



Division of Research

SUBJECT: Time and Effort Certification Policy	Effective Date: 11/01/2016	Policy Number: 10.5.17	
	Supersedes: 09/19/2014 01/22/2013 08/01/2015	Page 1	Of 10
	Responsible Authorities: Division of Research Director of Research Accounting		

I. Background

Generally, compensation for personnel services is the largest expense charged to sponsored awards. As a condition to receive federal funding, institutions must maintain records that are supported by a system of internal control which provides reasonable assurance that the changes are accurate, allowable and properly allocated.

II. Purpose

The purpose of this policy is to establish requirements for effort reporting on sponsored awards to ensure compliance with the applicable requirements of 2 CFR 200.430 Compensation (Uniform Guidance). For purposes of this policy, “awards” will be used to refer to all agreements, grants, contracts, projects, Notice of Awards (NOA), Memorandum of Understanding (MOU), etc. that are funded by an external sponsor.

As a condition of receiving sponsored awards, Florida Atlantic University must assure sponsors that the effort expended on their awards justifies the salary charged to those awards and the commitment indicated (including mandatory and voluntary committed cost sharing) in the proposal and subsequent awards are met in accordance with the sponsor’s terms and conditions. This assurance is demonstrated by requiring quarterly effort reports for employees whose salary is charged to sponsored awards and/or cost sharing account during the effort reporting period. These effort reports indicate the percentage of the total effort that is dedicated to sponsored award(s) and other University activities. In addition, the effort report requires a certification that the reported effort percentages are accurate. Effort is not calculated on a 40-hour work week, but is expressed as a percentage based on the total hours spent on work-related duties.

Employees with any portion of their salary charged directly to a sponsored award or cost share account are subject to effort reporting. They must be aware of their level of committed effort to sponsored awards and the ability to meet those commitments along with any other University obligations they may have.

III. General Statement

Research Accounting is available to answer questions and provide assistance regarding the requirements of the Time and Effort Certification Policy.

IV. Policy

It is the policy of Florida Atlantic University that certifications of effort are required for university employees whose salary or wages are directly charged to sponsored awards in order to ensure that the salaries and wages charged to these sponsored awards are allowable, allocable, reasonable, and treated consistently.

A. Effort Reporting

Effort reporting certifies to the external sponsor that the percentage of effort required as a condition of the award has actually been completed. FAU utilizes an after-the-fact reporting system which reflects the distribution of salaries and wages supported by an activity report that represents actual costs. Charges are initially made on the basis of an estimate of one's effort before the services are performed. This system reflects employees' payroll distribution to various institutional accounts, including cost share, and sponsored award accounts. It documents the distribution of salaries and wages based on a reasonable estimate, which distinguishes between institutional and sponsored activities and reports this on a quarterly basis.

To ensure that the effort reporting system reasonably reflects actual effort expended during the reporting period, the person completing the effort certification must be someone who has direct involvement with the sponsored award and has suitable means of verification as well as firsthand knowledge that the work was performed.

In determining "reasonableness", 2 CFR 200.430 Compensation (Uniform Guidance) states, "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." As a result, in determining the effort percentage, FAU allows for the use of reasonable estimates in which a, +/-5% (of the initial committed effort) degree of tolerance is allowed between the actual time spent and what is reported.

- For example, if your salary is allocated 30% to an award an adjustment would not be required if the expended effort can reasonably be determined to fall between 28.5% and 32.5%.

The certified effort report must reflect all activities for which the employee is paid by Florida Atlantic University and the total work expended must equal 100%.

All departments must ensure that initial allocations of salaries to sponsored awards are reasonable in relation to the expected effort of the employees whose salaries are being allocated and that such allocations are monitored and adjusted where necessary to reflect significant changes in an employee's effort.

1. Certification Period

All applicable employees at Florida Atlantic University will certify effort quarterly using a suitable means of verification. At a minimum, suitable means of verification should be accompanied by some form of written documentation. The documentation used as suitable means of verification needs to be sufficient to support a reasonable estimate of effort expended. Oral verification from a principal investigator to an administrator will not be sufficient.

University policy requires effort to be certified within 45 days of the end of each quarterly reporting period.

First Quarter (July-September) - Effort Certification due - November 15.
Second Quarter (October-December) – Effort Certification due - February 15.
Third Quarter (January-March) – Effort Certification due - May 15.
Fourth Quarter (April-June) - Effort Certification due - August 15.

All pre-reviewers and certifiers must complete the Time and Effort Certifications on a timely basis to ensure that certification by all employees are completed by the due date.

2. Effort Report

Following the end of each reporting period, the Research Accounting Office will use the Effort Reporting System to generate reports for Pre-Review and Certification in order to provide oversight of direct salaries charged to sponsored awards. The role of the Pre-Reviewer is a system-secured role that is identified by department (supervisory organization) and assigned by the Research Accounting Office. The role of Certifier is a system-secured role that is auto-assigned based on the employee name. The reports will provide the distribution of salary payments by employee which may or may not coincide with the amount of effort actually performed. Upon review of the record, if salary allocations are not representative of actual effort performed, the allocations shall be adjusted to be accurate. These effort reports must be completed, certified and submitted in accordance with this policy.

3. Alternate Certifiers

The Effort Reporting System automatically routes effort certification reports directly to the employee in order to certify. In the event of extraordinary circumstances whereby an employee is unavailable to certify their effort or has left the University, the Research Accounting Office should be notified in order to determine the appropriate steps to assign alternate certification. The person completing the effort certification must have suitable means of verification; therefore an alternate certifier

would most likely be the Principal Investigator (PI) for the award (*if designated, the PI assigned to the grant*), the PI's Departmental Chair or Dean.

4. Non-Compliance

Non-compliance can result in disallowances and a financial loss to the University. In addition, disallowances as a result of audit findings could require the return of federally awarded funds. Failure to follow the provisions of FAU's effort reporting policies and procedures may subject the employee and departments responsible for the violation(s) to administrative and/or disciplinary actions in accordance with University disciplinary procedures. Automated notifications within the system will be generated to pre-reviewers and certifiers along with their immediate supervisors if an effort report has not been completed within 28 days. If effort reports are still not certified after 45 days, then the following series of events will occur:

Level	Email Notification Sent Directly To	Email Notification Courtesy Copied	Time Line and Response
1	Employee and/or PI	Business Manager Grant Manager	If the Effort Report is NOT certified within 2 weeks, proceed with Level 2
2	Business Manager Grant Manager	Chair Employee and/or PI	If the Effort Report is NOT certified within 2 weeks, proceed with Level 3
3	Dean or Director of Unit	Business Manager Grant Manager Chair Employee and/or PI	If the Effort Report is NOT certified within 2 weeks, proceed with Level 4
4	May result in a delay in the setup of sponsored and non-sponsored awards which includes the distribution of overhead and/or other internal awards.		
5	May lose eligibility of the Research Incentive Plan.		

B. Minimum Level of Effort

Proposals should clearly state the amount of effort and equivalent salary committed by the PI or key personnel who have a significant role in meeting the objectives of a sponsored award. Principal Investigators and key personnel should request full salary support for the effort that they expect to expend in meeting the objectives of the award. FAU requires a minimum commitment of 1% effort for the PI or key personnel, during the period in which the effort will be expended (academic year, summer term only or both). When the PI or key personnel's effort is committed in the proposal and the related salary is not directly charged to the sponsored award, then the effort committed must be

treated and documented as cost share. However, it is expected that salary request be commensurate with the effort proposed.

The minimum effort of 1% requirement for PI or key personnel does **NOT** apply to:

- Equipment and instrumentation awards
- Doctoral dissertation awards or other student fellowship awards
- Faculty mentors (also known as preceptors or program faculty) on institutional training awards; the faculty mentor's effort will be assigned to their specific research award on which the trainees are involved
- Limited purpose awards characterized as Other Sponsored Activities like travel grants or conference support
- Specialty License Plate (SLP) Accounts

C. Maximum Level of Effort

Total effort for University activities cannot exceed 100%. Maximum effort relates to one's full workload that includes activities such as instruction, research, patient care and other institutional activities.

At the proposal stage, department administrators and faculty must review proposed sponsored effort to assure that what is proposed is feasible considering other activities required of the faculty member. Department administrators and faculty must also review the faculty member's effort statement to ensure it accounts for all activities.

Given that most faculty members have responsibilities for instruction, patient care or other institutional activities it is typically not feasible for them to charge 100% of their salary or certify 100% of their effort to sponsored research. Rare exceptions to this may include faculty who have no other teaching, patient care, or other institutional responsibilities. As a result, there are very few instances, if any, in which a faculty member can justifiably be 100% committed to sponsored programs.

D. Proposing Effort and Requesting Salary Support

Levels of effort proposed in any sponsored award application should be consistent with the actual effort that each individual is expected to expend on the award during the relevant project period(s). The amount of salary support requested should normally be determined by multiplying the proposed level of effort by the individual's Institutional Base Salary.

For example, if the proposed effort is 25% and the individual's Institutional Base Salary (IBS) is \$100,000 normally the requested salary support would be \$25,000 per year.

In no event should the requested salary support exceed the amount determined by multiplying the proposed level of effort by Institutional Base Salary (IBS).

E. Convert percent effort into person months

For proposal purposes, proposed level of effort must be expressed in accordance with sponsor requirements. Some sponsors require that level of effort be proposed in terms

of person months. Since effort is not based on a forty hour work week, the calculation should be based on percentage effort converted into person months. To convert percent effort to person-months, multiply the total effort percentage by the number of months and the Full Time Equivalent (FTE) in the appointment.

For example, 30% effort for a 9-month faculty at 1.0 FTE equates to 2.70 person-months ($.30 \times 9 \times 1.0 = 2.70$).

F. Salary Cap

Some sponsors, most notably NIH, impose limitations on the amount of Institutional Base Salary (IBS) that may be used as a basis for charging salary to their awards. Where such limitations apply, the requested salary support is determined by multiplying the proposed level of effort by the maximum IBS allowed (e.g., the NIH salary cap). Refer to http://grants.nih.gov/grants/policy/salcap_summary.htm for NIH salary cap amounts.

For example, if a PI commits 10% effort on an award and their annual salary is \$250,000 and the salary cap is \$185,100, the payroll distribution and effort calculation will be based on the \$250,000 salary, the 10% effort committed needs to be split into a grant account and a separate account entitled "Salary over cap-account" as follows:

Salary over the NIH Cap calculation	$\$250,000 - \$185,100 = \$64,900$
Charge to grant account	$10\% \text{ effort} \times 185,100 / 250,000 = 7\%$
Charge to Salary over-cap account	$10\% \text{ effort} \times 64,900 / 250,000 = 3\%$

Note: Salary Cap restrictions are not allowable charges to the project and cannot be used to satisfy any required cost share commitments.

G. Summer Period

For summer months or other periods outside the academic year, 2 CFR 200.430 Compensation (Uniform Guidance) stipulates that charges for work performed may be charged at a rate that does not exceed the base rate for the academic year. Faculty with 9 and 10-month appointments shall be permitted to expend up to an additional three and two months of effort/salary, respectively, on sponsor awards. In addition to the other requirements of this policy, faculty shall comply with the following:

- 9-month and 10-month faculty receiving summer salary must ensure that the effort was expended during the summer period for which they were funded. Effort expended during the academic year cannot be counted towards the summer period.
- If a faculty member has administrative or other non-research responsibilities during the summer period, they will be precluded from devoting 100% effort to any sponsored award and **cannot** request salary support outside their 9 or 10-month appointment.
- Charges for work performed by faculty members on sponsored awards during the summer months will be determined for each faculty member at a rate not to exceed 100% of the institutional base salary divided by the period to which the

base salary relates. The institutional base salary period used in computing charges for work performed during the summer months will be the number of months covered by the faculty member's official academic year appointment.

H. Sabbatical Leave

Unless there are special conditions in a program solicitation or in the grant terms and conditions, charges to a sponsored award for services rendered to the project by an individual during their sabbatical period are allowable provided such compensation is:

- a. proportional to the service rendered;
- b. in accordance with established institutional sabbatical policies regardless of source of funds;
- c. is at a rate which when added to the individual's sabbatical salary rate, does not exceed the individual's base salary rate for the individual's most recent academic year or equivalent prior period.

I. Cost Transfers

If payroll does not accurately reflect an individual's effort by the degree of tolerance +/- 5%, an adjustment to the effort report is necessary. This is accomplished by completing a Payroll Accounting Adjustment. Labor/Salary redistributions or corrections cannot be processed on a Journal. Journals do not reflect payroll changes by employee name; therefore any payroll transactions processed by journal will not be reflected in the effort reports.

Cost transfers made as a result of the effort certification process must be made in accordance with University policies and procedures for cost transfers. Once the effort has been certified, no payroll accounting adjustments can be made. Only in rare circumstances will subsequent salary adjustments be permitted. If it is necessary to adjust the salary charges for a previously certified effort period, documentation must provide a detailed explanation of the need for the salary adjustment and subsequent recertification. This documentation must be submitted on a Request to Adjust Salary for a Previously Certified Effort Report Form and approved by the Dean, Department Chair and the Principal Investigator and also submitted to the Director of Research Accounting for approval. If approved, a payroll accounting adjustment and a re-certification of the effort period is then required.

J. No-Cost Time Extensions (NCE)

Sponsors expect that the original award terms and conditions will extend throughout the award period, including the no-cost time extension period. This would include commitments of effort for the PI and other named key personnel on the proposal.

Some effort should be provided by PIs on research awards; there is no exception for awards that are in no cost time extension periods. However, there is also the realization by Federal agencies that a PI's effort may be reduced during no-cost extensions as the project is winding down, or additional time is needed for data analysis. Depending on the federal agency, the institution and the PI may need to request prior written approval

from the sponsor for a reduction in effort that is greater than 25% of the proposed effort to avoid discrepancies with current and pending support statements, effort certification, or issues of research overlap. To determine if prior written approval is required, review the sponsor's award terms and conditions.

V. Extenuating Circumstances

- A. If an extenuating circumstance occurs such as the conversion of the university's financial system or a natural disaster that would prevent completing the certification in the time period outlined within this policy; an extension will be permitted.
- B. In the extremely rare circumstance whereby a Payroll Accounting Adjustment was not submitted by the fiscal year deadline in order to make appropriate changes and therefore be reflective on the effort report; a manual effort report could be created by the Research Accounting Office. This manual effort report would include the original effort report (that will be permanently cancelled in the system) combined with adjustments from an after-the-fact journal to then be manually reviewed and certified.

VI. Definitions

Effort: The portion of time spent on any activity, expressed as a percentage of the total activity. Effort is not calculated on a 40-hour work week, but is calculated as a percentage based on the total hours spent on work-related duties. For example, if a person averages 60 hours per week during a reporting period and spends an average of 15 hours on a Sponsored Project, that person has spent 25% effort on the sponsored project and 75% effort on other activities.

Effort Report(s): The mechanism used to provide a sponsoring agency with a reasonable assurance that salaries paid from a grant are appropriate and reflect a reasonable estimation of the time spent working on the project.

Total Effort: The total appointed time in the payroll system and all work-related activities paid is the total effort or 100% effort of the employee. The total number of hours worked does not affect total effort. For example, if a person worked on average 20 hours or 40 hours a week, either equates to 100% of their total effort.

Committed Effort: The amount of time proposed for the PI and key personnel in the approved sponsored agreement. For example, if an NIH grant application proposes that an employee will devote 30% of his or her effort to the grant, with salary support for 10% of effort, 20% of the effort will be voluntary committed cost share, and 10% charged to the grant, for a total of 30%.

Voluntary Committed Cost Sharing: Cost share proposed by the University when it is not a specific requirement of the sponsor. When an award is received which proposed voluntary committed cost sharing, the cost sharing becomes a binding commitment that the University must provide as part of the performance of the sponsored agreement.

Voluntary Uncommitted Cost Sharing: Is not required by the sponsor as a condition for the award and is not committed in the proposal budget. It is typically the PI's or other key researcher's effort that is over and above the effort committed and budgeted for in a sponsored agreement. Voluntary uncommitted cost sharing does not have to be documented.

Institutional Base Salary (IBS): The compensation paid by an organization for an employee's appointment, whether that individual's time is spent on instruction, research, patient care, or other institutional activities, and is specifically set for a 9-month, 10-month or 12-month period depending on the individual's appointment. IBS does not include bonuses, one-time payments (lump sum), summer pay for 9-month faculty, or incentive pay. Also excluded from IBS is any income that an individual is permitted to earn outside of duties at Florida Atlantic University.

Student Fellowship Award: An award to the university intended to provide financial support for a student. This is not provided as financial aid but given to students in the form of an award, to assist them with the costs associated with graduate school.

Firsthand Knowledge: Direct evidence of work performed. One may have this knowledge of work performance by either performing the work or through supervising the individual performing the work.

Suitable Means of Verification: The process through which one receives assurance that work was performed so as to provide a certification of effort on the quarterly effort reports. This process must take into consideration other university records and provide for the documented review of such records in support of work performed. Some examples of these records might include: calendars, teaching schedules, or logbooks. Other means of verification may also suffice, including e-mails attesting to effort devoted based upon firsthand knowledge. Oral verification from the employee/Principal Investigator will not suffice as a suitable means of verification.

VII. Roles and Responsibilities

Pre-Reviewer (typically the Grant Manager):

- Job Aid Instructions are available on the university's secured website at <http://www.fau.edu/workday> for the Pre-Reviewer.
- Must complete a Pre-Review of effort reports within the designated time period assigned for each quarter that the effort is being certified.
- Review effort reports for accuracy prior to submitting to the certifier.
- Ensure that sponsor imposed salary caps are calculated and appropriate salaries are recorded properly.
- Make any necessary Payroll Accounting Adjustments to ensure appropriate allocations of salary costs.

Principal Investigator (PI):

- Job Aid Instructions are available on the university's secured website at <http://www.fau.edu/workday> for the Certifier.
- Know and be familiar with all charges on the sponsored award(s).
- Must certify effort within the designated time period assigned for each quarter that the effort is being certified.
- Responsible for understanding the principles of accurate effort and timely reporting.
- Must be aware of the level of effort committed to a sponsor in relation to all other professional activities included in total effort.
- Ensure that proposed level of effort is reasonable and necessary to carry out the proposed project.
- Must request a change to the effort report when inaccuracies exist.
- May need to request sponsor's prior approval when the reduction of the effort for the PI and/or key personnel is 25% or greater (when appropriate).
- Responsible for certification of time and effort for employees no longer working with the University.
- Ensure that documentation used as suitable means of verification is sufficient to support a reasonable estimate of effort expended.

Employees working on sponsored awards:

- Job Aid instructions are available on the university's secured website at <http://www.fau.edu/workday> for the Certifier.
- Responsible for understanding the principles of accurate and timely effort reporting.
- Must certify effort within the designated time period assigned for each quarter that the effort is being certified for unless the PI or Co-PI chooses to certify for them.

VII. Annual Review of Procedures

The Time and Effort Policy will be reviewed as necessary.

POLICY APPROVAL

Initiating Authority

Signature: _____ Date: _____

Daniel Flynn, Vice President for Research

Executed signature pages are available in the Research Accounting Office