

15.01.04 Time and Effort Reporting

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Regulation Statement

The purpose of this regulation is to describe the standards for documentation of personnel expenses related to sponsored agreements and provide an overview of roles and responsibilities performed by members of The Texas A&M University System (system).

Reason for Regulation

Faculty and staff compensation, related benefits, and Facilities and Administrative (F&A) or indirect costs account for a substantial portion of the costs reimbursed from externally sponsored agreements. As a recipient of federal funds, the member is subject to financial accounting and reporting obligations designed to ensure that charges to federal sponsored agreements for salaries and wages are based on records that accurately reflect the work performed.

Procedures and Responsibilities

1. BACKGROUND

- 1.1 The OMB Uniform Guidance contains the federal regulatory requirements for internal controls related to certifying time expended on sponsored agreements. The system practice is to utilize an after-the-fact effort reporting system to certify that salaries charged, or cost-shared to sponsored agreements, are reasonable and accurately reflect the work performed. The management of effort reporting requires communication and coordination among system offices, member administrations, and departments.
- 1.2 Difference Between Payroll Distribution (budget estimates) and Effort Reporting (actual)

Payroll distribution is the allocation of an individual's salary to an account(s) based on budget estimates (estimates determined before the services are performed).

Effort reporting certifies 100% of an individual's actual time or effort (including cost sharing and/or matching) after the services are performed.

Budget estimates can be used for interim accounting purposes. If a member chooses to use budgetary amounts to charge federal sponsored agreements, the process used to

make those initial estimates must produce reasonable approximations. Changes in the work activity of each person must be identified and adjusted in a timely manner to ensure that final charges to the sponsored agreements are accurate, allowable and properly allocated.

2. REQUIREMENTS

- 2.1 Effort reports are required for individuals whose salary or any portion of their salary is charged directly or cost-shared including matching funds to a federal, federal flow-through, or other sponsored agreement that requires effort reporting. This is a mandatory federal requirement; members may require effort reporting on other sponsored agreements. Once the member determines effort reporting is required for all sponsored agreements, it is recommended that all effort reporting be verified in the same manner for consistency.
- 2.2 A principal investigator (PI), key personnel, or designated individual supervising employees working on a sponsored agreement must certify the effort reported. Employees may be required to assist in the certification process by confirming that the allocation of 100% of time worked for the period is accurate.
 - 2.2.1 Each member is required to develop guidelines that best reflect the accurate assignment and certification of time and effort on sponsored agreements.
 - 2.2.2 The member must ensure that the individual who certifies the effort report has first-hand knowledge of the individual's effort. For instance, when the individual is unable to certify, an individual with a suitable means of verification can be designated to certify the effort.
 - 2.2.3 For graduate students and non-exempt staff working on sponsored agreements, the allocation of time to sponsored agreements is often determined by the PI and/or the director of the research center. In these cases, each member will be required to develop guidelines that best reflect the accurate assignment and certification of time and effort on sponsored agreements.
- 2.3 Total effort **must** equate to 100% of compensated activities. Federal regulations applicable to sponsored agreements at colleges and universities recognize that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to federal sponsored agreements, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected. However, members should develop guidelines on internal controls so that the effort reporting will reasonably reflect the activities of employees.

In order for the distribution of effort to represent a reasonable estimate of the work performed by faculty and other personnel, a reasonable variance of 10% is the maximum allowed between the actual time spent and what is reported. Members may include in their guidelines a lower allowable variance.

- 2.4 Institutional Based Salary (IBS) shall be used to compute salaries charged to sponsored agreements. Federal regulations define IBS as the annual compensation paid by an

institution of higher education for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties performed for the institution of higher education. Unless there is prior approval by the federal agency awarding the sponsored agreement, charges of a faculty member's salary to a federal sponsored agreement must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the sponsored agreement.

- 2.5 The effort reporting system will include in the certification process the payroll corrections recorded during the reporting period. The effort reporting certification may require payroll corrections to be recorded in the reporting period.

3. COMPLIANCE

- 3.1 Effort reporting is considered a high risk area; therefore, all individuals involved with the administration and conduct of federally sponsored agreements, including administrators, principal investigators and other research personnel, must comply with this regulation. Failure to verify time and effort within the certification period or improper allocation of an employee's time to a sponsored agreement can lead to a breach of the agreement, loss of future awards, financial audit disallowances, and adverse publicity. Criminal charges may be brought against an individual who certifies a falsified report (Federal False Claims Act). Adherence to this regulation is required for all effort related to federal sponsored agreements, as well as any non-federal sponsored agreements where the non-federal sponsor requires effort reporting.
- 3.2 To heighten awareness and enhance understanding of the effort certification process, members are required to establish guidelines for recurring training for employees who have a role in the time and effort process.
- 3.3 The member chief executive officer (CEO) or designee shall manage and be responsible for the effort reporting compliance program for employees for which it has primary responsibility. The CEO or designee is responsible for managing the risk, including the appropriate knowledge and necessary authority to manage the risk. The CEO or designee will work closely with the time and effort compliance officer to ensure all specific risks are adequately mitigated and effectively monitored.

4. EFFORT REPORTING SYSTEM GUIDELINES

4.1 Accessibility

Each member will have an effort reporting system in an electronic, web-based format that allows access to users to facilitate timely certification. The system must allow the users to view effort reports, submit certifications, and allow administrators to run queries or reports to check the status of the certifications.

4.2 Data

The effort reporting system must include, at a minimum, all individuals who were paid from a federal sponsored agreement, and/or provided cost sharing to a federal

sponsored agreement during the reporting period covered. For those individuals who meet these criteria, the effort reporting system must include all payroll sources for the individual (including sources from other members) to accurately report 100% effort.

The effort reporting system must calculate the 100% effort from an individual's base salary and exclude items such as bonuses, allowances, supplements, etc. Members should develop guidelines to ensure the effort data recorded is accurate.

In some cases, the sponsor requires time cards. Where the member uses time cards or other forms of after-the-fact payroll documents as original documentation for payroll and payroll charges, such documents shall qualify as records for meeting the requirements set forth in this system regulation.

4.3 Security

The effort reporting system must contain an adequate level of security to ensure confidence that the individual's certification is authentic.

Security should be reviewed periodically to ensure current users have access to the system and that authentication processes are adequate.

4.4 Frequency

Certifications will be processed on an after-the-fact basis at least on a semi-annual basis. Federal regulations require an after-the-fact review of interim charges made to federal sponsored agreements which were based on budget estimates. Budget estimates alone do not qualify as adequate support for charges to federal sponsored agreements.

4.5 Certification Process

Once the reports are made available in the system, the individuals have a maximum of 45 days to submit their certifications in the system. A process must be established by each member to ensure reports are certified in a timely manner.

Related Statutes, Policies, or Requirements

[OMB Uniform Guidance 2 CFR § 200.430, Compensation–personal services](#)

[System Policy 25.07, Contract Administration](#)

[The Texas A&M University System Fringe Benefit Rates](#)

This new regulation supersedes text related to this topic originally included within System Regulation *15.01.01, Sponsored Agreements – Research and Other*.

Definitions

Designated individual – a supervisor or other designee (e.g., PI) who is deemed to have knowledge of the work performed by the individual on a sponsored project or projects.

Effort – the amount of time spent on any activity expressed as a percentage of total institutional activities for which an individual is compensated by a member.

Effort certification – a method of confirming that the effort supported or paid by the funding source has been performed, and effort expended in support of a sponsored agreement (but not paid by the funding source) has been performed.

Individual, as it relates to time and effort – anyone who is compensated for effort and/or committed effort on a sponsored agreement.

Institutional Base Salary or IBS – the total guaranteed annual compensation an individual receives from a member whether the individual's time is spent on research, teaching, patient care or other activities.

Member Rule Requirements

A rule is not required to supplement this regulation.

Contact Office

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