

	Universidad Central del Caribe	Policy#	ADR 003
		Implementation Date	April 2008
		Contact	Associate Dean for Research and Graduate Studies
	Effort Reporting Policy	Last Reviewed/Update	February 2020 February 2015 May 2010
		Approval by	President

This policy establishes institutional requirements for reporting effort on extramurally sponsored projects. Faculty members must reserve at least 15% of their time UCC activities.

### Introduction

The distribution of UCC salaries and wages within the accounting system should accurately reflect an allocation of each employee's effort. Formal "effort reporting" for certain employee activities (including cost-sharing) is required by federal cost accounting regulations.

The compensation of hourly employees is accounted for and certified by means of bi-weekly time sheets. In the case of professional staff is based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution (25% of the percent approved by the sponsor), utilizing a combination of personnel authorizations (PAAPs) and quarterly effort reports.

Some sponsored program contracts require reporting of effort in terms of hours worked, instead of in percentages of total effort or calendar months. In cases where a salaried individual is providing effort to such a sponsored program, the principal investigator and the department must ensure that the individual comprehends these additional requirements. The individual should maintain any hourly information required by reporting requirements of the sponsored project. The department is then responsible for ensuring that this information is readily available for audit upon request.

### Basic Principles

Federally sponsored awards that fall under the jurisdiction of the U.S. Office of Management and Budget (OMB) must be managed by a time and effort policy for personnel working on the grant project. Personnel Effort Reports (PER) are necessary in order to comply with this requirement. OMB requires effort reporting to verify that direct charges for salary to federally sponsored agreements reflect actual work performed and be documented in the accounting system.

UCC is subject to audit to ensure compliance with this expectation. As a general rule, exempt employees should understand how their salary charges are being distributed and must verify for themselves that there is a relationship between the charges and the effort devoted to the project.

The Time and Effort Report should reflect the work performed over a specified period of time. The completed and signed reports, submitted every three months, serve to provide documentation of grant activity and will be closely examined if the award undergoes a federal audit.

## Guidelines

The Effort Reporting System for UCC must meet the following standards:

1. The system will be incorporated into the official records of the institution, reflect the activity for which the employee is compensated, and encompass both sponsored and all other activities on an integrated basis.
2. The system will reflect activity applicable to each sponsored agreement and to each category (teaching, research and other sponsored activity, clinical service, etc.) needed to identify F & A cost and the functions to which they are allocable.
3. The system reflects categories of activities expressed as a percentage distribution of total activities.
4. The system will provide for modification of an individual's salary distribution commensurate with any significant change in work activity. Short-term fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is maintained over the longer term.
5. Certifications must be signed by the personnel, the principal investigator and their immediate supervisor using suitable means of verification that the work was performed stating that salaries and wages charged to the sponsored agreements as direct charges and to F & A cost or other categories are directly related to the work performed for the sponsored project.

The following concepts must be understood to ensure effort report forms are completed properly:

1. The effort report form must account for all effort for which the University compensates the individual.
2. University compensated effort includes all research, teaching, administration, clinical activity, and any other activity for which an individual received compensation from the University. Excluded from effort reporting is any compensation received from sources other than the University, such as outside consulting work, if permitted by the University and duly authorized by the President.
3. Effort distributions should reflect the activities, recognizing that research, teaching, and clinical activity are often inextricably intertwined and estimates will be necessary in most cases.
4. Effort and payroll distributions are not the same thing. The effort reporting process is a method for certifying charges made to sponsored awards and for certifying that the effort expended is at least equal to the salary paid. Payroll distributions are used initially as a proxy for effort distributions and serve as a convenient reminder about activities on which the individual worked. Appropriate salary reallocations must be made in concert with the changed effort report.
5. The effort report form must be certified by the individual whose effort is being reported or by a responsible person with access to verifiable information on how the individual's effort was expended.
6. Mandatory and voluntary committed cost-sharing must be reported. Where some or all effort an individual expends on a specific sponsored project is not funded by the sponsor but is mandated by the sponsor, or where the individual has clearly committed to uncompensated effort to the project in the application, that effort must be reported as unfunded activity (cost-sharing) on the

effort report form.

7. The total of the individual effort percentages reported on the effort report form must equal 100% and cannot exceed that 100%.
8. Effort and the corresponding salary distributions should be reviewed regularly and adjusted accordingly.
9. The Federal Government has established a criterion for what constitutes a “significant change” in budgeted vs. actual effort (i.e., a change that would necessitate an adjustment in direct labor charges or cost sharing). The criterion established is + or – 5 percentage points of effort. For example, an adjustment should occur when an employee’s Effort Statement showed twenty-five percent of effort being expended on a grant and the employee’s actual effort was twenty percent. No adjustments to the payroll, cost sharing, or effort columns are required for an account if actual effort differs from effort preprinted on the Effort Statement by less than 5% points.
10. All Principal Investigators must still record their total effort to any given sponsored project even if the effort is LESS than 5%, i.e., in order to be a Principal Investigator, a minimum amount of effort must be devoted to reflect the PI’s scientific and administrative direction of the project. The 5% point significance level only applies to PIs when their total effort on any given sponsored account is *more* than 5%.

### **Application**

Effort certification is required for all faculty and employees paid from sponsored funds. Every three months, the employee using suitable means of verification that the work was performed, will complete the Time and Effort Report certifying that the effort reported as research, instruction, and other sponsored activities is in relation to the work performed. Student grant workers who complete time cards will document their work through the existing payroll report system and do not need to file this report.

### **Requirements**

Proposals should accurately represent the amount of time that key personnel are committing to the project. When cost-sharing commitment consists of direct effort on a sponsored project, federal regulations require that this effort be accounted for in the same manner as the direct effort that is reimbursed by the sponsor under the agreement.

### **How to Complete the Time and Effort Report Form**

- Personnel supported with extramural funds should provide their name, UCC position title, UCC department name, and the quarter and year for which the report applies.
- The total amount of effort must add up to 100% and should include only those activities for which the individual receives compensation from the institution. Cost-sharing (effort committed to a sponsored project without compensation) must also be accounted for, as they are included in the total amount of effort (100%).
- Researchers cannot commit more than 100% of their effort. If a researcher works 40 hours/week on UCC activities and 20 hours/week on grant activities, then the percentage would be 67% UCC and 33% grant activity. The effort amount should reflect the work performed. Short fluctuations (60 days) between workload categories do not need to be considered as long as the distribution averages out during the time period reported.
- Efforts will be reported in multiples of 1.

- The completed and signed report will be sent to the Office of Associate Dean for Research and Graduate Studies (OADRGS) by January 31 (covering the October to December period), April 30 (January to March), July 31 (April to June) and October 31 (July to September). Failure to submit an accurate report by the time indicated may jeopardize future grants to UCC.
- The Dean of Medicine will sign the effort reports of department chairs.

### **Administration**

- By June 15 each year the Human Resources Director will name a Point of Contact (POC) for the OADRGS at the Human Resources Office. The POC will send a report of all UCC employees that receive external funding to the OADRGS by January 15, April 15, July 15, October 15.
- Prior to the due date, the OADRGS will send the Effort Report Form to the employees who are required to submit it. Those personnel will complete the Time & Effort Report and return it to the OADRGS by January 31 (covering the October to December period), April 30 (January to March), July 31 (April to June) and October 31 (July to September).
- Certification of an employee's effort report is to be made by the individual and certified by the direct supervisor and department chair. The Dean of Medicine will certify reports of department chairs. Principal investigators and department chairs are responsible for ensuring that individuals participating in certifiable activities understand clearly which accounts represent those activities and how their effort actually relates to those accounts.
- The OADRGS will send the effort reports to the Fiscal Resources Office.
- The Fiscal Resources Office will evaluate the effort report and determine if payroll distribution adjustments are necessary to reflect the distribution of effort of the employee.
- If a payroll distribution is necessary, the Fiscal Resources Office will complete a Cost Transfer Form.
- If a payroll distribution is necessary, the Human Resources Office contact the employee's department and request that a new PAAP be prepared.
- The Fiscal Resources Office will send all the documents to the Human Resources Office include them in the employee's record.

### **Penalties**

Failure to comply with this policy will result in disciplinary measures.

### **Definitions**

**Reporting Period:** The form should be submitted by January 31 (covering the October to December period), April 30 (January to March), July 31 (April to June) and October 31 (July to September).

**Percent Effort:** will be determined based on total effort. Indicate a breakdown of the amount of work spent in each area of responsibility. Total must add up to 100%.

**Reporting Period:** If the grant work covers part of the fiscal year period, indicate the dates for which the grant work applies. For example, if the grant was active for the month of June only, then the reporting period would run from June 1 to June 30 for purposes of reporting.

Any questions regarding the UCC Effort Reporting Policy should be directed to the Associate Dean for Research and Graduate Studies.

Approved by:

Waleska Crespo  
Waleska Crespo, DrPH  
President

February 12, 2020  
Date