This policy establishes requirements to facilitate compliance with federal and state laws and regulations concerning employee effort for salary expenditures and cost-sharing requirements related to grants, contracts and other sponsored agreements (grants). Office of Management and Budget Circular A-21 and Texas Uniform Grant Management Standards II (B)(11)(h)(1-5,7).

Recipients of federal funds must maintain a system of internal controls that provide reasonable assurance that payroll charges are accurate, allowable, necessary, and properly allocated among grant and institutional activities. Recipients of grants must exercise due diligence in the review and certification of effort reports.

Effort reporting is a process that uses after-the-fact activity records to certify that only allowable payroll expenses are charged to or contributed (cost-shared or matched) to grants, contracts, and other sponsored agreements, and that effort commitments to sponsored agreements are met as specified in the agreement.

1. Effort is defined as the percent of time spent on a particular activity and is not based on a traditional 40-hour work week. The total effort associated with institutional base salary (IBS) is defined as 100% effort. This includes instruction, departmental administration, departmental research, grants, and other institutional activities.

2. Effort reports are required for faculty, and staff, who devote effort (paid or cost-shared) to one or more sponsored agreements that are funded by state or federal sponsors.

3. Effort is defined as the amount of time spent on a particular activity and is not based on a traditional 40-hour work week. The total effort associated with institutional base salary is defined as 100% effort. This includes instruction, departmental administration, departmental research, sponsored projects, and other activities.

4. Effort expended for extra compensation as defined in the Salary Supplements, Stipends and Additional Compensation policy (12.16), or for work not compensated by the university, is not included in effort calculations. Refer to Compensation from Grants, Contracts and Other Sponsored Agreements (12.1).

5. The federal government recognizes that decisions made in the certification of effort percentages to individual sponsored activities are based on reasonable estimates.
Effort reports should reasonably reflect the activities for which employees are compensated by the institution. However, it is recognized that, in an academic setting, teaching, research, service, and administration are often inextricably intermingled. Therefore, a precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate.

Tolerance is defined by the university as +/- five percent (5%) of the committed effort. Therefore, if the percentage on the effort report reasonably reflects one’s effort within this variance, the effort percentage may be confirmed as a reasonable estimate. Effort certification report adjustments may be required when: a) certified effort does not match salary expenditures within the tolerance limit for the time period covered by the report; b) there are payroll cost transfers; or c) revised personnel actions are generated.

2. Effort certification reports are required for faculty, staff, and students who devote effort (paid or cost-shared) to one or more grants. These records are generated by and retained in the Banner effort system for salaried individuals. For hourly paid individuals, certified time records are generated and retained in the TimeClock Plus system or recorded manually on time sheets retained by the department, and serve as alternate official effort certification records.

3. After-the-fact effort reporting is required for all sponsored projects grants regardless of the source of funds (Federal, state, or private).

6. Project directors (PDs) or principal investigators (PIs) are responsible for ensuring that effort certification reports are completed accurately and in a timely manner for each individual subject to this policy and paid and or cost-shared from a grant, contract, or other state/federal sponsored agreement for which they serve as PD/PI.

Effort reports must be certified by a person having either firsthand knowledge of the work performed or a suitable means of verification that the work performed was related to the specific sponsored activities. Normally, this certification is performed by the employee, PD or PI. If one of these persons is unable to certify the effort report, a surrogate with firsthand knowledge or who has a suitable means of verification as described above may certify the report (e.g., the unit head, a co-investigator). The PD/PI will certify effort for graduate students.

7. To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, reports will be certified by the employee, PD/PI, or other responsible person with suitable means of verification that the work was performed.
8. Effort certification reports are generated electronically in the Banner system for individuals when any portion of a salary is paid or cost-shared in a reporting period from state and/or federally sponsored funds. Electronically certified forms are maintained in the Banner system; manually signed forms are retained by the Office of Research and Sponsored Programs (ORSP) for the appropriate period of time.

5. Effort attributed to any state and/or federally sponsored agreement (grant, contract, or cooperative agreement) must represent work specific to the agreement. Intentional falsification, forgery, or fraudulent alteration of effort certification reports constitutes fraud. Non-compliance with this policy and related procedures may result in penalties levied against the departments, divisions, schools and/or the university. Individuals with roles and responsibilities in the certification process are held responsible for any instances of non-compliance. Criminal and/or employee discipline measures may be pursued.

If effort reports are not certified in a timely manner, the Office of Research and Sponsored Programs will take actions to assist with compliance of this federal requirements. These actions may include, but are not limited to: a) withholding submission of proposals, project applications or other documents such as material transfer agreements; b) freezing active grant funds; or c) adjusting uncertified labor distributions and the effort they represent to non-sponsored Banner funds managed by the administrative unit.

9. Each individual with responsibilities related to effort certification must thoroughly understand the proper method of reviewing and certifying the effort reports to ensure the reports reasonably reflect effort expended toward grants and other activities during the report period. Thus, effort training is mandatory for all employees who certify payroll expenses. Training in the effort certification process is mandatory for all employees who certify payroll expenses charged to or contributed (cost-shared or matched) to externally funded grants, contracts, or other sponsored agreements subject to effort reporting requirements, and for departmental and other employees involved in the effort reporting process. ORSP provides and documents training activities.


Compensation (12.16); Compensation from Grants, Contracts and Other Sponsored Agreements (12.1)

**Responsible for Implementation:** Provost and Vice President for Academic Affairs

**Contact for Revision:** Director, Office of Research and Sponsored Programs; Controller

**Forms:** Banner Effort Certification Reports; *TimeClock Plus records; time sheets*

**Board Committee Assignment:** Academic and Student Affairs