still be allocated to that project. The unfunded effort is generally considered cost sharing and must be recorded in the cost-sharing column next to the listing of the specific sponsored project on the Effort Certification Form. As an example, if a faculty member expends 75% of his or her total effort on a sponsored project, but the sponsor is charged for only 50% of his or her salary, the 50% is entered on the Effort Certification Form in the row showing the index and the remaining 25% will be noted as cost share on the form. It is important to understand that this rule applies only to effort specifically expended on a sponsored project.

12. How long should departmental copies of Effort Certification Forms be kept?

The Office of Research Services is responsible for retaining the signed/certified Effort Certification Forms (either in hardcopy or as electronically signed versions), based on federal record retention guidelines. ORS strongly recommends that principal investigators and departments retain signed/certified Effort Certification Forms for a period of three years from the close-out of the project. Closeout does not typically correspond with the sponsored project end date. Please contact ORS to obtain the official close-out date.

13. What kind of documentation or supporting evidence is needed as back-up to the Effort Certification Form?

This can vary as a function of the individual department and whether or not they are engaged in activities other than externally sponsored research conducted through Middle Tennessee State University. Examples of the types of documentation that could support the Effort Certification Form include the Faculty Workload Form. These supporting documents should be kept for a period of three years from close-out of the project (i.e., for as long as the Effort Certification Form is kept).