[Minor revision: April 7, 2014]

# Angelo State University
**Operating Policy and Procedure**

**OP 56.09:** **Effort Reporting and Certification for Grants, Contracts and Other Sponsored Agreements**

**DATE:** April 7, 2014

**PURPOSE:** The purpose of this Operating Policy/Procedure (OP) is to address the Title 2, *Code of Federal Regulations* (CFR), Part 220 requirements for the documentation and certification of personnel activity conducted under a federally funded grant, contract, or other sponsored agreement.

**REVIEW:** This OP will be reviewed in March every 3 years, or as needed, by the vice president for finance and administration in conjunction with the controller's office and the office of sponsored projects with recommended revisions forwarded to the president by April 15th.

## POLICY/PROCEDURE

### 1. Authority
**2 CFR, Part 220**

Title 2 of the *Code of Federal Regulations*, Part 220, Appendix A, Section J.10. states that institutions providing compensation to employees under sponsored agreements must have a procedure for documenting and confirming the distribution of charges for personal services.

### 2. Policy Statement

Angelo State University will establish and maintain a system of personnel activity reporting ("Effort Reporting and Certification") in accordance with the provisions of Title 2, CFR, Part 220. These effort reports will verify personnel costs charged to or provided as committed cost sharing for a sponsored project are reasonable, allocable, consistently treated, and allowable under the specific sponsored agreement.

### 3. Definitions

a. *Committed effort* is the level of effort proposed in a sponsored project application. It should be consistent with the actual effort an individual is expected to expend on the project during the relevant performance period(s).

b. *Institutional base salary (IBS)* is the annual compensation paid by the university for all professional responsibilities of the position, including instruction, research, service, administration, and other institutional activities. IBS excludes fringe benefits, reimbursed expenses, and temporary supplemental compensation for incidental work. For employees with less than full-time appointments, IBS will be calculated on a full-time equivalent

(FTE) basis. In no event should IBS be increased as a result of replacing institutional salary funds with sponsored project funds.

**4. Procedure**

a. Individuals Who Must Certify

Individuals with faculty or professional staff appointments must complete an effort report if they:

(1) Are paid from a sponsored project account; or

(2) Contribute time to a sponsored project (salary cost share or match).

b. Effort Report

The report must account for all activities for which the university compensates the individual and that are required in the fulfillment of the employee's obligations to ASU. The total of the individual effort percentages reported on the effort report must equal 100 percent regardless of the number of hours worked. An individual's effort cannot exceed 100 percent.

c. Estimating Effort

According to 2 CFR 220, "[i]t is recognized that, in an academic setting, teaching, research, service, and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate."

ASU's tolerance threshold is less than 5 percentage points on any given project. If a reasonable estimate of actual effort is within 5 percentage points of the effort shown on the report, it is permissible to certify the level of effort that appears on the report.

d. Schedule for Distribution and Certification of Reports

(1) The ERs for exempt ("salaried") employees will be distributed three times a year by the Office of Sponsored Projects: for the periods September-December, January-April, and May-August.

(2) The semimonthly time sheets completed by non-exempt ("hourly") employees will serve as documentation of those individuals' effort.

e. The following procedure applies to individuals paid from a sponsored program account:

(1) The payroll office will run an extract process within ten (10) business days of the end of a reporting period to populate the Banner Effort Certification system.

(2) Within ten (10) business days of the payroll office's actions, the Office of Sponsored Projects will send an e-mail notification to all individuals required to complete an effort report to remind them to certify their effort.

(3) The employee, principal investigator (PI), or responsible official(s) having direct knowledge or other suitable means of verification that the work was performed will certify the report within thirty (30) days of receiving the Office of Sponsored Projects' e-mail notification as indicated in d.(2). Specific instructions for accessing the online system and certifying the report are available on the Sponsored Projects Web page.

(4) If an individual's effort on any sponsored project is 5 or more percentage points less than the salary charged to the sponsored project fund, the individual must e-mail the Office of Sponsored Projects at least ten (10) business days before the end of the effort reporting period to report the difference and request a redistribution of labor charges where applicable.

(5) The financial manager will review the reports to verify effort commitments, lock the electronic record and prevent unauthorized changes to the distribution of funds.

f. The following procedure applies to individuals who contribute time to a sponsored project as committed cost-sharing or match:

(1) Upon request by the Office of Sponsored Projects, the payroll office will provide a salary and benefit distribution breakdown for all individuals contributing cost-sharing or matching funds within ten (10) business days of the end of a reporting period.

(2) The Office of Sponsored Projects will prepare paper based effort certification reports based on predetermined percentages and the salary and benefit distribution for the period within ten (10) business days of the payroll office's actions.

(3) The employee, principal investigator (PI), or responsible official(s) having direct knowledge or other suitable means of verification that the work was performed will sign and return the report to the Office of Sponsored Projects within thirty (30) days of receiving the paper report from the Office of Sponsored Project as indicated in e.(2).

(4) If an individual's effort on any sponsored project is 5 or more percentage points less than the salary charged to the sponsored project fund, the individual must cross out the incorrect percentages, enter corrected percentages (to equal 100%), and initial beside the corrections. The individual must then sign the corrected report and return it to the Office of Sponsored Projects at least ten (10) days before the end of the effort reporting period.

(5) The financial manager will review the reports to verify cost sharing commitments have been met.

g. Non-exempt ("hourly") staff and student workers will complete their regular monthly or semimonthly time sheets (paper or electronic), and these documents will serve to certify their effort during each pay period.

## 5. Training

All PIs, co-PIs, and senior/key personnel must attend an introductory workshop, either in person or in an online environment, on effort reporting and certification. If an individual is

unable to attend one of the workshops or complete one online, he/she must meet with the Office of Sponsored Projects to review the workshop materials. The Office of Sponsored Projects is responsible for maintaining attendance records from all training sessions.

Once PIs, co-PIs, and senior/key personnel have attended the introductory workshop, they must complete follow-up training once every three years or when the policy undergoes a major revision, whichever comes first.

**6. Consequences for non-Compliance**

Following each reporting period, the Office of Sponsored Projects will provide to the Provost and Vice President of Academic Affairs a list of faculty and staff who are not in compliance with training and certification requirements. If it is determined that an individual is not in compliance with training and certification requirements, the following actions may be taken:

a. Sponsored project services will be withdrawn and not provided by the institution including, but not limited to, the submission of new proposals, the execution of award agreements, and general administrative services.

b. The Controller's Office will deactivate current sponsored project funds

c. Further disciplinary actions may be taken in accordance with university policy.

**7. Labor Redistributions**

a. If the total effort in a given performance period is 5 or more percentage points less than the salary charged to the sponsored project fund, the individuals certifying their effort must inform the Office of Sponsored Projects at least 10 days before the end of the reporting period.

b. The Office of Sponsored Projects is responsible for notifying the principal investigator/project director and the Payroll Office of the need for a redistribution of labor costs for the period within 10 business days of receiving notice from the individual requesting a redistribution. The principal investigator/project director and/or his/her supervisor are responsible for identifying the funding source(s) that will cover the cost of the redistribution and notifying the Budget Office thereof.

c. The Payroll Office will redistribute the individual's labor according to percentage of actual work performed within 90 days of receiving notice from the Office of Sponsored Projects. The Payroll Office will notify the Office of Sponsored Projects that redistributions have been made within 5 business days of completing the redistributions.

d. The Office of Sponsored Projects will notify the individuals with labor redistributions that the requested changes have been made and completed, and the individuals will be responsible for completing their certifications as instructed in section 4.e. of this policy.