

## **Morehouse School of Medicine Time & Effort Certification Policy**

### **Purpose:**

Educational institutions which receive federal funding are required by OMB Circular A-21 “Cost Principles for Educational Institutions” to maintain a time and effort reporting system, the purpose of which is to assure that the distribution of pay is in accordance with actual effort expended (by funding source). System requirements:

- Institutions have a system in place that verifies salaries and wages associated with federally sponsored agreements,
- The responsible person (the principal investigator, department chair, or Dean) have a suitable means of verification of direct and indirect costs charged to the sponsored agreement, and
- The system *“provide for an independent internal evaluation to ensure the system’s effective and compliance”* (OMB Circular A-21), J10b(2)(f)) with the federal standards.

To comply with federal requirements found in OMB Circular A-21 and the terms and conditions of our sponsored agreements, MSM requires certification of the percentage of time (i.e. effort) that each employee devotes to sponsored projects. MSM’s time and effort reporting system assures external sponsors that their funds are appropriately expended in that the portion of an individual’s salary charged to a project it funds is no greater than the portion of the individual’s effort spent on that project. The system also provides confirmation that MSM is in compliance with requirements related to meeting commitments of effort proposed and included in funded agreements. Principal Investigators (PIs) and other faculty and staff paid from sponsored projects must confirm, after-the-fact, that salaries charged to sponsored projects are consistent with the effort that was contributed.

### **Who Needs to Know About Effort Certification?**

Employees who are compensated in whole or in part by sponsored projects or who are involved with the administration of sponsored agreements should be familiar with time and effort certification and the importance of compliance as funding disallowances and penalties are imposed on universities for inaccurate, incomplete or untimely effort reporting. This includes central and departmental sponsored project administrators, deans, chairs, principal investigators and other sponsored research personnel.

### **Policy:**

2 CFR Part 220 (OMB Circular A-21) explains that compensated effort includes research, teaching, administration, clinical activity and any other activity for which an individual receives compensation of salary, wages, supplementary salaries and overloads paid by MSM.

Any effort expended for sources providing compensation other than MSM, such as outside consulting fees, is excluded from total compensation for time and effort reporting. MSM compensated effort must be reasonable, allowable and allocable to the sponsored research in order to be properly charged and certified to the sponsored project. In general, MSM's compensated effort is based on a normal work week of 35 hours per week.

MSM utilizes an after-the-fact, Banner-based time and effort reporting system for production of certification reports, control of review and approval of those reports, and certification of those reports to account for the effort of all faculty and staff (professorial, exempt and non-exempt staff) at MSM that expend effort on federally sponsored grants and contracts.

The actual effort devoted to each sponsored project must be the determining factor in charging the appropriate salaries to those sponsored projects. While workloads may fluctuate during a certification period, it is not appropriate to charge a sponsored project for effort not spent on that project during that certification period. Salary charges should be reviewed throughout the certification period and throughout the life of each project. It is advisable, however, for budget personnel to do a final review of the salary charges, to ensure accuracy and to note the status of any retroactive PAs, prior to review and certification by the individual (PI or other faculty or staff paid from sponsored projects).

**100% Effort:** Each time and effort report is based on 100% of the individual's effort and includes all time spent conducting MSM business. Even where the number of hours of effort the individual expends each week substantially differs from the "normal" workweek of 35 hours, effort percentages must be based on **total effort, not hours actually worked**. Work performed by faculty while on vacation or during off-hours and that is part of the individual's MSM appointment/job duties is included in the 100%. For hourly paid positions, 100% effort consists of the total hours worked, including overtime. *Examples of Effort Allocation:*

If an individual worked an average of 50 hours/week and divided his/her effort equally amongst four tasks, such as teaching, conducting research on two grants (Grant-A and Grant-B), and patient care responsibilities, this individual's effort would be:

- 25% effort or 12.5/50 hours Teaching
- 25% effort or 12.5/50 hours Grant-A
- 25% effort or 12.5/50 hours Grant-B
- 25% effort or 12.5/50 hours Patient Care

Similarly, if the individual worked an average of 30 hours/week and the same four tasks were equally distributed, the effort would be calculated as follows:

- 25% effort or 7.5/30 hours Teaching
- 25% effort or 7.5/30 hours Grant-A
- 25% effort or 7.5/30 hours Grant-B
- 25% effort or 7.5/30 hours Patient Care

Cost sharing: If a quantified cost sharing commitment is made in the proposal, at the time of the award it becomes committed cost sharing whether mandatory (required by the sponsor) or voluntary. Cost sharing that is committed and budgeted for in a sponsored agreement is included in Non-Sponsored effort and is reportable.

All time and effort reports are to be certified by the individual or a person with suitable means of verification (the principal investigator and department chair) of the work performed. The official record of certified time and effort reports will be maintained in Banner.

- Time and effort reports detail by employee ID and grant FOAP the effort each employee has spent on a sponsored project and the percent of effort for the reporting period for each FOAP. The report also reflects any re-distribution of effort for the reporting period.
- The time and effort certification report accounts for 100% of all effort for which MSM compensates the individual. This includes effort reported to the sponsor as cost share. The certification reports must be reviewed by the employee and/or PI or responsible official to confirm that all activities (sponsored and non-sponsored) are included and reported correctly and that the distribution of effort shown on the certification report reflects a reasonable estimate of the percentage of total effort that was spent on each activity.
- The report must be certified online by the employee or the responsible individual that has first-hand knowledge of the employee's total effort (PI and department chair).
- The final certification must be completed within the certification period identified in the Banner eCert notification.

### **Who is required to review the Time and Effort report?**

#### Pre-Reviewer (Administrator)

A pre-reviewer might be the Department Administrator or other staff who has the capacity to administer the process. A pre-reviewer is required to perform an administrative verification of the time and effort documents prior to releasing the report to the certifier. Additionally, the pre-reviewer is required to:

- Manage the administrative verification process
- Work with Certifiers and Post-Reviewers to insure timely completion of reporting
- Utilize screens in the system to oversee the certification process

#### Certifier (Employee)

The certifier is the actual employee who is working on the sponsored project, which would also include the PI if effort has been charged to the award. PIs and department chairs are also Alternate Certifiers in instances where the employee is unavailable to certify. (i.e., on leave).

Post-Reviewer (PI)

The Post-reviewer is the PI who reviews the certifier's time.

**Timing of Certifications:**

MSM has two fiscal year semi-annual reporting periods beginning July 1. The following procedures are intended to result in submission of semi-annual time and effort certifications after the end of the certification period. Only extreme extenuating circumstances, as determined by OGC and Compliance, may necessitate deviations from the schedule outlined below.

1. Certification Period
  - a. Allocations should be reviewed throughout the certification period and throughout the life of each grant. Special attention should be paid to ensure any previously overlooked changes or corrections are addressed.
  - b. Email notifications will go out and Banner eCert will open for certification.
  - c. Effort should be certified after receipt of notification that Banner eCert is open for the period. Reminders will go out to the pre-reviewer, certifier, PI, and Chair to certify on time.
  - d. For certifications not completed, a notification will go out to the department administrator, certifier, PI, and Chair, that the certification deadline was missed.
2. Extenuating circumstances that may result in delays in certification should be discussed with OGC as soon as they are discovered.

**Time and Effort Certification Non-Compliance:**

If time and effort reports are not certified within the prescribed timelines, compliance notifications will be issued to the employee, PI, department administrator, Department Chair, CFO and the Dean's Office;

*If after repeated notifications effort is not certified, the salary charges will be removed from the grant FOAP and charged to the overseeing department's general fund FOAP.*

**Independent Internal Evaluations of the Effort Certification Process:**

MSM OGC and Compliance staff will periodically evaluate the time and effort certification process in order to ensure its effectiveness.

**Other Resources and Information**

Office of Management and Budget (OMB) Circular A-21

<http://www.whitehouse.gov/omb/circulars/index-education.html>