

USA Policy on Effort Reporting
Revised 12/10/08

Certifying effort is required by OMB Circular A-21, *Cost Principals for Educational Institutions*. Section J8a, states that compensation for personal services is “allowable to the extent that total compensation to individual employees conforms to the established policies of the institution, consistently applied, and provided that the charges for work performed directly on sponsored agreements and for other work allocable as facilities and administrative (F&A) costs are determined and **supported**” by an Effort Reporting System. The Circular identifies two categories of employees: professorial and professional, and other employees. The University distinction for these two employee classifications is exempt and non-exempt employees. Exempt employees (professorial and professional) certify effort on Personnel Activity Records (PAR Forms). Non-exempt employees certify effort on time sheets.

Responsibilities

Grants & Contracts Accounting (G & C) prepares, distributes and maintains the original completed PAR forms. G & C also prepares a control sheet which notes the time period being surveyed and lists the names of the employees for whom PAR forms have been prepared. The PAR form sheets are sent to the attention of the designated Effort Coordinator (or designated person) in a college/department, at the end of each term. G & C accounts for cost sharing noted on PAR forms and time sheets when preparing financial reports for sponsoring agencies. The Effort Coordinator will also receive a report showing all PI’s who have a grant but no time for the grant on the PAR forms.

Effort Coordinators must maintain the confidentiality of the PAR forms by limiting distribution to the employee being surveyed and the Principal Investigator (PI). (See additional information regarding approvals in the Instructions sections.) The Effort Coordinator is responsible for distribution of the PAR forms, collecting and reviewing the completed PAR forms for departmentally determined approvals, and returning the entire set to G & C. PAR forms must be returned within 30 days, this date will be noted on the control sheet.

Payroll preprints the fund number distribution from the current Personnel Action Recommendation (PA) form on time sheets for non-exempt employees. The fund number distribution is preprinted only if the current PA charges any portion of the wages to a grant fund number. Payroll reassigns time noted on bi-weekly time sheets, this does not change the PA distribution. Payroll processes reallocations for exempt employees within two weeks of receipt of the PA.

The PI is responsible for the financial management of a sponsored project, which includes payroll charges and effort reports. The PI is also responsible for the review of the grant accounting records and any error corrections within 90 days of the transaction. With respect to delegating authority for review of the payroll charges, A-21 allows for confirmation of effort, whether on the PAR form or the time sheet, by “other responsible

persons.” In order to realistically certify effort on the part of another employee, these other persons should be limited to those with supervisory responsibility and direct knowledge of 100% of the employee’s actual effort.

The College/Department must maintain an effective system of preparing and processing accurate PA forms and time sheets, in order to ensure timely, reasonable salary distributions to sponsored projects. In addition, the College/Department must establish and communicate to the appropriate personnel, approval procedures for PA forms, PAR forms and time sheets.

Cost Sharing

Mandatory and voluntary cost sharing must be recorded on PAR forms and time sheets. Cost sharing occurs when the actual effort expended in a cost category is greater than the effort charged in salary and wage dollars. This can occur even when no salary or wage dollars are charged to the sponsored agreement. Cost sharing is also referred to as University matching commitments, these may be specified as in kind or cash on the proposal.

Any and all matching, in the form of salaries and wages, that is proposed to an agency on the budget or in the proposal narrative, must be documented on the PAR forms and time sheets. Matching dollars must be from State or self-supporting funds; or, from private or state funded sponsored agreements. If Matching is shown on the proposal, Grants and Contracts Accounting will set up a fund to for recording the match. Matching is indicated by recording an effort percentage in the match fund associated with the grant. The amount of effort available for research and other sponsored activities is limited by other University activities (i.e. Instruction) during an academic term.

Instructions for Completing PAR Forms

Par forms should be completed and signed initially by the employee being surveyed. In order to complete the form, the actual effort expended in each cost category should be compared to the effort charged. A-21 states that “short-term fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term, such as an academic period.” Thus, if the percentages are equal or within +/- 5%, the employee should sign the form. If it is determined that the PAR form does not accurately reflect the actual effort expended, the employee should put the correct percentages in the column on the left side of the form. A PA correcting the payroll distribution should be prepared and returned with the PAR form. If the employee is unavailable, a supervisor or someone with direct knowledge of 100% of the employee’s actual effort may complete the form. If the employee being surveyed is not a Faculty member, the PI must approve the form. PI approval for Faculty members is not required by G & C. **However, Department Chairs or individual PIs may specify their own internal approval procedures.**

The charges appearing on PAR forms are actual charges to grant funds. Payroll errors should be detected, analyzed and corrected during the monthly review of the grant accounting records. Par forms are prepared approximately 15-30 days after the end of each term to allow time for any payroll errors to be corrected. **Once signed, no reallocations which contradict previously certified effort, will be permitted without contemporaneous documentation and a Dean's approval.**

Instructions for completing Time Sheets

Time sheets should be completed as required by Payroll, the inclusion of fund numbers does not change the timing, approvals, or earnings codes requirements. The current PA fund number distribution will be preprinted on the bottom of the time sheet, just above and the right of the signature lines. If the actual effort during the time period was equal to, or within +/- 5% of the distribution shown, the employee should record daily hours and sign the certification statement. The time sheet should then be reviewed and signed by the appropriate supervisor.

Short term, temporary fluctuations in effort should be reflected on the time sheets by completing the Reassigned Labor Account column on the right side of the form. Reassignments must account for 100% of an employee's time. For example, if the preprinted fund distribution is 50% to each of two funds, a reassignment of 25% to one fund is incomplete. Payroll can not assume that 75% of the hours are attributable to the other fund, it must be written in. Short term fluctuations in effort are defined as those that will last for one or two bi-weekly pay periods. Changes in effort that will persist for more than two pay periods must be documented with a new PA.

PA forms are also required whenever an employee is put on a grant fund or taken off a grant fund, regardless of the length of time. Because time sheets are prepared and mailed to departments approximately two weeks before they are due back in Payroll, there will be a time lag if a revised PA form is received by Payroll, for the same time period, after the time sheet has been printed. Effort should be charged to the appropriate fund in the Reassigned Labor Account column in this case.

When a new project begins during the middle of a pay period, the employee should reassign time between the old and new project on a daily basis. For example, if the preprinted fund number distribution shows 100% to be charged to a project that ends on September 30th, the employee should reassign the appropriate number of days in October to the new grant fund, even though is not printed on the form.

Cost Sharing on the part of non-exempt employees must be recorded on the time sheet. The employee should record the appropriate percentage of effort in the fund distribution area above the signatures. **Cost Sharing should not be reflected in the Reassigned Labor Fund column.**

Because amounts recorded in the Reassigned Labor Fund column will affect charges to sponsored projects, individual PI's or departments should specify their own internal

approval procedures for those time sheets. Time sheets which include cost sharing should be reviewed by the PI as well. Each department is responsible for ascertaining that the proper approvals have been obtained before submitting the time sheets to Payroll.