

University of Central Florida
Guidance & Directive

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Subject	Effort Reporting
Authority	OMB Circular A-21, OMB Circular A-110
Applicability	Administration of Sponsored Projects

1.0 Statement and Purpose

Federal and state agencies, private foundations, industry, and other organizations provide significant funding to enable the University of Central Florida (University) to conduct research, public service and training projects. The University's Effort Certification and Reporting Technology (ECRT) system assures these external sponsors that funds are properly expended for the salaries and wages of those individuals working on the projects they sponsor. This effort reporting system provides the principal investigator means for certifying that the salaries and wages charged to sponsored projects are consistent with the effort contributed.

The Office of Management and Budget Circular A-21 (OMB A-21), Cost Principles for Educational Institutions, requires universities to certify employee effort expended on federally sponsored contracts and grants. OMB A-21 requires that each institution maintain an accurate system for reporting the percentage of time that employees devote to federally sponsored projects as a condition to receive federal funding. As outlined in the circular, the University has adopted the "after-the-fact" activity reporting and uses the ECRT system to document and certify the distribution of personnel effort expended on federally sponsored contracts and grants.

If effort is not properly certified, salary charges must be removed from the sponsored project account and may be applied to the department of origination at the discretion of the Office of Research & Commercialization (ORC). All employees involved in certifying effort must understand that penalties and funding disallowances could result from inaccurate, incomplete or untimely effort reporting.

2.0 General Information

All University employees that perform services on or contribute effort toward a sponsored contract or grant must certify 100% of their full time equivalency (FTE) effort. Faculty, faculty adjuncts, administrative & professional, USPS, and OPS personnel performing services towards a sponsored contract and grant must report their effort once every academic semester. USPS and OPS Hourly personnel must report their effort once every twenty-eight days commensurate with the University bi-weekly pay periods.

3.0 Definitions

- 3.1 Effort** - the work or the proportion of time spent on any activity and expressed as a percentage of the total time for all institutional-based activities.
- 3.2 Effort Certification and Reporting Technology (ECRT)** - an “after-the-fact” web-based effort certification and reporting system that allows faculty, faculty adjuncts, graduate assistantships (OPS contract only), administrative & professional and dual compensation personnel to certify their effort for a specific time period. Also, Department Administrators can monitor all sponsored project activity in their department using ECRT.
- 3.3 Effort Reporting** - a purpose mandated by the federal government to verify that direct labor charges to federally approved projects/agreements are reasonable and reflect actual work performed.
- 3.4 Sponsored Projects** - an externally funded activity that is governed by specific terms and conditions. Sponsored projects must be separately budgeted and accounted for subject to the terms of the sponsoring organization. Sponsored projects may include grants, contracts and cooperative agreements for research, training and other public service activities.
- 3.5 Time Sheets** - an “after-the-fact” effort certification and reporting system utilized by employees that are compensated on an hourly basis. Under most circumstances USPS (exempt and non-exempt) and OPS hourly type employees certify and document their effort on this report.

4.0 Duties and Responsibilities

- 4.1 Deans** - Provide general oversight and problem resolution relating to this guidance.
- 4.2 Department Administrators** - Oversee the certification of effort for their department and function as a point of contact between their department and the Office of Research & Commercialization.
- 4.3 Department Employees** - Conform to processes and controls implemented by the Department Chair in relation to effort reporting compliance with this guidance.
- 4.4 Department Chairs** - Establish effective processes and controls that help ensure compliance with this guidance. Assign a Department Administrator to represent their department relating to effort reporting compliance with this guidance.

- 4.5 Office of Research & Commercialization (ORC)** - Develop and implement effort reporting policies and procedures. Assist with development of education and training programs for all employees involved in the effort certification process. Help ensure that the effort reporting system produces accurate effort statements in a timely manner. Monitor effort reporting system to help ensure University compliance with all governing regulations and guidelines. Monitor the effort reporting process for timely submission and report subsequent findings to departments for resolution. Report questionable practices and recurring problems relating to effort reporting to the Dean, Department Chair, Vice President for Research, Provost/Vice President of Academic Affairs and University President as applicable.
- 4.6 Principal Investigators (PI)** - Help ensure compliance with this guidance and responsible for the appropriateness and accuracy of all effort expended on the sponsored project. Certify direct-charged and committed cost-shared effort up to the effort level committed to the sponsored project.
- 4.7 Vice President for Research** - Oversees the formulation and implementation of the University's effort reporting policy.

5.0 Procedures

5.1 Pre-Award

5.1.1 Time and Effort Commitment

University salary is allocated on the basis of a distribution of total effort, or full-time equivalency (FTE), including teaching, research activities, University citizenship, etc. Employees may not commit a total level of effort greater than 100% FTE. Faculty academic assignments are negotiated between the faculty member and the Dean requiring that a minimum level of faculty effort be reserved for non-sponsored activity.

The PI for a proposed sponsored project must estimate the amount of FTE required to complete the project at the time of proposal. Estimated FTE requirements must reasonably represent the amount of committed effort to complete a sponsored project. Proposals must accurately represent the amount of time that key personnel are committing to the project. In preparing proposals, PIs must be careful not to overcommit themselves or others. Distribution of effort must take into account the time required for teaching and campus citizenship.

In January 2001, the OMB issued a clarification to Circular A-21, reinforcing the expectation that PIs must make a commitment of effort to their research projects. Therefore, for a particular sponsored project, the PI must commit at least 1% of a FTE toward that sponsored project during the period in which effort is devoted unless otherwise explicitly specified in the award contract. It is not appropriate for PIs to submit proposals for research funding without specifying a commitment of their effort to that sponsored project.

PIs may submit proposals under the assumption that not all will be awarded, but, at the time of award, an accurate representation of time to be devoted to the project, whether that effort will be paid for by the sponsor or by the University, is necessary. Modifications to levels of effort may also require advance notification to and approval by sponsoring agencies (see “Changes in Time and Effort Commitment” section).

When committing time and effort to a sponsored project, the possibility of a salary or effort cap imposed by the sponsoring agency must also be considered. For example, the National Institute of Health (NIH) has a salary cap of \$183,500 (Federal Executive Pay Level I, fiscal year 2006) and the amount of effort allocated to a particular project must be calculated in accordance with that cap. Sponsoring agencies may also impose limitations on the amount of effort devoted to a sponsored project. For example, the National Science Foundation (NSF) only allows university faculty members with nine-month appointments to budget two months’ salary during the summer on sponsored projects. In any circumstance, it is important to contact the ORC to review the guidelines of the sponsoring agency.

5.2 Post-Award

5.2.1 Changes in Time and Effort Commitment

Modifications to time and effort commitments may require sponsor notification/pre-approval and formal modification in the award documents. For non-federal sponsored projects, the PI must conform to the terms and conditions of the particular contractual agreement. For federal contracts and grants, the PI must conform to OMB A-110 which requires prior written approval from the awarding agency for either of the following circumstances involving changes in PI commitment:

- A reduction in time devoted to the project of 25% or more from the proposed and awarded level; and/or
- An absence from the project for more than three months.

For any additional requirements, the PI must review and conform to the award and/or policy of the specific sponsoring agency.

The PI, Department Chair, or Department Administrator must contact the Office of Research & Commercialization to facilitate required approvals in the circumstances stated above. If, in the original award, the University had committed to fund some of the PI's effort as cost sharing and the PI reduces the overall committed level on the project, the ORC must negotiate reductions in levels of the cost-shared component of effort, as appropriate. In addition, when a PI's faculty appointment will terminate prior to or during a project's period of performance, the ORC must inform the sponsoring agency.

Changes in levels of effort may also require a change to payroll documents (see “Time and Effort Payroll Appointments” section).

5.2.2 Time and Effort Payroll Appointments

All employment appointments on sponsored projects must be entered into and integrated with the University payroll system. Each department designates a Department Administrator responsible for the facilitation of employee effort appointments with the payroll system. This payroll distribution is normally set up at the beginning of an academic period, based on a presumption about how the employee's effort is going to be allocated. If the actual distribution of effort differs significantly from this presumed distribution, adjusting journal entries must be made to reflect the actual distribution (see Cost Transfer guidance).

An employee's time and effort must be appointed to a sponsored project through the use of personnel action forms (PAF). A Department Administrator is responsible for the timely completion of a PAF when one or more of the following employment-related conditions occur:

- Hire;
- Rehire;
- Data Change;
- Pay rate change;
- Funding account change;
- Promotion;
- Demotion;
- Transfer within UCF;
- Leave of absence;
- Return from leave or summer;
- Termination;
- Summer leave; and/or
- Summer appointment.

The Department Administrator must forward the completed PAF and required supporting documentation to the Office of Human Resources for processing and the information included on the PAF is integrated with the payroll system. The Office of Human Resources forwards a log of all PAFs processed for each bi-weekly pay period. PAFs must accurately reflect the correct contract and grant PeopleSoft Project Number and/or its related PeopleSoft cost share Project/Department Number.

All personnel appointed to a sponsored project that is ending must have a new appointment to a different sponsored project, or to a University fund, and must be processed by the Office of Human Resources via the PAF. Failure to do so will result in charges continuing to accumulate on a closed sponsored project account and the ORC may transfer these erroneous charges to the department of the principal investigator.

5.2.3 Time and Effort Reporting

Effort committed in a proposal, awarded by a sponsor, and expended on a sponsored project must be matched with an equivalent salary charge either directly to the sponsor, or to a cost-sharing account, or to some combination of these.

Time and effort certifications must reasonably reflect the percentage distribution of effort expended by faculty, professional staff and students involved in federally-funded and state-funded grants, contracts and cooperative agreements and must reasonably reflect the distribution of salaries and wages. At the end of each semester, each faculty member, staff or student working on a sponsored project or cooperative agreement must complete the effort certification process. This requirement pertains to time paid by external funds, University matching contribution funds, "in-kind" matching funds, or auxiliary funds. Completion of the time and effort certification process is not required for staff or students that utilize weekly time sheets.

Through ECRT, time and effort must be certified by the person whose time and effort is being reported or by a person having firsthand knowledge of the employee's activities. Individuals certifying effort that do not have firsthand knowledge of the employee's actual time and effort create a significant audit risk. By certifying effort, all University employees are attesting to the following statement:

"I certify to the best of my knowledge that salary, wages and other costs charged to this project are appropriate in relation to work performed and costs incurred on this project. Where required, corrections have been or will be made through the accounting system."

Department Administrators must forward copies of time sheets for employees completing bi-weekly time sheets in their department. Time and effort certifications must be completed and time sheets must be forwarded to the ORC within 90 days after the end of the semester and must accurately document the percentage distribution of actual effort expended during the semester.

5.2.4 Time & Effort Reporting Compliance

The ORC must review all University time and effort reporting forms. Each PI and Department Administrator is responsible for monitoring the timely submission of time and effort certifications and compliance with negotiated levels of committed effort using the ECRT system. ECRT will assist the PI's, Department Administrators and the ORC by reconciling after-the-fact time and effort amounts reported to actual payroll expenses incurred. The ORC will review time and effort certifications submitted by each department. Any variances identified by ECRT during the time and effort certification process must be documented and resolved with the department in which the payroll expense originated. It is essential that the distribution of effort certified in ECRT be consistent with the payroll appointment. When the activity reported in ECRT differs by more than 5% from the actual salary distribution, the variance must be resolved and a retroactive PAF (in the case that the actual salary distribution is incorrect) must also be submitted to reflect the change.

If effort certifications are not processed by the departments in a timely manner, ECRT will automatically notify the responsible Department Administrators according to the following timeline:

- 30 days after the end of the period being certified – notify the PI and Department Administrator.
- 45 days after the end of the period being certified – notify the PI and Department Administrator (again).
- 60 days after the end of the period being certified – notify the PI, Department Administrator and Department Chair.
- 80 days after the end of the period being certified – notify the PI, Department Administrator, Department Chair and Dean.
- 90 days after the end of the period being certified – notify the Department Administrator, Department Chair, and Dean or other appropriate supervisor (again). Absent extenuating circumstances, the Director of the ORC may also elect to suspend expenditure activity on any sponsored project for which appropriate effort certification has not by this time been obtained.

6.0 Records Retention

Financial records, supporting documents, statistical records, and all other records for all Federal and State sponsored projects must be retained for at least three (3) years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report. Additional records retention requirements must conform to the award and/or policy of the specific sponsoring agency. Where documentation cannot be provided as to the allowability, allocability and reasonableness of any project expense, including but not limited to expenses incurred late in the project period, the sponsor may deny them. In this case, the PI, department or school will be expected to cover the expense from unrestricted sources.

Refer to 45 CFR 74.53 and CFR 92.42 for further guidance on records retention requirements.

Effort Reporting Compliance Reference

1. Risk Identified:

The University has an outstanding audit finding related to maintenance of signed employee certifications documenting after-the-fact time and effort for salary and benefits charges. There are no controls in place to ensure that subsequent salary transfers do not conflict with earlier effort certifications.

Strategy to Mitigate Risk:

Policies should be reviewed, updated and implemented to ensure signed after-the-fact employee certifications are maintained to document the allocation of costs charged to sponsored projects. Controls should be implemented to ensure that salary transfers do not conflict with earlier effort certifications.

Guidance Addressing Risk:

- *From Cost Transfer guidance:* “The completed transfer journal and form must be forwarded to ORC for review and approval. To be approved, all cost transfers must be timely, documented and explained in detail using the Cost Transfer Explanation & Justification Form, adhere to the sponsor’s standards, and have all appropriate authorizing signatures. If the cost transfer is approved by ORC, the completed cost transfer journal is sent to Finance for posting to the general ledger.”
- *From Cost Transfer guidance:* “The University is required by federal regulations to certify effort provided on sponsored projects on a semester basis. All transfers involving salary costs must be supported by effort reports. Any retroactive salary cost transfers that are at odds with, or not supported by, previously certified effort reports, present audit risk for the University.”
- *From Effort Reporting guidance:* “The Office of Human Resources forwards a log of all personnel action forms processed for each bi-weekly pay period.”

Control(s) Mitigating Risk:

- *Preventative:* Pre-approval of all cost transfers by ORC. If ORC approves a salary cost transfer for a semester that effort certifications have already been completed for, the PI is notified that the transfer will involve re-certifying his or her effort.
- *Preventative:* PIs review project budget(s) and expenditures on a monthly basis. Any salary transfers should be identified during this monthly review process, mitigating the risk of certifying effort prior to the initiation of a salary transfer.
- *Detective:* ORC receives personnel action form (PAF) activity log by pay period from Human Resources on a bi-weekly basis and maintains a database with this information. This log allows ORC to monitor changes in all salary distribution for all sponsored projects and recognize if a retroactive PAF has been processed for a prior semester (in which effort has already been certified).

2. Risk Identified:

Effort reporting is critical in the University's ability to document cost sharing requirements as stipulated in the grant agreement.

Strategy to Mitigate Risk:

Policies should be reviewed, updated and implemented to ensure signed after-the-fact employee certifications are maintained to document the allocation of costs charged to sponsored projects. Controls should be implemented to ensure that salary transfers do not conflict with earlier effort certifications.

Guidance Addressing Risk:

- No direct statement related in guidance to address this specific risk.

Control(s) Mitigating Risk:

- *Preventative*: The University's effort reporting system (ECRT) identifies actual payroll distribution charged to a cost share account by employee. The employee must certify that the identified actual payroll distribution is accurate and, if not accurate, must identify the accurate amount of effort to allocate to the cost share account. ECRT stores the electronic certification.

3. Risk Identified:

Effort reports are maintained within the individual departments. As reconciliations are not performed, the potential exists for significant differences between actual effort reported versus budget, which may require agency approval. Additionally, the University is unable to determine whether document retention requirements are being met as effort reports are maintained campus-wide.

Strategy to Mitigate Risk:

The requirement of centralized review and reconciliation of effort reports by ORC should be implemented. Actual effort reporting should be reconciled to the budget and major differences investigated to ascertain whether agency approval is required to substantiate the difference and to support compliance with award terms and conditions.

Guidance Addressing Risk:

- *From Effort Reporting guidance*: "Department Administrators must forward copies of time sheets for employees completing bi-weekly time sheets in their department. Time and effort certifications must be completed and time sheets must be forwarded to the ORC within 90 days after the end of the semester and must accurately document the percentage distribution of actual effort expended during the semester."
- *From Effort Reporting guidance*: "Each PI and Department Administrator is responsible for monitoring the timely submission of time and effort certifications and compliance with negotiated levels of committed effort using the ECRT system."
- *From Effort Reporting guidance*: "Modifications to time and effort commitments may require sponsor notification/pre-approval and formal modification in the award documents. For non-federal sponsored projects, the PI must conform to the terms and conditions of

the particular contractual agreement. For federal contracts and grants, the PI must conform to OMB A-110 which requires prior written approval from the awarding agency for either of the following circumstances involving changes in PI commitment: a reduction in time devoted to the project of 25% or more from the proposed and awarded level; and/or an absence from the project for more than three months.”

- *From Effort Reporting guidance:* “Financial records, supporting documents, statistical records, and all other records for all Federal and State sponsored projects must be retained for at least three (3) years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report. Additional records retention requirements must conform to the award and/or policy of the specific sponsoring agency. Where documentation cannot be provided as to the allowability, allocability and reasonableness of any project expense, including but not limited to expenses incurred late in the project period, the sponsor may deny them. In this case, the PI, department or school will be expected to cover the expense from unrestricted sources. Refer to 45 CFR 74.53 and CFR 92.42 for further guidance on records retention requirements.”

Control(s) Mitigating Risk:

- *Preventative:* The University’s effort reporting system (ECRT) electronically stores effort certifications. ORC has access to all effort certifications.
- *Preventative:* The University’s effort reporting system (ECRT) alerts employees when their effort certified varies 25% or more from the committed level of effort (by account number).