

TIME AND EFFORT REPORTING
September 2007
Policy 2.1.02

Policy:

The University of Kansas Medical Center Research Institute requires employees to declare and certify the accuracy of the percentage of time that they charge to sponsored projects. Each department has the primary responsibility to ensure compliance with this policy. If effort is not properly certified, salary charges must be removed from or be adjusted in the sponsored project account.

Purpose:

Effort reporting is the mechanism used to confirm that salaries and wages charged to each sponsored agreement are reasonable in relation to the actual work performed. Certification of an effort report must reasonably reflect the activity for which the employee is compensated by the institution. Effort reporting is a Federal requirement outlined in OMB Circular A-21. Institutions receiving sponsored program grants must maintain an accurate system for identifying and reporting the effort paid for by the funding agency. The effort reporting system assures external sponsors that funds are properly expended for the personnel paid for by the grant. Additionally, sponsors and auditors must also be able to verify that funds allocated for cost sharing have been provided. The effort reporting system is the mechanism used to document cost-shared salary expenses.

Office of Management and Budget Circular A-21 describes the cost accounting standards that are followed by all universities receiving federal funding. They include the requirement for monthly distribution of all salaries to appropriate accounts in proportion to the effort expended toward activities associated with those costs. Under OMB A-21, effort reporting provides the necessary documentation to certify and substantiate direct labor charges to all sponsored activities.

In application of this requirement severe penalties and funding disallowances could result from inaccurate, incomplete, or untimely effort reporting. If deviations from this cost accounting standard are found during an audit, disallowances could result which would be charged to the appointing Department.

Procedures:

- Time/effort expectations are established when personnel receive an annual letter of appointment from the Department, Center/Institute, and/or School stating the percentage of effort allocated to research or when research effort is redistributed because of a reduction or increase of effort resulting from a sponsored program during the year.
- All income and designated responsibilities which are compensated by the KUMC payroll or the KUPI payroll must be included in the time/effort formula. This must include the time designated for clinical and administrative functions.
- At least semi annually, a notice will be sent by the Research Institute to all grant personnel listed on the KUMC payroll denoting a record of the proposed time/effort percentages which have initially been designated by the employee in the grant awards and letters of appointment.
- No employee may designate more than 100% effort. Most employees should leave a percent of effort for commitment of other Departmental assignments. Careful allocation, confirmed by the grant award(s) and semi annual confirmation reporting by the employee assures appropriate compliance.
- The employee or a Department designate agent who is knowledgeable about the employee effort may provide assurance of accuracy and reliability of responses.
- For individuals with salary over the NIH salary cap, the amount that exceeds the cap must be paid out of a R&D account or other non-federal sources.
- Employees who fail to comply with this policy will be provided with a reminder. If they do not respond, they may be subject to freezing of sponsored research accounts and disciplinary action may be recommended to the appropriate Dean.

Definitions:

Cost Sharing or Matching: The value of third party in-kind contributions and the portion of the costs of a federally assisted project of program not borne by the Federal Government.

Research: A systematic, intensive study intended to increase knowledge or understanding of the subject studied, a systematic study specifically directed toward applying new knowledge to meet a recognized need, or a systematic application of knowledge to the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.

Responsible Parties:

Employees receiving compensation from a sponsored project account.

Exemptions:

None.

Related Policies and Links:

KUMC Research Institute Policy 1.1.06: Facilities and Administrative Costs:

http://www2.kumc.edu/researchinstitute/spa/SPA_Forms/Facilities_Admin_Costs.pdf

KUMC Research Institute <http://www2.kumc.edu/researchinstitute/>

OMB Circular A-21 http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html

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