

1. Title

Time and Effort Management and Reporting Policy

2. Policy

Sec. 1 Purpose. The purpose of this Policy is to provide requirements and guidelines for time and effort reporting and management of effort commitments for all sponsored programs, federal, State, and private, at The University of Texas System Administration.

Sec. 2 Policy Statement. As a recipient of sponsored funds, U. T. System Administration must assure that the proposed effort commitments are fair, reasonable, and timely. Salaries and wages should also be budgeted commensurate with the proposed level of effort charged to the program and managed consistently across the institution. The management of effort commitments requires communication and coordination among offices within U. T. System Administration.

Sec. 3 Office of Management and Budget Circular A-21. The U.S. Office of Management and Budget Circular A-21, *Cost Principles for Higher Educational Institutions*, (OMB A-21) is the authoritative source regarding what costs are allowable and allocable to federal grants. OMB Circular A-21, Section J.10, sets forth criteria for acceptable methods of charging salaries and wages to federally sponsored projects. OMB Circular A-21 requires that institutions develop a mechanism to determine how individuals actually expend effort and prescribes criteria for acceptable methods of documentation.

Sec. 4 Effort Certification System. Effort reporting certifies to the granting agencies that the effort required as a condition of the award has actually been completed. The Effort Certification System (ECS), an after-the-fact confirmation method of time and effort, is used to facilitate this reporting. The system reflects an individuals' payroll distribution to various institutional accounts, including sponsored program accounts, and their estimation of actual time spent on activities such as instruction, research, and other functions. The System documents the distribution of salaries and wages based on a reasonable estimate, which distinguishes between institutional activities and sponsored activities and reports on an academic period basis. A time and effort certification report is required twice a year for those employees with a portion of salary funded by sponsored projects. Effort reports should be certified by someone who has direct involvement with the sponsored projects, has a suitable means of verification that the work was performed, and has accountability for deliverables for the project.

- Sec. 5 Risk. Effort reporting is considered a high risk area for many institutions. Failure to verify time and effort within the certification period or improper allocation of employee's time according to a contractual agreement can lead to breach of contractual agreement, loss of future awards, and adverse public image. Criminal charges may be brought against an individual who certifies a falsified report (Federal False Claims Act).
- Sec. 6 Authoritative Source. While OMB Circular A-21 is the authoritative source regarding federal grants, non-federal agencies refer to OMB Circular A-21 as well. Currently, effort expended on any sponsored project, federal or non-federal, will be included in the ECS.
- Sec. 7 Proposing Effort and Requesting Salary Support. Principal Investigators (PIs) must provide a reasonable estimates of the percent of effort necessary to carry out the proposed project. The proposed or estimated effort is expressed in relation to each individual's total effort.
- Sec. 8 Minimum Proposed Committed Effort.
- 8.1 The majority of U. T. System Administration sponsored projects are cost-reimbursable agreements obtained through a proposal process that describes the level of effort the PI and other key personnel will devote to the project. After the award is granted and accepted, the PI and key personnel are committed to provide that proposed level of effort over the budget period unless the sponsor permits otherwise.
- 8.2 At least 1% full-time equivalent (FTE) commitment is required for the PI and other key personnel during the period of the project. The minimum requirement does not apply to equipment grants, dissertation support, training grants, or limited-purpose grants such as travel grants or conference support.
- Sec. 9 Maximum Proposed Committed Effort.
- 9.1 The PI and key personnel may have other responsibilities that prevent them from devoting 100% of their time to sponsored program activities. Those activities are unallowable on the sponsored program under OMB Circular A-21, and therefore, cannot be paid from sponsored program accounts or included in the effort reporting. Sponsored activities must be reviewed regularly to ensure adjustments are made consistent with sponsored terms and conditions.

- 9.2 The PI and the department administrator must review proposed effort to assure there are no other activities required of the PI and key personnel that would reduce the effort available for sponsored activities. Key personnel who have no other responsibilities are the exception to this rule.
 - 9.3 The effort certification should reflect the percentage of actual time spent on the sponsored project expressed as a percentage of total effort, not hours. The total effort may not exceed 100% and should include only those activities for which the individual receives regular compensation from the sponsored project agreement.
- Sec. 10 Personnel Required to Certify Time and Effort Reporting. Certification is required of all personnel (professional and nonprofessional employees) when a portion of their salary is charged to a sponsored project. This after-the-fact confirmation may be confirmed by responsible persons with suitable means of verification that the work was performed and the amounts shown are a reasonable estimate of actual work performed during the stated period.
- Sec. 11 Time Requirement to Certify Time and Effort Reporting. To comply with this federal requirement, an after-the-fact confirmation called Effort Certification System (ECS) has been established. Confirmation is done on a semiannual basis. The website for ECS is <https://utdirect.utexas.edu/acct/cg/ecs/>.
- Sec. 12 Process for Certifying Time and Effort.
- 12.1 An email is sent semiannually, approximately 60 days after the six-month period ends (August and February), to the pre-certifier and Certifier (PI) of each department regarding the upcoming time and efforts reporting. Each report, listed by an account number and generated from payroll information, represents an individual's monthly activity on a sponsored project.
 - 12.2 The PI must verify that the report includes the names of all individuals paid from sponsored project funds, verify the percent time listed on the report is reasonable in relation to the work performed by each employee during the certification period, and accurate with records maintained in the department.
 - 12.3 After reviewing the ECS, if the PI determines that corrections are needed, those corrections must be made immediately

through the Cost Transfer Form and the U. T. Austin Human Resources Management System (HRMS).

- 12.4 The Cost Transfer Form and PAF will be sent to the Office of the Controller for approval.
- 12.5 The HRMS document will be routed electronically for approval by the Office of the Controller
- 12.6 A copy of the Cost Transfer Form should be attached to the Time and Effort Certification Report and kept on file in the department.
- 12.7 A reminder and follow-up emails will be sent prior to the reporting period deadline to ensure that all time and effort reports are corrected and completed within the required period of less than 45 days.

Sec. 13 Prohibitions.

- 13.1 In accordance with UTS163, *Guidance on Effort Reporting and Certification Policies*, no changes are permitted after effort certification reports are completed and signed by the individual unless the changes benefit the sponsor.
- 13.2 All salary expenses not certified in a timely manner must be transferred from the sponsored account to a non-sponsored program account.
- 13.3 Changes to previously certified reports are discouraged. A retroactive adjustment, including a letter of justification, must be done within 90 days of the original transaction.
- 13.4 Retroactive changes will not be approved when the change is merely for the purpose of utilizing unexpended funds of a sponsored project or avoiding a cost overrun.

Sec. 14 Effort Reports Record Retention. Effort reports must be maintained and made available for a period of three years from the date of submission of the final expenditure report is submitted (OMB Circular A-110 and Federal Acquisition Regulations).

Sec. 15 Effort Reporting Training. All individuals working on sponsored programs are required to take time and effort training.

3. Definitions

Certifier - an individual who verifies the services performed by employees are accurate. Typically this individual is also the PI.

Department Administrator - an administrative staff that works at the departmental level and coordinates with the department head and PIs to support and provide guidance on the administration of compliance, financial, personnel, and other related aspects of departmental and sponsored projects. Responsibilities include:

- Compare individual's monthly activity, based on the actual salary amount paid from the sponsored project, and records maintained in the department with the actual appointment;
- Make necessary adjustments if the difference is greater than +/-5%;
- Establish any needed cost sharing accounts;
- Ensure that salary caps that may be imposed by the sponsor are correctly calculated and properly recorded;
- Ensure the timeliness of requests to sponsor regarding the reduction of effort;
- Review and provide salary distribution and effort commitment information to the PI;
- Make any necessary adjustments in labor distribution in accordance with INT152 *Cost Transfer Policy*; and
- Maintain official records.

Documentation - timesheets and any other documentation that supports the transaction.

Effort - actual amount of time spent by an individual on a sponsored project. Individual effort is expressed as a percentage of the total amount of time spent on work-related activities for which the individual is compensated. It is not defined as a percentage of a 40-hour workweek or any other standard workweek since the number of hours each week may substantially exceed 40 hours. All effort must equal 100%.

Effort Certification System (ECS) - an on-line system, created by The University of Texas at Austin, to provide web-based means for PIs or other knowledgeable persons to certify the effort of U. T. System Administration employees paid by sponsored research projects. ECS gathers information from payroll records and delineates employees' activities between sponsored programs and non-sponsored programs. Payroll distributions and effort certifications are not the

same thing. Payroll distributions describe the allocation of an individual's salary while effort certifications describe the allocation of an individual's effort.

Effort Commitment - effort committed or promised prior to or at the start of the project. It is not the actual effort expended, but a projected amount. The amount committed should be a realistic amount that can be adhered to. Effort commitment is tracked in the ECS.

Effort Reporting - the method of certifying to the granting agencies that the effort required as a condition of the award has actually been completed and that salaries and wages charged to each sponsored agreement are reasonable in relation to the actual work performed.

OMB Circular A-21 - a circular entitled *Cost Principles for Higher Educational Institutions*, published by the federal [Office of Management and Budget \(OMB\)](#) that establishes the principles for determining the costs applicable to grants, contracts, and other government agreements with educational institutions.

Precertifier - an individual who has direct knowledge and suitable means to verify the services performed by employees on a sponsored project. Typically this individual is also the Department Administrator.

Principal Investigator (PI) - the individual responsible for the conduct of research or other activity described in a proposal for an award. Responsibilities include:

- Monitor and review their projects' time and effort on a regular basis to ensure the accuracy and appropriateness of all effort expended on the sponsored project;
- Ensure that proposed level of effort is reasonable and necessary to carry out the proposed project;
- Ensure that the individual listed in a proposal is aware and has approved his or her participation in the activity and the committed effort in the proposal has been reviewed and approved by his or her supervisor;
- Ensure that an individual's total effort does not exceed 100%;
- Ensure that PI's other activities will not conflict with the proposed effort commitment;
- Obtain sponsor's prior approval when the reduction for the effort of PI and/or key personnel is greater than 25% (OMB Circular A-110); and,

- Establish effective processes and controls to ensure compliance with effort reporting requirements and provide oversight for those processes and controls.

Sponsored Program/Project - an externally-funded activity that is separately budgeted and accounted for and governed by specific terms and conditions of the sponsoring organization. Sponsored programs may be in the forms of grants, contracts, or cooperative agreements for research, instruction, and public service activities.

4. Relevant Federal and State Statutes

[OMB A-21, Cost Principles for Educational Institutions \(05/10/2004\)](#)

[Memoranda 01-06, Clarification of OMB A-21, Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs](#)

[OMB A-110, Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations \(11/19/1993\) \(further amended 09/30/1999\)](#)

[Federal False Claims Act](#)

5. Relevant System Policies, Procedures, and Forms

[INT152, Cost Transfer Policy](#)

[INT158, Cost Sharing Policy](#)

[UTS163, Guidance on Effort Reporting and Certification Policies](#)

6. System Administration Office(s) Responsible for Policy

Office of the Controller

7. Dates Approved or Amended

January 1, 2007

Amended September 30, 2009

Amended November 15, 2012