KEAN UNIVERSITY

OFFICE OF RESEARCH AND SPONSORED PROGRAMS

Policy Name: TIME AND EFFORT REPORTING

Approval Authority: Office of Vice President, Academic Affairs

Originally Issued: September 12, 2006

Revised/Updated: November 3, 2010; October 25, 2012

1. Policy Statement

This policy establishes the requirements of and includes the procedures for recording and reporting employee time and effort in accordance with Office of Management and Budget (OMB) Circular A-21 “Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions.” This policy applies to all regular faculty and staff of the University whose compensation is charged in whole or in part to an externally sponsored project of any type (including non-federal sponsors) and/or who provide cost-shared effort to an externally sponsored project.

2. Reason/Purpose for Policy

Effort reporting is a process mandated by the federal government to verify that direct labor charges to federally sponsored agreements are reasonable and reflect actual work performed. In compliance with the federal Cost Accounting Standards, the University’s policy extends the effort reporting requirements to all sponsored agreements. Effort reporting is also required to ensure that indirect charges to federal awards are reasonable.

OMB Circular A-21 includes regulatory requirements for the reporting and certification of faculty effort associated with Federal organized research projects and other activities. Effort directly related to organized research and all other activities must be identified in the University’s effort distribution/reporting process.

Failure to comply with OMB Circular A-21’s effort reporting requirements can result in serious penalties for the individual certifying to effort and/or the University. This can include financial audit disallowances and in some cases criminal charges may be brought against an individual certifying to a falsified effort report. It is therefore incumbent on the University and individual certifiers to maintain and document how individuals spend their time on federally sponsored research.
This document describes the University’s policy with regard to effort reporting. Since one component of effort reporting relates to cost-sharing, a companion policy on cost-sharing will be forthcoming shortly.

3. **Policy Applies To**

   This policy applies to all University regular faculty and staff whose compensation is properly chargeable in whole or in part to an externally sponsored project of any type.

4. **Related Documents**

   Payroll Policy
   Human Resource Policy
   Cost Transfer Policy

5. **Contacts**

   A. Office of Research and Sponsored Programs
   B. Vice President, Academic Affairs

6. **The Policy**

   The University uses the “After the Fact Activity Records” method to meet the OMB Circular A-21 requirements for reporting effort. Under this method, the reporting will reflect the percentage of distribution of the employee’s activity.

   The OMB Circular A-21 standards for an “After the Fact Activity Records” system include the following:

   - Activity reports will reflect the distribution of activity expended by employees.
   - The reports will reflect an after the fact reporting of the percentage distribution of activity of employees.
   - An individual’s workload will reflect categories of activities expressed as a percentage distribution and must add up to 100% of total effort.
   - The system will provide for modification of an individual’s salary or salary distribution, commensurate with any significant (over 5%) changes in the employee’s activities.
   - Periodically, a statement will be signed by the employee, project director/principal investigator, or responsible individual, using suitable means of verification that the work was performed, and stating that salaries and wages charged to organized research as direct charges, and to other categories of activities (including instruction/departmental research and administration) are reasonable in relation to the work performed.
• The system will provide for independent internal evaluations to ensure the system’s effectiveness and compliance.

THE UNIVERSITY’S AFTER THE FACT ACTIVITY SYSTEM

The University will comply with the effort reporting requirements through the use of hard copy time and effort reports. In the future, the University will work toward establishing a web-based effort reporting tool, which will streamline the process and promote increased accuracy, accountability, and compliance with the policy.

To implement the policy, time and effort reports are distributed by the Office of Research and Sponsored Programs for each reporting period. The University has elected to provide effort reports three times a year: for the Fall semester, the Spring semester, and the Summer.

The time and effort report details for each employee the accounts from which the employee has been paid on externally sponsored projects. It also includes any mandatory or voluntary committed cost sharing required as a condition of the award. The effort report also includes accounting information for other institutional activities undertaken by the employee.

The effort report must be certified by the employee or an individual who has direct knowledge of the employee’s total effort. In implementing this requirement, the following criteria establish the certification process:

• Faculty members will certify their own effort reports. Other staff paid on a sponsored account will be certified by the project director/principal investigator of that account, or a formally designated responsible certifier who has direct knowledge of the employee’s total effort. Only a dean may formally designate a responsible certifier; for a faculty member, only a department or center director, or a dean or vice president, could be a designated as a responsible certifier.
• In the rare case when an individual is not in a position to certify effort (e.g., illness, termination, etc.), the certification may be provided by the formally designated responsible certifier having direct knowledge of an employee’s total effort.
• Only the signatures of either the project director/principal investigator or the formally designated certifier are acceptable. Per signatures, or signature of clerical or secretarial staff are not acceptable.

PROCEDURES AND FORMS USED IN THE CERTIFICATION SYSTEM

The actual effort distribution of faculty should reflect the percentage of actual time spent on the individual’s various activities (see section below on Effort Reporting Categories) 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 University, including salaries charged to sponsored agreements. (NOTE: The total effort does not include additional compensation, for example, for teaching courses outside of the teaching load
associated with the regular appointment.) The amount of effort should include the portion of
time for which the PD/PI/University has made a mandatory commitment as a condition of
receiving the award, even if (s)he receives no direct academic base salary support for the
project.

The calculation for faculty effort is based on their ten-month or twelve month regular salary,
regardless of payout over ten or twelve months.

Time and Effort Reporting forms (see attached model form) will be distributed three times a
year, generally thirty (30) days after the completion of the Fall and Spring semesters and the
Summer period. If the percentage efforts entered on the form for the activities listed are the
same as, or differ by 5% more or less from, the percentages charged, then the form is signed and
returned to the Office of Research and Sponsored Programs. All completed Time and Effort
Reporting forms must be returned to the Office of Research and Sponsored Programs within
thirty (30) days of the dates that appear at the top of the forms.

OTHER CONSIDERATIONS

Time and effort reports should reflect only the activity for which an individual is regularly
compensated by the University. Therefore, external consulting or other outside professional
activities should not be considered when, for example, assessing the faculty member’s total
effort. OMB Circular A-21 states that professional services “provided outside the institution for
non-institutional compensation” are not part of total effort for the purpose of the University’s
effort reporting policy.

Additionally, the effort reporting process should not include incidental activities for which the
individual receives no additional compensation. For example, a faculty member who edits
technical journal for no fee should not include this activity when preparing the institutional effort
report.

OMB CIRCULAR A-21 EFFORT REPORTING CATEGORIES

OMB Circular A-21 describes four major categories of effort (organized research, other
sponsored activities, instruction/departmental research, administration), but allows effort to be
certified in a way that identifies effort relating to Organized Research projects (direct charged
and cost shared) separately from all other effort. The University requires, however, that all effort
charged to sponsored projects be handled in the same manner. Therefore, the University’s labor
distribution process combines all faculty effort into two categories:

- Organized Research/Other Sponsored Activities
- Institutional Activities, which includes all “residual” activities, such as
  Instruction/Departmental Research and Administration

1. Organized Research includes all research and development activities that are separately
   budgeted and accounted for, including cost sharing on sponsored projects. The category
   includes:
a. **Sponsored Research**: all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. Includes research training (i.e., activities involving the training of individuals in research techniques) and cost sharing commitments which the Institute has made under organized research agreements.

b. **University Research**: all research and development activities that are separately budgeted and accounted for under an internal application of institutional funds.

c. **Other Sponsored Activities** including programs and projects funded by Federal and non-federal agencies and organizations which involve the performance of work other than Organized Research and Instruction (see below). Examples include community service programs, conferences and symposia, travel, etc.

d. **Cost Sharing**:
   1. **Mandatory Effort**: effort required by a sponsor to be included in a proposal as a condition of submission and is mandatory if the proposal is funded.
   2. **Voluntary Committed Effort**: effort offered by an institution in a proposal which is not required by the sponsor but becomes mandatory effort if the proposal is funded.

   [NOTE: There is an additional category of cost sharing, voluntary uncommitted effort: effort of by faculty or other researchers that is over and above that which is committed and budgeted for in a proposal and award if funded. This effort differs from mandatory or voluntary committed cost sharing effort, either of which is specifically pledged as part of the proposal submission and award acceptances processes. This effort is absorbed within institutional activities and is not reported under the cost sharing effort reporting.]

2. **Institutional Activities**, which includes the following categories:

   a. **Instruction and Departmental Research** includes the teaching and training activities of the institution and is comprised of the following:

   b. **Instruction**: Teaching and training (except research training) activities whether they are offered for credit toward a degree or on a non-credit basis.

   c. **Sponsored Instruction and Training**: Specific instructional or training activities established by grant, contract, or cooperative agreement.

   d. **Departmental Research**: Research, development, and scholarly activities that are not organized research and, consequently, are not separately budgeted and accounted for.

   e. **Administrative Activities**, including administrative and supporting services that benefit common or joint departmental activities but cannot be directly attributed to instruction, organized research, or sponsored activities. Administrative and support activities benefit instruction and research on an indirect basis and include:
      1. **Proposal preparation**
      2. **Committee work**
      3. **Hiring and advising of personnel, including undergraduate, graduate students and other researchers**
3. Administrative appointments (e.g., Director, Department Chair, etc.)

Differentiating between departmental research (research and development that is not separately budgeted and accounted for) and organized research (research and development that is separately budgeted and accounted for) is often difficult. To help distinguish departmental research from organized research one should first consider the characteristics of organized research activities. For example, organized research normally includes: a defined scope of work; a proposal and award process that normally includes a technical review, funding, notification; a line item budget; a project deliverable (progress reports, final report, etc); a defined start date and end date; and, some type of financial reporting. These events and requirements do not take place for departmental research activities.