



PROCEDURE 582-PR

Procedures for Time & Effort Reporting and Certification for employees working on externally sponsored projects from any source

Date: April 30, 2014

POLICY REFERENCE

These procedures are related to policy requirements as contained in USU Policy #582, Time & Effort Reporting, and outline requirements for reporting effort when employees receive external funding from any source. Effort reporting and certification are as defined in OMB Circular A-21, j.10 (Circular A-81, pending). All terms used in these procedures relate to definitions provided in Policy #582, and elsewhere in USU policy.

The policy is written as guidance to USU investigators. The principles outlined apply to all USU employees that have responsibility for accurate reporting, review and verification of effort for individuals that work on external projects funded from any source.

PR-1 Time and Effort Reporting guidelines fulfilling the requirements of OMB Circular A-21 (and pending Circular A-81):

1.1 If you receive funding from any source outside the university to conduct research the percentages of effort you expend on all projects and activities must be documented in writing. This requirement applies to all faculty, postdoctoral fellows, graduate students and staff that are non-hourly workers employed at USU and working on externally sponsored projects. This is accomplished primarily through 1) accurate budgeting, 2) interim review by faculty and support staff in the departments, and 3) after-the-fact review by someone with "suitable means to verify" accurate reporting of work assignments, which typically is the Principal Investigator (PI).

1.1.1 **Budgeting.** Accurate reporting of exempt employee effort begins with creating project budgets that accurately represent what effort the employees on the project are expecting to provide. When project budgets are "rolled up" together, they represent a plan, which becomes the basis of USU's "Plan-Confirmation" approach to effort reporting as adopted from Circular A-21.

As new projects are awarded, it is crucial that your plan be updated to reflect the new commitments being made.

1.1.2 Interim Review. Two reports are generated by the Controller's Office that provide appropriate opportunities for PIs to review effort that is being reported. These reports are populated based on payroll distribution system records.

1.1.2.1 Personnel Services Report. The first report is the Personnel Services Report, which is a month-by-month report of salary costs on your projects. It is provided through Banner to individuals listed for each unique account (indicated by a separate index number) and lists the salaries for each individual whose efforts were charged to that index number. An individual might be listed on several of these reports, and if so, it is important that the reports be reviewed in aggregate by someone familiar with the details of the projects to ensure that the recorded effort aligns with the plan budget.

This Personnel Services Report shall be reviewed by you or your departmental business manager to confirm that only personnel have been included that provided effort on your project, and that all people who provided effort are also included. An example of this report is attached as Appendix A of this procedure.

For personnel that are working on projects led by more than one individual, it is essential that a responsible party be assigned to coordinate the review of all reports on which an individual's effort is reported. This may be a departmental business manager, a college finance officer, or another individual. Whoever reviews the reports must have access to suitable means to verify the effort reported.

If salary distribution errors are discovered in the Personnel Services Report, you will need to coordinate with your departmental business manager to correct those errors by submitting then online Labor Redistribution module as per USU Policy 581 (Cost Transfers). **Timely correction of cost allocations made to incorrect accounts is necessary in order to avoid cost transfers being made more than 90 days after the original transaction.** Prospective changes to payroll distribution should also be made using the Electronic Personnel Action Form (EPAF).

1.1.2.2 Quarterly Salary Distribution Report. The second report used for interim review is the Quarterly Salary Distribution Report (QSDR), which is specifically designed to assist you in reviewing your Time & Effort Report. This report is sent to the Department Head and each individual in the department that receives external funding for research. The QSDR itemizes the effort a particular individual has expended on all university projects and activities. The format of this report closely parallels the format of the annual Time & Effort Report and represents a primary opportunity to review and verify the effort reported during the prior

quarter for the individual concerned. Each QSDR shall be reviewed by someone having suitable means to verify the effort expended. This could be you as the PI, the individual whose effort is being recorded, or another person with first-hand knowledge of the situation. The decision concerning who will have review authority of the QSDR may be made on a case-by-case basis, but it is expected that PIs - working with departmental business managers – will generally perform the reviews.

Once again, if salary distribution errors are discovered in the QSDR, you will need to coordinate with your departmental business manager to correct those errors through the Labor Redistribution module and EPAF form.

1.1.3 After-the-fact Review and Certification of your Plan. The annual Time & Effort Report is issued in mid-August each year. Under the Plan-Confirmation process used at USU, this report is sent to business managers and distributed to each individual who has reported effort on a sponsored project. Based on the review and, when warranted, amendment of the QSDRs issued in previous quarters, the Time & Effort Report is reviewed and certified by the PI or another individual with suitable means to reasonably verify the effort of each individual. This certification is the “confirmation” referred to under the Plan-Confirmation payroll distribution method. These reports must be returned to the SPA by September 30 each year.

1.1.4 The Time and Effort Report must include all of the employee’s effort for the time period covered (including non-federal sources, but excluding incidental work).

1.1.5 Certifications must be signed in ink, or using an approved digital process.

1.1.6 If the salary distribution differs from the effort reported during the same Effort Certification period, which is the fiscal year, by more than five percent (5%), you will need to work with your departmental business manager to correct the discrepancy using the Reallocation Transaction Form and changing the EPAF if applicable to the next fiscal year.

1.2 Other Methods. While most departments use the Plan-Confirmation method to certify effort, other methods may also be used when approved by the Controller’s Office. Whatever method is applied, equivalent care must be taken to reasonably verify the accuracy your effort reported over the fiscal year.

1.3 Total Reportable Effort. Reportable effort (excluding Incidental Work) is calculated on total effort rendered, not on a 40-hour workweek. Total reportable effort rendered must equal 100%, regardless of when or where it is accomplished. The employee’s Primary Work Assignment is reviewed annually with the employee’s supervisor, and an Annual Work Assignment is developed based on this review. The Annual Work Assignment reflects the work that the

employee has agreed to accomplish to fulfill his/her Primary Work Assignment for a particular year. This is the “plan” as discussed above. In addition to changes required to reconcile your plan with payroll distribution records, any additional projects or cost adjustments to existing projects not anticipated when the Annual Work Assignment is established that are applicable toward your non-term period (summer salary) will also require changes to your plan. Accounting for such changes shall be handled in accordance with RGS Procedure PR 376, Section 1.1).

1.3.1 Annual Work Assignment . The Annual Work Assignment is related to the Institutional Base Salary as follows:

The university, at the point of your hiring, and from time to time thereafter, establishes a specific term of employment, which acts as your base appointment .. A 9-month term is often chosen, to coincide with what is commonly referred to in federal regulation as an “academic term,” or the period during which an institution is in session. The Institutional Base Salary is that level of compensation that is agreed to by you and the institution to fulfill your Primary Work Assignment during your appointment term. In addition to the work to be accomplished during the employment term, you may also choose to extend your compensation from USU by finding sources of funding, either within or outside the institution, to provide additional salary. Such additional compensation is considered regular compensation for each employee up to 12 months of compensation at the Institutional Base Salary Earning Rate.

An Institutional Base Salary (IBS) Earning Rate is derived mathematically by dividing the IBS by the number of months of the term of employment. No employee may receive more from regular compensation through the institution than is represented by 12 months effort at the Institutional Base Salary Earning Rate. However, additional compensation may be received through the performance of Incidental Work. Such work is often performed outside the institution (e.g., consulting), but under limited circumstances, may be performed for the institution as allowed under USU Policy # 376, Extra Service Compensation. By definition, Incidental Work is outside the employee’s Primary Work Assignment and therefore not included in the employee’s Annual Work Assignment. It follows that Incidental Work will not be reported in the Time & Effort Report.

PR-2 Coordination of Time and Effort Reports and Labor Adjustments

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

2.1 Personnel actions establish the pay amounts to be charged to index numbers and account codes in the University’s payroll system for each employee.

2.2 Salary redistributions are an after-the-fact reallocation of salary distributions from one Index/project to another Index/project and, by USU procedures, are required to be accomplished within 90 days.

2.3 Initial Time and Effort Report Forms distributed to PIs are based on pay sources and amounts established in the University's payroll system by personnel actions and salary redistributions.

2.4 Timely adjustments. It is necessary to coordinate retroactive personnel actions and labor redistributions affecting contract and grant projects with the time and effort certification process. If 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. Thus, any needed changes must be made before the certifications are signed.

2.5 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 SPA Director (See Cost Transfer Policy at <http://www.usu.edu/hr/policies/581.htm>).

PR-3 Cost Sharing

3.1 All committed cost sharing effort is tracked and requires certification on the annual Time and Effort Report. In order to ensure that USU's calculated research base is accurate, it is essential that all cost sharing be accounted for. The SPA Office will be notified by the Division of Sponsored Programs whenever cost sharing is being provided, including sponsored projects for which you are not paid for your effort on the project. Such projects require that an amount, which normally will be a minimum of 3% of effort for the individual, be approved as Voluntary Committed Cost Share from USU sources to provide a reasonable estimate of the supervisory time you have expended. This imputed effort will be tracked in your award accounts in accordance with Policy 582, Time and Effort Reporting. PIs are consulted as necessary to establish the level of time to be cost shared, and may provide justification for amounts less or more than 3%.

3.2 All individuals certifying effort for university employees shall be knowledgeable of cost sharing requirements. Guidance and training for cost sharing on sponsored programs is available through the SPA Office.