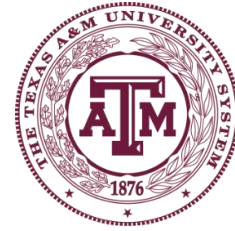


15.01.04 Time and Effort Reporting

Revised [September 10, 2020](#)

Next Scheduled Review: September 10, 2025

Click to view [Revision History](#).



Regulation Summary

This regulation describes the standards for documentation of personnel expenses related to sponsored agreements and provides an overview of roles and responsibilities performed by members of The Texas A&M University System (system).

Definitions

Click to view [Definitions](#).

Regulation

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 federally 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.

Federal regulations require an after-the-fact review of interim charges made to federally sponsored agreements which were based on budget estimates. Budget estimates alone do not qualify as adequate support for charges to federally sponsored agreements.

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 federally 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) must be used to compute salaries charged to sponsored agreements. 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 federally sponsored agreement must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the sponsored agreement.

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 federally sponsored agreements, as well as any non-federally sponsored agreements where effort reporting is required.
- 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 will 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 and/or cost-shared on a federally sponsored agreement, as well as any non-federally sponsored agreement where effort reporting is required. 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 fringe benefit payments; one time merit payments; reimbursed

expenses; temporary, supplemental compensation for incidental work; and income earned outside of duties to the institution. Members should develop guidelines to ensure the effort data recorded is accurate.

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 after-the-fact and at least on a semi-annual basis.

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](#)

This regulation's August 2015 version supersedes text related to this topic originally included within System Regulation *15.01.01, Sponsored Agreements – Research and Other*.

Member Rule Requirements

A rule is not required to supplement this regulation.

Contact Office

Budgets and Accounting
(979) 458-6100