

**OFFICE OF SPONSORED PROGRAMS
POLICY AND PROCEDURE MANUAL
CERTIFICATION OF TIME AND EFFORT GUIDELINES**

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Purpose

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 members who serve as Principal Investigators on sponsored agreements are personally responsible for certifying the amount of time and effort that they and other persons associated with the project spent on sponsored activities. This document will give guidance as to how WSSU will comply with the Certification of Time and Effort requirement.

Federal Requirements Regarding Effort Reporting

The Office of Management and Budget's (OMB) Circular A-21 titled "Cost Principles for Educational Institutions" is the federal government's cost principles for colleges and universities. It outlines what costs are allowable and allocable to federal grants and other "assistance" agreements. Section J.8 of OMB Circular A-21 sets forth criteria for acceptable methods of charging salaries and wages to federally sponsored projects. Circular A-21 requires a payroll distribution system that directly charges salaries and wages to appropriate projects. In addition, Circular A-21 requires that institutions develop a mechanism to determine or confirm how individuals actually expend effort during a specified time period. These effort reports must be performed on a regular schedule and must be certified by individuals who have first-hand knowledge of 100 percent of the employee's compensated activities. In most cases, that would be the employee or the employee's direct supervisor.

Definitions

Instruction – These are teaching and training activities of the university not classified as sponsored projects or departmental administration, regardless of whether the activity is offered for credit toward a degree, certificate, or on a non-credit basis. Examples include classroom contact teaching, course preparation time, grading, tutoring, continuing education (for example, conferences, institutes, etc.), course and curriculum development, and counseling students on academic matters.

Departmental Administration – Effort related to the administrative and support service operations that jointly benefit the instructional activities, organized research, and other activities in the department.

Sponsored Research Projects (Research, Instruction, Public Service, etc.) – Projects sponsored by an external funding source authorized by a formal document (grants, contracts, or other agreements between WSSU and an external sponsor) with a work statement and budget, separately budgeted and accounted, and administered by the Office of Sponsored Programs.

This also includes research funded internally and separately budgeted by WSSU [i.e., the Research Initiation Program (RIP)].

Public Service/Institutional Activities – Effort directly related to instruction or research within the University. This would include service in organizations outside the University, such as professional associations and/or civic work, where this effort is considered a part of your contribution to the general interests of the University. This would also include institutional research funded internally [i.e., research supported under the Research Initiative Program (RIP)].

Cost-Shared Effort – Effort that you have performed as a cost sharing/match contribution on a sponsored research project. The cost sharing/match effort must be from a non-federal source.

What Is Effort and Effort Reporting?

Effort is defined as the amount of time spent on a particular activity. It includes the time spent working on a sponsored project in which salary is directly charged or contributed (cost-shared effort). Individual effort is expressed as a percentage of the total amount of time spent on work-related activities (instruction, sponsored research, departmental administration, and public service and other institutional activities) for which the University compensates an individual. Effort reporting is the mandated method of certifying to the federal granting agency(ies) that the effort charged or contributed to each award has actually been completed.

What Is Contributed or Cost-Shared Effort?

Cost sharing represents that portion of the total project costs of a sponsored agreement that are not borne by the sponsor or sponsors of the project. These costs are borne by the University or other non-federal third parties rather than by the sponsor. Since faculty salaries at WSSU are, in most part, paid for by the individual's academic department, cost sharing of effort represents a redirection of departmental resources from teaching or other departmental activities to support sponsored agreements. Certain federal agencies require that institutions cost share salaries that are above a "salary cap." A salary cap is defined as the amount of salary paid to an individual above whom an agency will not reimburse an institution. The National Institutes of Health, the Agency for Healthcare Research and Quality, and the Substance Abuse and Mental Health Services Administration impose a salary cap on awards to the University.

Cost-sharing/match may be required by the sponsor, and if so, the amount proposed and approved in the budget, must be complied with, reported, and captured in an effort reporting system.

The Difference Between Effort Reporting and Payroll Distribution

Payroll distributions and effort reports are not the same thing. Payroll distributions are the distribution of an individual's salary, while effort reports describe the allocation of an individual's actual time and effort spent for specific projects, whether or not reimbursed by the sponsor. As a result, effort reporting is

separate from and can be independent of salary charges. Effort is not just a verification of the salary or payroll distribution. Cost-shared or contributed effort must be included in effort reports.

Risks of Not Complying With Circular A-21's Effort Reporting Requirement

In recent years, the federal government and its auditors have become much more active in their review of effort reporting requirements, and a number of universities have received large audit disallowances as a result. Recent cases of audit disallowances are:

- Northwestern University paid \$5.5 million to settle issues related to problems with effort reporting, on a contracts and grants base of \$325 million
- South Florida returned \$4.1 million to the federal government to settle a number of charging issues, including effort reporting
- University of California paid a total of \$2.1 million to settle an NIH salary cap limitation disallowance for the period July 1, 1995 through June 30, 2002

An effort reporting system must provide records on how individuals participating in federally funded sponsored agreements actually spend their time. Because the federal government mandates effort reporting, institutions that receive federal funding must maintain accurate and auditable systems and records. Documentation on how individuals spend time on federally sponsored projects is subject to federal audit and can be cause for institutional or individual disallowances.

Institutional disallowances can result if:

1. The effort report was certified by an individual other than the employee or other than someone who has "first-hand" knowledge of 100 percent of the employee's time
2. The effort report does not encompass all of the activities performed by the employee under the terms of his or her employment
3. The levels of effort reported do not appear reasonable, given the responsibilities of the individual

Individual disallowances can result if:

1. The effort report certified by the individual is found to be falsified or
2. The levels of effort reported do not appear reasonable

As evidenced above, federal audit disallowances can result in serious financial penalties for institutions. In addition, criminal charges may be brought against an individual certifying to falsified effort. Current audit plans for federal auditors include effort reporting as a specific audit focus.

Effort Reporting Procedure at WSSU

The University has elected to use after-the-fact confirmation reports to document salary charges as required by Federal OMB Circular A-21. These reports account for 100% of each individual's effort. A Certification of Time and Effort Report Form must be prepared for each faculty and staff member who is either receiving direct salary support from a sponsored research or training award or contributing cost-sharing/match effort.

NOTE: Students approved to participate on sponsored projects under the personnel category must submit time sheets as certification and documentation of effort spent on a project. Time sheets for students are retained by the Principal Investigator responsible for the sponsored project. A copy of the Personnel Budget Action Form is retained in the Contracts and Grants Accounting Office.

Frequency of Reporting

EPA Personnel

EPA personnel participating on sponsored programs must prepare and submit Certification of Time and Effort Report Form (also attached). These reports must be submitted to Contracts and Grants Accounting no later than the fifteenth of the month following the end of the semester (Fall – January 15; Spring – June 15; Summer – September 15) in which EPA personnel participated on sponsored program activities including the academic year and summer period.

SPA Personnel

SPA personnel must submit Certification of Time and Effort Reports attached to their monthly timesheets.

Level of Signatures

Certification for EPA and SPA personnel requires the signatures of the immediate supervisor and the Principal Investigator responsible for the sponsored activity. These are the persons who should have first-hand knowledge of the employee's activities during the reporting period. The employee contributing the time and effort must certify by signature as well.

Review of Certifications

Certification of Time and Effort Reports are received in Contracts and Grants Accounting. These reports are reviewed by the Director of Contracts and Grants Accounting to check for accuracy in accordance with approved commitment on projects and the submitted payroll documents. When revisions are needed, the Director will inform the PI so that the changes can be incorporated.

Collection and Signature

1. Contracts and Grants Accounting collects Certification of Time and Effort Reports from the departments in accordance with the frequencies noted above.
2. All required signatures must be original signatures. The certification signifies that the signer has first-hand knowledge or sufficient verification of the services performed on each sponsored project.
3. Usually the Principal Investigator (PI) will certify all work performed on his/her contract or grant. The department head or dean should certify the effort of the PI. The PI must check the reports closely to verify that the persons listed did, in fact, work on that particular project and for the time and effort noted.

Retroactive Changes

1. Retroactive changes must give full consideration to previous certifications on file, and must be documented and explained in a manner that unequivocally substantiates the propriety of the adjustment.
2. Changes of distribution of workload may not normally be made for any prior pay period. In the following exceptional situations, however, retroactive changes may be warranted:
 - When necessary to correct clerical and data entry errors.
 - When subsequent information is received indicating an incorrect original entry.
 - When charges applicable to a continuing project have been charged to the old account number because the new account number was not established when the expense was incurred.
 - When a sponsor specifically authorizes in writing the charge of pre-award costs to a project.
 - When required to properly charge non-federal funds for costs incurred in connection with an award that fails to materialize.
 - When closely related work is supported by more than one funding source, costs may be transferred from the originally charged account to another account, provided the cost is a proper and allowable charge to the receiving account and the inter-relationship between the accounts is fully explained in the

request. If an over-expenditure is being transferred to another project, especially strong supporting evidence is required for approval.

Unacceptable Changes

- When the change is for the purpose of utilizing unexpended funds of a federal award.
- When the change is for the purpose of avoiding a cost overrun by charging another, unrelated federal agreement.
- When explanation merely states “to correct error,” “to transfer to correct project,” or other similar insufficient reasons. These changes must include an appropriate justification/explaining the reasons for the changes in adequate detail.

Guidelines for Preparing Letters of Justification for Retroactive Change in Effort

In preparing the letter of justification, include the following information:

1. Name of Employee and Social Security Number.
2. Personnel/Budget Action Form (s) Number.
3. Account Number(s) affected by the change.
4. Statement of Justification*
5. Signature of Employee and Principal Investigator (PI). [If the employee is not available for signature, the Dean, Director, Department Head, Chairperson, or PI can sign. Include reason for employee unavailability.]
6. Signature of Chairperson, Dean or Director is required for changes or transfers exceeding 90 days after the initial implementation of an action (payroll authorization, etc). Signature of administrative personnel cannot be accepted in lieu of signatures by the Chairperson, Dean or Director.

* The Justification should explain the following:

- The appropriateness of the charge to the Sponsored Research account.
- How the work being performed benefited the project being charged.
- A brief description of the duties performed on the project.
- Explanation of how the error occurred and how it was discovered.

NOTE: All reports are subject to post-audit review and verification. Therefore, it is absolutely imperative that information is accurate and documentation is timely.

**Certification of Time & Effort Report Form
Winston-Salem State University**

Employee Name:		Social Security Number:			
Department or Office:		Position Type:	Select One		
School/College or Administrative Unit:		Period Covered by This Report:			
B A S E S A L A R Y	Effort Paid By SPONSORED RESEARCH PROJECT FUNDS				
	Account /Fund Numbers	Amount of Charge	Effort %		Start Date:
		\$	%		
		\$	%		
		\$	%		
	Sponsored Research Project Funds Amount Total: \$		Sponsored Research Project Funds Effort % Total: %		
	Effort Paid by UNIVERSITY FUNDS				
	Account /Fund Numbers	Amount of Charge	Effort %	*University Activity	Start Date:
				Select One	
University Amount Total: \$		University Activity Effort Total %:			
Total Base Salary: \$		Total Effort % (must not exceed 100%):			
<p align="center">Certification</p> <p>I certify that this distribution of activity represents a reasonable estimate of the effort devoted during the period covered by this report.</p> <p>_____</p> <p>Employee's Signature</p> <p>_____</p> <p>Immediate Supervisor</p> <p>_____</p> <p>Principal Investigator</p>			<p align="center">Contracts and Grants Accounting (C&G)</p> <p>_____</p> <p>Reviewed by _____ Date _____</p>		

Note: Reports for EPA Personnel are due by June 15 for the Spring Semester; by September 15 for the Summer Semester; and by January 15 for the Fall Semester. Reports for all SPA Personnel must be attached to their Monthly Timesheet for which effort was compensated from a sponsored program account.

*Indicate University Activity (**Instruction, Departmental Administration, Public Service/Institutional Activities, and Sponsored Research Project**) as appropriate (refer to the Certification of Time and Effort Procedure and Certification of Time and Effort Report Instructions for definitions).

**Certification of Time & Effort Report
Instructions**

Employee Name – Indicate full name as it appears on Personnel/Budget Action Form(s)

Social Security Number – Insert social security number of the employee

Department or Office – Indicate the department or office to which the employee is assigned

School/College or Administrative Unit – Indicate the school/college or administrative unit to which the employee is assigned

Position Type – Indicate the position type (Teaching Faculty, Administrative Faculty, Administrators, or Staff)

Effort Paid by Sponsored Research Project Funds

Account/Fund Number(s) – Indicate the account/fund number(s) for which effort has been charged as a result of participation on a sponsored project.

Amount of Charge – Indicate the amount charged to this account/fund. All charges must be based on approved sponsored project budget(s).

Effort % - Indicate the percentage of effort that was spent on the sponsored project(s)

Start Date – Indicate the start date of the effort and charge for the sponsored project.

End Date - Indicate the start date of the effort and charge for the sponsored project.

Sponsored Research Project Funds Amount Total – Indicate the total amount charged to each sponsored project for the period being reported.

Sponsored Research Project Funds Effort % Total - Indicate the total effort % charged to each sponsored project for the period being reported.

Effort Paid by University Funds

Account/Fund Number(s) – Indicate the account/fund number(s) for which effort has been charged for University Activities (including sponsored research projects).

Amount of Charge – Indicate the amount charged to this account/fund.

Effort % - Indicate the percentage of effort that was spent on each University Activity

Start Date – Indicate the start date of the effort and charge for each University Activity

End Date - Indicate the start date of the effort and charge for each University Activity

University Amount Total – Indicate the total amount charged to all University Activities for the period being reported.

Sponsored Research Project Funds Effort % Total - Indicate the total percentage of effort charged to all University Activities for the period being reported.

Total Base Salary – Indicate the total approved annual base salary.

NOTE: THE TOTAL % OF EFFORT MUST BE 100%.

Certification – Obtain the signatures of the Immediate Supervisor and the Principal Investigator responsible for the sponsored project. The Employee’s signature must be represented on the form as well.

Review by Contracts and Grants Accounting (C&G) – C&G will review the Certification of Time & Effort Reports to ensure accuracy. If revisions are required to be made after the review, the PI will be contacted by C&G to discuss and/or make appropriate changes.