Procedure Statement

As a condition of receiving federal funding, and in compliance with The Texas A&M University System Regulation 15.01.01, Texas A&M University-Commerce establishes this procedure as a requirement for maintaining and certifying the percentage of time that employees devote to sponsored projects. A&M-Commerce’s time and effort certification process provides verification of salaries and wages as well as the time and effort charged to these projects. This procedure applies to the effort of all individuals who have salaries or wages paid from sponsored projects, and/or have Committed Effort on sponsored projects, regardless of whether the project is funded from Federal, State, or Private sponsors.

Reason for Procedure

The Federal Office of Management and Budget (OMB) requires that universities provide certification that the institutional payroll distribution systems will: (a) be incorporated into the official records of the institution; (b) reasonably reflect the activity for which the employee is compensated by the institution; and (c) encompass both sponsored and all other activities on an integrated basis.

OMB Circular A-21, *Principles of Determining Cost Applicable to Grants, Contacts, and Other Agreements with Educational Institutions* outlines the regulations governing time and effort reporting and the verification of salary distributions. Specifically, OMB Circular A-21, Section (J) (10)(c)(2)(b) requires Time and Effort Reports to be completed to provide after-the-fact verification of the salary charged to sponsored projects.

OMB Circular A-21 requires that this verification be completed for all “professorial and professional” staff. “Professorial” staff includes all faculty members and “professional” staff includes all salaried staff and hourly employees paid from a sponsored project. According to OMB Circular A-21, total effort is defined as the amount of time a person devotes to fulfilling his/her University responsibilities.
Procedures and Responsibilities

1 GENERAL

1.1 Effort certification and reporting is a process mandated by the federal government to verify that direct labor charges to, or cost shared on, sponsored projects are accurate, timely, and reflect the actual level of work performed.

1.2 OMB Circular A-21 establishes Time and Effort certification as a federal requirement. As a condition to receiving federal funding, under Section J.10, A&M-Commerce is required to establish and maintain an accurate payroll distribution system that reasonably distributes salary charges among direct activities, such as teaching, research, and service. A&M-Commerce utilizes the after-the-fact confirmation method to certify effort, requiring the Principal Investigator (PI), or any individual with first-hand knowledge of such effort, to confirm that the charges assessed to a sponsored project are appropriate to that award and documented in periodic effort certifications. Therefore, A&M-Commerce must ensure that the salaries and wages charged to these sponsored projects are allocable, allowable, consistently treated, and reasonable.

1.3 OMB Circular A-21, Section J.10, *Compensation for Personal Services*, requires that every institution maintain an appropriate effort reporting system. Any individual committing effort to a sponsored project, or paid directly from any sponsored project, must have his/her effort certified. This includes anyone paid from funds other than sponsored funds, if they provide any effort on a sponsored project (cost sharing effort).

1.4 Sponsors include, but are not limited to, federal agencies, state agencies, private foundations, organizations, and industry which provide funding to enable A&M-Commerce to conduct instruction, public service, research, and training activities.

1.5 The federal government requires an effort report when an individual is compensated by, or has agreed to contribute time to, a federally sponsored project. All faculty and exempt staff members who work on sponsored agreements are personally responsible for certifying 100% of their total effort, with each project identified separately. Without exception, these individuals must complete and submit effort certification reports every six months. This includes:

1.5.1 Individuals paid directly from any sponsored project.

1.5.2 Individuals paid directly from any other non-sponsored funds for the purpose of providing effort on a sponsored project(s) (cost sharing effort).

1.6 For students and non-exempt staff members working on sponsored projects, allocation of time to sponsored projects is determined by the PI and/or his or her designee who has first-hand knowledge of the effort expended by these individuals.
2 PROCEDURES

2.1 In accordance with Section J.10 of OMB Circular A-21, A&M-Commerce utilizes after-the-fact confirmation to certify that salary and wage charges are appropriately assessed to an award. Upon notification of award from the Office of Research and Sponsored Programs, the PI’s Department Administrator will complete the Employee Payroll Action Form (EPA) for each individual committing time or effort to a sponsored project. The EPA form will indicate whether the time or effort will be charged to the sponsored project account or to its associated cost share account for the appropriate budget period. A payroll distribution report will be prepared every six months for exempt employees (January 1st – June 30th and July 1st – December 31st) for certification of effort. In the report, the distribution of compensation paid to the employee is calculated in percentages for sponsored project-funded time, cost-shared time, and all other institutional activities.

2.2 The certification forms are emailed directly to involved exempt employees for certification. Through the web-based Time and Effort certification system (SSO), the employee certifies that the percent effort distribution is a reasonable representation of his/her total compensated effort performed for A&M-Commerce during the reporting period. Non-exempt employees and student workers certify their effort monthly in the web-based TimeTraq system. The certification forms for these workers are also emailed to the Principal Investigator or his/her designee (during the two reporting periods) who is responsible for either securing the certification from these employees or ensuring that someone who is able to verify each employee’s effort provides the certification.

2.3 By signing the certification form, the individual attests that he/she has a suitable way of verifying the stated effort and that the effort amounts shown on the forms are reasonable estimates of actual work performed during the stated period. Most commonly, it is the Principal Investigator who has this first-hand knowledge, although in some cases it may be a designated individual who has firsthand knowledge of the effort provided on the project.

2.4 An individual’s total institutional activities may not exceed 100% and must be consistent with his/her other duties. Effort is not calculated on a 40-hour workweek or any other standard workweek. Total effort must equal 100%. For example, if an individual averages 60 hours per week during the reporting period and spends an average of 15 hours on a sponsored project, this represents 25% effort on the sponsored project and the other 45 hours that are allocated to other institutional activities, represents 75% effort.

2.4.1 OMB Circular A-21, Section J.10.b(1)(c) states that the payroll distribution system of institutions will “reasonably reflect the activity for which the employee is compensated by the institution,” recognizing that “in an academic setting, teaching, research, service, and administration are often inextricably intermingled.” Therefore, TAMUS regulations allow variability of 10% between the actual percentage of time worked and the time reported. For example, when a certification report specifies that 25% effort was expended on the project for the reporting period, the report will need to be certified as between 15% and 35% actual effort expended.
2.5 Except for proposals that are solely for equipment or instrumentation, doctoral dissertations, travel, student training, etc., the **minimum** level of effort devoted to a sponsored project is 1%. The minimum effort and the investigator’s actual effort must be commensurate with his/her responsibilities on the sponsored project.

2.6 Once the certification reports are made available in the system, employees have a maximum of 45 days to certify their effort in the system. If the certification is not signed within 30 days, then an e-mail reminder will be sent to the employee’s departmental administrator to ensure that the effort certification and any necessary payroll corrections are completed before the 45-day time expires. If the certification is still not signed after 45 days, the sponsored project account(s) will be frozen.

2.6.1 Any individual who submits a falsified report or fails to comply with the requirements of this policy in a timely manner may be subject to disciplinary action up to and including termination and/or funding disallowances. Forty-five days are allowed for certification of an effort report and failure to certify a report within this time period can lead to fines, loss of future awards, and/or other disciplinary actions.

2.7 An individual’s base salary may not, under any circumstances, be increased as a result of acquiring grant funds. An individual’s salary only increases if A&M-Commerce has issued a formal increase for the individual through the annual review process or other authorized compensation method. According to OMB Circular A-21, Section J.10.d(1), Salary rates for faculty members, “Charges for work performed on sponsored agreements are allowable at the base salary rate. In no event will charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period. This principle applies to all members of the faculty at an institution. Since intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time base salary, the principle also applies to faculty members who function as consultants or otherwise contribute to a sponsored agreement conducted by another faculty member of the same institution.”

3 **RESPONSIBILITIES**

3.1 The principal investigator or key personnel and the appropriate department payroll administrator(s) are responsible for making a good faith effort to charge sponsored projects based on the actual work performed as a percentage of total time.

3.2 The PI is responsible for his/her level of effort and should communicate any significant changes in level of effort to the ORSP at A&M-Commerce. This assurance and the time and effort assurances in 3.1 (above) are not intended to limit the discretion and authority of the principal investigator to make changes to the time and effort commitments of sponsored project personnel consistent with the changing needs of a sponsored project, the policies and requirements of the sponsoring agency, and the policies and requirements of A&M-Commerce

3.3 It is the responsibility of the Principal Investigator to ensure that all expenditures are within limits of the approved budget and in compliance with sponsor guidelines, A&M-Commerce rules and procedures, and TAMUS policies and regulations.
4 TRAINING

4.1 All individuals (including principal investigators, co-investigators, faculty, students, postdocs, research scientists, etc.) paid from a sponsored project are required to complete an approved time and effort certification training program at least once every two years.

4.2 For newly hired personnel who will devote effort to a sponsored project, time and effort certification training must occur within 30 days of being hired by the University.

Related Statutes, Policies, or Requirements


OMB Circular No. A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations

System Regulation 15.01.01 Administration of Sponsored Agreements – Research and Other

Definitions

Committed Effort: the amount of effort proposed in a proposal or other project application that is accepted by a sponsor, regardless of whether salary support is requested in support of the effort.

Cost Sharing: the mandatory or voluntary commitment of institutional resources contained in the proposal/application and resulting award. The concept of matching is synonymous with cost sharing.

Effort: the amount of time spent on any activity expressed as a percentage of total institutional activities for which an individual is compensated by A&M-Commerce and includes:

1. Research or sponsored projects (i.e., contracts and grants).
2. Instruction and non-sponsored research.
3. Administrative duties.
4. Other institutional activities/responsibilities.

Completed effort certification should reflect all activities conducted under the terms of employment, which typically DOES NOT include:

5. Outside consulting.
6. Stipend payments.

Total effort MUST equal 100% for any individual paid from a sponsored project.
Effort Certification: a way of confirming that all of the effort committed to a project, whether paid on the sponsored award account or expended in support of a project (but not paid on the sponsored account) has been performed. Effort certification is not a verification of the payroll system’s accuracy. Payroll distribution allocates an individual’s salary, whereas effort certification verifies the allocation of an individual’s time expressed as a percentage of his/her total institutional activities.

Individual: anyone who has paid effort and/or committed effort on a sponsored program.

Institutional Base Salary (IBS): the total guaranteed annual compensation an individual receives from the University, whether the individual’s time is spent on research, teaching, or other activities. The IBS is used to compute salaries charged to sponsored programs unless sponsor policies further limit salary charges. IBS includes compensation for instruction, public service, research, and/or other institutional responsibilities. IBS excludes fringe benefit payments; reimbursed expenses; temporary, supplemental compensation for incidental work; income earned outside of duties to the institution; and any portion of compensation deemed to be at-risk. At no time will an individual’s salary that is charged to a sponsored project exceed his/her IBS.

Mandatory Cost Sharing: As a condition of accepting the award, the terms and conditions require that A&M-Commerce contribute toward the project.

Total Institutional Activities: those activities for which an individual is paid by the institution. Common activities include administrative duties, instruction, research, and public service.

Voluntary Committed Cost Sharing: Effort that was not required by, nor funded by, the sponsor, yet was identified in the proposal. This type of effort has a real cost associated with it and must be tracked.

Voluntary Uncommitted Cost Sharing: Effort that was not committed to in the proposal or in any other communication with the sponsor. This type of effort is not funded by the sponsor but has a real cost associated with it. When faculty or key personnel work on a sponsored project over and above what is actually committed and budgeted for in the proposal or award, it represents Voluntary Uncommitted Cost Sharing. This type of effort does not need to be identified or reported to the sponsor.

Contact Office

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