Applicability

This Time and Effort Reporting Policy applies to all individuals receiving funding in whole or in part from an externally- or internally-funded sponsored project of any type. This policy also applies to any individual with responsibility for allocating labor expenses to sponsored projects and to any individual involved in the management, administration, or oversight of sponsored projects.

Purpose

The purpose of this policy is to establish critical policy areas and the minimum requirements in each policy area of Time and Effort reporting for The University of Texas at Tyler (UT Tyler) in order to comply with federal policies regulating the application for and the expenditure of funds as outlined in the Office of Management and Budget (OMB) Circular A-21, Cost Principals for Educational Institutions.

Background

OMB Circular A-21 establishes Time and Effort Certification as a federal requirement. As a condition to receiving federal funding, under Section J.10, UT Tyler is required to establish and maintain an accurate payroll distribution system that reasonably distributes salary charges among direct activities, such as teaching, research, and service. UT Tyler utilizes the after-the-fact confirmation method to certify effort, requiring the Principal Investigator (PI), or any individual with first-hand knowledge of such effort, to confirm that the charges assessed to a sponsored project are appropriate to that award and documented in periodic effort certifications.

In July of 2006, The University of Texas System (UT System) issued Business Procedure Memorandum (BPM) 76-07-06 which requires UT Tyler to comply with federal guidelines and regulations regarding Time and Effort Certification of individuals on sponsored projects. Sponsors include, but are not limited to, federal agencies, state agencies, private foundations, organizations, and industry which provide significant funding to enable UT Tyler to conduct instruction, public service, research, and training activities. Consequently, Time and Effort reporting policies, supported by detailed procedures, are necessary to ensure that the salaries and wages charged to these sponsored projects are allocable, allowable, consistently treated, and reasonable.

Recent settlements between higher education institutions and the Department of Justice have cost millions of dollars to remedy whistleblower lawsuits, which alleged (in part)
improper accounting of salaries and wages charged to federal awards. These lawsuits were filed under the Federal False Claims Act. There have also been instances where higher education institutions have had millions of dollars of research expenditures, principally in salaries and wages, disallowed as a result of a federal audit.

**Definitions**

**Committed Effort** – the amount of effort proposed in a grant, project, or contract that is accepted by a sponsor, regardless of whether salary support is requested for the effort.

**Cost Sharing** – the mandatory or voluntary commitment of institutional resources contained in the proposal or award.

**Matching Funds** – synonymous with Cost Sharing.

**Mandatory Committed Cost Sharing** – required by the sponsor as a condition of obtaining the award and included in the contract or grant proposal.

**NIH Salary Cap** – Federally mandated limitation on the amount of salary that may be charged to NIH sponsored grants, cooperative agreements, and applicable contracts.

**Salary-Cap Cost Sharing** - when an individual’s Institutional Base Salary exceeds a sponsor’s salary cap. The prorated excess is a form of mandatory cost sharing that must be funded by an appropriate and allowable source.

**Voluntary Committed Cost Sharing** – effort proposed that was not required by the sponsor and that is in excess of effort paid by the sponsor and/or mandatory cost sharing.

**Voluntary Uncommitted Cost Sharing** – effort that may benefit a project but was not committed in the proposal or award.

**Cost Transfers** – transfers to or from a sponsored account of a charge that was previously recorded on another account or to another funding source.

**Designated Responsible Party** – the person at UT Tyler who manages and is responsible for the effort reporting compliance program.

**Effort** – the amount of time spent on any activity expressed as a percentage of Total Institutional Activities for which an individual is compensated by UT Tyler.

**Effort Certification** – a means of confirming that the effort supported or paid by the sponsor has been performed and the effort expended in support of a project (but not paid by the sponsor) has been performed.

**Fiscal Year** – September 1st through August 31st.

**Federal Fiscal Year** – October 1st through September 30th.

**Budget Period** – identified by the sponsor as a beginning and ending date during which funds can be expended under the award.

**Project Period** – identified by the sponsor as a beginning and ending date during which the project will be performed by UT Tyler.
Individual – anyone who has paid effort, wages and/or committed effort on an externally or internally funded sponsored project of any type.

Principal Investigator – individual identified as the Project Director, the Lead Investigator, or Director.

Co-Principal Investigator – additional individual identified as key personnel but is not the Project Director, the Lead Investigator, or Director.

Institutional Base Salary (IBS) – the total guaranteed annual compensation an individual receives from UT Tyler, whether the individual’s time is spent on research, service, or other activities.

Sponsored Projects – involve a specific commitment of time and can be either: 1) externally funded activities in which a formal written agreement, such as a cooperative agreement, contract, or grant is entered into by UT Tyler and by a sponsor for research, training, or other public service activities; or 2) internally funded for which the activities are separately budgeted and accounted for by UT Tyler as a result of a formal application and approval process.

Total Institutional Activities – those activities for which an individual is paid by UT Tyler. Activities include administrative duties, instruction, research, and public service.

Un-Recovered Facilities and Administrative Cost – the difference between the F&A awarded and the F&A amount which would have been awarded under UT Tyler’s negotiated facilities and administrative cost agreement.

Allowable Direct Costs – goods, services, and compensation costs that are directly related to a sponsored project, as opposed to the “indirect” institutional overhead costs of providing facilities and administrative costs. Refer to OMB Circular A-21, Section C, Basic Considerations, for a complete definition. http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html#b

Reasonable – costs may be considered reasonable if the goods or services acquired and the amounts paid for them are consistent with the action that a prudent person would have taken under the circumstances. Refer to OMB Circular A-21, Section C, Basic Considerations, for a complete definition. http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html#b

Allocable – if goods, services, or compensation costs are incurred solely to advance the work under a sponsored project, the costs are allocable to that project. Refer to OMB Circular A-21, Section C, Basic Considerations, for a complete definition. http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html#b

Budget Authority – the individual identified by the four digits (the unit code) following the two-digit account prefix (e.g., XX-1540-XXXX). Unit codes may include sub-codes to identify multiple faculty within the same department.

Non-Professional Employee – non-exempt employees.

Sponsored Project Accounts – typically 26 accounts but depending on the funding source, accounts can also be 14 (appropriated) accounts or 19 (local) accounts. The account structure is 26-XXXX-XXXX.

Notice of Award – the official notification (email, fax, letter, or dually-executed contract) from a sponsor indicating that the submitted proposal, application, or contract is formally approved and accepted for funding.
Designated Responsible Party

Dr. Michael Odell, Director of Research, is the Authorized Institutional Official and serves as the designated responsible party at UT Tyler who manages and is responsible for the Time and Effort reporting compliance program. The Designated Responsible Party works closely with the chief business officer and the institutional compliance officer to ensure all specific risks are adequately mitigated and effectively monitored.

Education

OSR developed and implemented an annual on-line training module that is mandatory for all individuals receiving funding in whole or in part from an externally- or internally-funded sponsored project of any type. On-line training is also mandatory for any individual with responsibility for allocating labor expenses to sponsored projects and any individual involved in the management, administration, or oversight of sponsored projects. Budget authorities holding sponsored project accounts receive additional DEFINE training on an annual basis. New faculty are targeted during New Faculty Orientation sessions for training. Further training is provided to individual PIs upon receipt of a formal notice of award. Educational materials and proposal databases can be found on OSR’s web-site at http://www.uttyler.edu/resgrant/.

Proposal Approval

Any formal proposal in which project support is requested from an external funding agency must be approved before it is submitted. Funding agencies include all federal, state, county, and local government agencies, foundations, nonprofit organizations, private corporations, and private groups and individuals who award grants to universities, contract with universities or otherwise enter into agreements with universities to provide funds to support specific projects for the performance of a specific scope of work. Proposals being submitted to a funding agency which are renewal applications or continuation applications must be approved before they can be submitted, as well as proposals which are being revised and re-submitted to a funding agency. Proposal Approval Routing Forms at located on the OSR website at http://www.uttyler.edu/resgrant/.

Proposals not receiving approval at any level of review will be returned, with appropriate explanations, to the applicant for revision and if applicable, subsequent resubmission. Proposals that have not been reviewed by all designated parties may not be submitted to a funding agency. **UT Tyler holds the right to withdraw any proposal submitted to a funding agency which has not been fully reviewed and approved by the designated university personnel.** All proposals must be reviewed and approved by the appropriate University administrators, including the Department Chairperson, Dean, Associate Vice President for Research, and/or the Provost or President when applicable. Proposals are also subject to review by UT Tyler’s Institutional Review Board (IRB) when they involve the use of human subjects, the Institutional Animal Care...
and Use Committee (IACUC) when they involve the use of animal subjects, and the Safety Committee when they involve the use of biohazards or radiation. Investigators should allow a minimum of 5 working days prior to the sponsor deadline to obtain University approvals on proposals. Contracts require a minimum of thirty (30) days prior to execution.

OSR personnel work with the Investigator to ensure that the proposal, application, or contract is responsive to the solicitation by providing assistance with budget formulation, overall proposal preparation, and submission. Committed Effort is reviewed by OSR to insure that minimum and maximum effort levels are adhered to. Department Chairs and Deans will check for commitments such as released time, funds promised to the project from the department, center, or college accounts, and any cost-sharing. They will also check the appropriateness of the project to the mission of the University. A signature on the approval form indicates that the terms of the proposal are acceptable. Any disagreement about the terms of the proposal must be resolved before proceeding with the approval process. OSR works with Payroll, Human Resources, and The Office of General Counsel to ensure compliance with applicable regulations.

**Institutional Base Salary (IBS)**

UT Tyler commonly refers to a nine month appointment as the individual’s annual rate. This reference is made on the basis that summer appointments are not guaranteed by the institution, as referenced in UT Tyler’s Handbook of Operating Procedures (“HOP”), Chapter 3, Faculty and Academics, Section 3.11, Summer Appointments. An individual holding a nine-month appointment cannot exceed 1/3 of the nine-month rate during the summer (most granting agencies will only permit two months of compensated summer work). When an Individual’s salary is based on a nine-month appointment, the salary will be annualized to a twelve-month base to determine the IBS.

Both administrative supplements and tuition remissions are included in the IBS and are part of the Effort Certification process. In order for the administrative supplement to be included as a part of the IBS, it must be guaranteed for the fiscal year. A temporary assignment (e.g., less than one-year) is not included in the IBS.

**Managing Effort Commitments**

UT Tyler’s policy on maximum effort requires that an Individual’s Total Institutional Activities not exceed 100% and are consistent with his/her other duties. **It is important to understand that Effort is not calculated on a 40-hour workweek or any other standard workweek.** Total Effort must equal 100%. For example, if an individual averages 60 hours per week during the reporting period and spends an average of 15 hours on a Sponsored Program, this represents 25% Effort and the other 45 hours, allocated to other institutional activities, represents 75% Effort.

UT Tyler’s policy on Minimum Effort allows for an investigator to claim 1% Committed Effort for the Sponsored Program he/she is involved in. Exceptions to the minimum
level of Effort are for equipment and instrumentation grants, doctoral dissertation grants, and augmentation grants. The Minimum Effort and the investigator’s Actual Effort must be commensurate with his/her responsibilities.

UT Tyler’s policies on Maximum Effort require that an individual’s Total Institutional Activities not exceed 100% Committed Effort during the fiscal year. Faculty members are limited to a Maximum Effort of 90% during the academic semesters and 100% during the summer semesters, provided that the faculty member does not have a summer teaching appointment and does not participate in other activities incurring costs that are not allowed under OMB Circular A-21. Department Chairs and Deans are limited to a maximum of 50% Maximum Effort on sponsored projects during the fiscal year. Faculty members, Deans, and Department Chairs may commit more than these amounts when approved on a case-by-case basis, but in no case will the Effort be over 100% paid from a grant. In the case of a training grant or other project which specifically restricts any salary charges, Effort is recorded as voluntary uncommitted cost-sharing unless specifically required as a mandatory committed cost-sharing activity by the sponsor.

An individual’s base salary may not, under any circumstances, be increased as a result of acquiring grant funds. An individual’s salary only increases if UT Tyler has issued a formal increase for the individual through the annual or six-month review process.

**Cost Sharing**

UT Tyler’s policy on Cost Sharing requires that only the minimum amount required by the Sponsor is allowed, and Voluntary Cost Sharing is discouraged unless the proposed Cost Sharing meets the University’s strategic objectives. Cost Sharing may be required by the Sponsor or volunteered; however, any Commitment of Effort, whether solicited or Volunteered, that is referenced in the award must be honored, reported, and captured in the Effort Reporting system. UT Tyler will identify, monitor, and track all Mandatory and Voluntary committed Cost Sharing on an annual basis.

Mandatory and Voluntary Cost Sharing commitments are reviewed and approved by the Deans of the colleges as well as by personnel in the OSR. When monetary Cost Sharing commitments are involved, each Department Chair, Dean, and respective Budget Authority must review, approve, and sign the actual account from which the monetary commitment is to be charged. For both Mandatory and Voluntary committed Cost Sharing, when a notice of grant award is received in which Cost Sharing was proposed, the Cost Sharing becomes a binding commitment that must be provided for and tracked in a consistent manner. These forms of Cost Sharing are monitored and reported annually to the accounting office for inclusion in the appropriate direct cost base in the facilities and administrative rate proposal. Cost Sharing commitments are cross-checked against proposal approval forms to verify availability of committed funds.

The investigator is responsible for notifying his/her supervisor of newly-awarded sponsored projects that require Mandatory and/or Voluntary Cost Sharing commitments.
on behalf of the individual, the department, and/or the college. When a proposal with Mandatory Cost Sharing is awarded, OSR will ensure that the Cost Sharing amounts are appropriate; especially when an awarded budget is less than the proposed budget. If changes need to be made, the College, Department, and PI will be notified.

Certain federal research sponsors impose a salary cap which limits the amount of salary a Principal Investigator can charge to a contract or grant. Principal Investigator salary in excess of this salary cap cannot be considered in Mandatory Cost Sharing. It is to be considered Voluntary Cost Sharing only. The salary cap imposed by the National Institutes of Health is recognized and adhered to. Mandatory or voluntary committed Cost Sharing must only be used once and not be used against multiple Sponsored Programs.

**Cost Transfers**

Cost Transfers are transfers to or from a sponsored project account of a charge that was previously recorded to another account or to another funding source. All Cost Transfers are initiated by the Investigator and are approved by personnel in the OSR before being processed by personnel in the accounting office. Cost Transfers involving salary will not be recorded after the monthly close-out process by accounting personnel unless the transfer benefits (e.g., a refund to the sponsor) the sponsor. Cost Transfers between budget periods will not be recorded unless specifically approved in writing by the sponsor. No Cost Transfers will be made after the project final report has been submitted unless the transfer benefits the sponsor.

**Effort Certification**

Effort is the amount of time spent on any activity expressed as a percentage of Total Institutional Activities for which an individual is compensated by UT Tyler. Time and Effort Certification reports are categorized into professional salaries, wages, sponsored effort, and residual effort. Total Effort for all activities together must equal 100%. Time and Effort Certification reports and Payroll Distribution Records do not serve the same purpose. Time and Effort Certification reports include Total Institutional Activities and reflect all Committed Effort and Cost-Sharing activities. Time and Effort reports are based on a reasonable estimate by recognizing that teaching, research, and public service are often inextricably intermingled.

In accordance with Section J.10 of OMB Circular A-21, UT Tyler utilizes after-the-fact confirmation to certify that salary and wage charges are appropriately assessed to an award. Time and Effort Certification Reports are generated in the accounting department and routed to the OSR. The OSR then sends the reports to the individual identified as the Budget Authority for the sponsored project. Each Certification Report will be reviewed, certified as accurate, and returned to the OSR (ADM 338) within seven (7) business days if adjustments are required, and within 30 days of receipt of the form if no adjustments are required. Time and Effort Certification is a federal requirement and must be completed in a timely manner. Any individual who submits a falsified
report or fails to comply with the requirements of this policy in a timely manner may be subject to disciplinary action up to and including termination and/or funding disallowances. The investigator or his/her designee-certifies effort charges and commitments on a monthly basis. The individual reviewing and certifying the report must have first hand knowledge of the actual effort performed under the award. All individuals listed on the Certification Report must verify and certify their committed effort by initialing the line item listing their effort. Exceptions occur when students leave for the semester or when the investigator is no longer employed by UT Tyler. In most cases the investigator is allowed to certify his/her own effort as well as that of all individuals he/she directly supervises. By signing the form, the Certifier attests that he/she has a suitable way of verifying the stated effort and that the effort amounts shown are reasonable estimates of actual work performed during the stated period. Additional procedures on Time and Effort Certification can be found on the OSR website at http://www.uttyler.edu/resgrant/.

**Record Retention Schedules**

Each investigator is responsible for retaining sufficient and adequate records, as required by the sponsor, to document and answer inquiries regarding the sponsored project costs, cost transfers, billing rate calculations, utilization of services, and billed charges. All sponsored project activity is subject to audit, internally and externally, depending on the sponsor’s audit requirements and record retention policies. Records must be retained for a minimum of three (3) years beyond the expiration date and/or closing date of the sponsored project unless an audit or litigation claim is begun before the expiration of this period. All sponsor-imposed retention schedules must be honored regardless of the time frame. The OSR personnel review sponsor-issued regulations and guidelines for reasonableness of retention schedules before accepting and/or entering into a sponsored project.
**Authority**

- Code of Federal Regulations, Part 74, Appendix E, *Uniform Administrative Requirements for Organizations, and Commercial Organizations, and Certain Grants and Agreements with States, Local Governments, and Indian Tribal Governments*;
- Department of Health and Human Services’ OASC-3, *A Guide for Hospitals*;
- OMB Circular A-21, *Cost Principles for Educational Institutions*;
- OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*;
- Clarification of OMB A-21, *Treatment of Voluntary Uncommitted Cost-Sharing and Tuition Remission Costs*, January 5, 2001;
- OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*;
- NIH *Grants Policy Statement*, December, 2003; and

**Interpretation**

The Executive Vice Chancellors for Academic Affairs and Health Affairs, and the Vice Chancellor for Research and Technology Transfer at the University of Texas System officially interpret the *Business Procedures Memorandum 76-07-06* and are responsible for revising it as necessary to meet the changing needs of the UT System and any changes in statutory requirements. UT Tyler’s Designated Responsible Party manages and is responsible for the Time and Effort reporting compliance program. Questions or concerns regarding this policy should be directed to Dr. Michael Odell, Director of Research.

**References**

BPM 76-07-06 *Guidance on Effort Reporting Policies*  
([www.utsystem.edu/bpm/76.htm](http://www.utsystem.edu/bpm/76.htm))

OMB Circular A-21, J.10 *Compensation for Personnel Services*  

UTS 163 Guidance on Effort Reporting Policies  