



Florida Agricultural & Mechanical University Board of Trustees Policy

Board of Trustees Policy Number: 2005-12	Date of Adoption/Revision: June 30, 2005
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Subject	Effort Reporting Policy
Authority	OMB Circular A-21, <i>Cost Principles for Educational Institutions – Compensation for Personal Services</i> ; Section 1001.74, <i>Florida Statutes</i> .
Applicability	Senior Administrators, Dean, Director, Department Chair or Directors, Faculty, Finance Personnel, Human Resources Personnel and Sponsored Projects Personnel

I. Policy Statement and Purpose

Florida Agricultural and Mechanical University requires employees to certify the accuracy of the percentage of time (i.e., effort) that they charge to sponsored projects, as personnel costs generally comprise the majority of direct costs. Therefore, each University department has the primary responsibility to ensure compliance with this policy. If effort is not properly certified, salary charges must be removed from the sponsored project account. Since severe penalties may be imposed by the University from inaccurate, incomplete or untimely effort reporting, this policy is to:

- Ensure an accurate and reasonable system is maintained for reporting the percentage of time (i.e. effort) that employees devote to federally sponsored projects, as required by OMB Circular A-21.
- Assure external sponsors, public or private, that funds are properly expended for the salaries and wages of those individuals working on the projects they sponsor.
- Provide a mechanism to certify the salaries and wages charged to sponsored projects consistent with the employee's effort contributed.
- Provide a means for sponsors and auditors to verify fund(s) allocated for cost sharing was provided as promised.

II. Definitions

- Committed Cost Sharing** - Mandatory or voluntary cost sharing that is pledged in the proposal budget, budget justification, or stated in award documents.
- Cost Sharing** - The terms "cost sharing," "matching," and "in-kind" refer to that portion of the total project costs borne by the University. The University generally refers to cost sharing as labor costs.
- Effort** is work or the proportion of time spent by an employee on an activity and expressed as a percentage of total university time.
- Payroll Charges** are salaries and fringe benefits charged to a sponsored project.

E. **Sponsored Project** is an externally funded activity that is governed by specific terms and conditions and must be separately budgeted and accounted for subject to terms of the sponsoring organization. A sponsored project may be a grant, contract, or cooperative agreement for research, training, and other public service activities.

III. Effort Reporting and Certification

- A. It shall be the responsibility of Contracts and Grants to generate the effort reporting forms based upon an employee's actual salary paid during the effort period.
- B. Effort reporting forms shall be distributed to the principal investigators for review and certification.
- C. The employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, must sign all effort reporting forms.
- D. Certifications must be prepared for professorial and professional staff at least every six months. For other employees, the reports will be prepared at least monthly.
- E. All executed and corrected effort reporting forms shall be certified and returned to the Office of Contracts and Grants for filing and audit purposes.

IV. Effort Reporting and Payroll

University employees must comply with university, state and federal regulations governing the charging of payroll to sponsored projects. In this regard, payroll distributions for employees must be:

- Reasonable
- Allocable
- Allowable
- Accurately based on all functions and activities of the employee
- In compliance with any specific requirements of a sponsored project, and
- In compliance with any specific requirements of the University.

Payroll distributions must be corrected, after the fact, based on the actual effort performed by the employee on the sponsored project, as validated on the effort certification. Such corrections shall occur as soon as it is known that the actual effort does not match the payroll distribution.

If an employee devotes work effort to a sponsored project but is not paid under the sponsored account, the employee's work effort should be provided as cost sharing effort.

V. Duties and Responsibilities

- A. **Principal Investigator** shall ensure the appropriateness and accuracy of all effort expended on the sponsored project in compliance with this policy; certify direct-charged and committed cost-shared effort in conformance with the effort proposed.

- B. **Department Chair or Division Director** shall establish effective processes and controls that will ensure compliance; assign an individual to oversee the certification of effort; and provide local oversight.
- C. **Contracts and Grants Accounting** shall assist with development of educational programs for all employees involved in the effort certification process; ensure that the effort system produces accurate effort statements in a timely manner; monitor effort reporting system to ensure compliance; monitor the effort process for timely submission and report findings to departments; and report questionable practices and recurring problems to the dean, department chair, Vice President for Research, Provost and Vice President of Academic Affairs, and the Audit and Compliance Office.
- D. **Dean** shall provide general oversight and problem resolution.
- E. **Sponsored Programs** shall review the proposed cost sharing during the development of the sponsored project proposal, input proposed effort information into the automated financial system, and submit necessary documentation to the Contracts and Grants Accounting.

VI. Related Procedures

The Vice President for Research shall create procedures in furtherance of this policy to govern sponsored research activities.