



OP 70.08: TIME AND EFFORT REPORTING

PURPOSE

The purpose of this policy is to comply with federal mandates requiring adequate internal controls over compensation charged to sponsored awards. This policy applies to all faculty and staff engaged in sponsored project activities¹ covered by 2 CFR 200.430.

POLICY STATEMENT

As a condition of receiving federal funding, the University must ensure compliance with 2 CFR 200.430 that requires personal compensation charges to Federal awards be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal controls that provide reasonable assurance that charges to federal awards are accurate, allowable and reasonable, and properly allocated.
- Be incorporated in the official records.
- Reasonably reflect the employee's total activity, not include time that an employee is not compensated for, and cannot exceed 100% of total compensated effort.
- Encompass both federally assisted and all other activities compensated on an integrated basis.
- Comply with accounting policies and practices.
- Support the distribution of salary or wages among specific activities or cost objectives if an employee works on more than one award or activity.

Budget estimates alone do not qualify as sufficient support for charges to federal awards. However, estimates may be used for interim accounting purposes, provided that:

- Budget estimates produce reasonable approximations of the activity actually performed.
- Significant changes in the corresponding work activity are identified and entered into the payroll distribution system in a timely manner.
- The internal control system has processes to review the interim charges after the fact and make any needed adjustments.

2 CFR 200.430 does not clearly define the level of precision, but it does state that "It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always

¹ Sponsored Project is a grant, contract or other arrangement formalizing the transfer of money or property from a sponsor to the University with the intent to either carry out a public purpose or provide a direct benefit for the sponsor.

feasible, nor is it expected.” The University defines an acceptable level of tolerance (variance) as 5 percent or less during the reporting period.

In accordance with federal regulations, the University utilizes the after-the-fact effort reporting system to certify that salaries charged are reasonable and consistent with the work performed. The University’s Time and Effort Report is the primary auditable document to support salary on sponsored awards. The Principal Investigator and their respective Department Head or designee are responsible for ensuring full compliance with effort reporting requirements and the “Effort Certification Process.”

EFFORT CERTIFICATION PROCESS

Each employee² who has effort charged to a sponsored project will have their effort certified at different intervals during the year. The certification will be done using the Time and Effort Report. Effort certifications are performed twice a year for 12 month employees and three times a year for 9 month employees.

To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the Time and Effort Report will be reviewed and signed by one of the following:

- Employee
- Principal Investigator
- A responsible official(s), *using suitable means of verification that the work was performed*

“Suitable means of verification” refers specifically to **first-hand knowledge** of the work performed. Typically, an individual with first-hand knowledge is someone in a supervisory role who oversees the employee performing their duties.

The University shall require all Time and Effort Reports to be certified within **90 calendar days** of the close of the reporting period. The completed Time and Effort Report should be submitted to the Sponsored Programs Accounting Office within this time frame. Effort not certified within 90 days may result in reversal of the charges on the award, jeopardize submission of future proposals, cause a current proposal to be withdrawn, and/or jeopardize the acceptance of future awards.

Actual effort should be monitored, and significant changes to estimated effort calculations should be made as soon as they become known. If at the end of a certification period, the effort percentages reflected on the certification are not a reasonable reflection (5% or less variation from actual, as defined in previous section) of the employee’s effort, a payroll redistribution should be submitted promptly to the appropriate office. Once the employee’s effort is correct, the department should reprint the updated Time and Effort Report for certification and include with the department’s report within the 90 day period.

² The following hourly employees are not included in the Time and Effort Report: intermittent, hourly retiree, and student. Though these groups of employees are not on the Time and Effort Report, departments are required to keep records indicating the total number of hours worked each day.

In the rare instance it becomes necessary to correct a Time and Effort Report that has already been certified, the departmental administrator must submit the Job Labor Redistribution Form along with a Justification Form explaining the reason for the change and the delay in making the correction. In addition to the Department Head and Principal Investigator, the Justification Form must also be acknowledged by the appropriate Dean/Director and Vice President and then submitted to the Director of Sponsored Programs Accounting for review and approval. Once the Job Labor Redistribution Form has been approved and posted in Banner, a new Time and Effort Report for the employee should be produced, certified and sent to the Sponsored Programs Accounting Office.

Constant or frequent submission of late Time and Effort Reports and Job Labor Redistribution Forms after the Time and Effort Report is certified could raise serious questions about their propriety as well as the overall reliability of the accounting system and internal controls. A list of departments with late reports or frequent JLRF after effort is certified will be provided to the appropriate Vice President's Office and Internal Audit.

*Please refer to the Time & Effort Quick Reference Guide
(www.controller.msstate.edu/sponsoredprograms/training/downloadfile.php?id=821)
located on the Sponsored Programs Accounting website for additional guidance on
processing Time and Effort reports.*

REVIEW

This policy will be reviewed by the Vice President for Research & Economic Development, the Vice President for the Division of Agriculture, Forestry, and Veterinary Medicine, the Vice President of Budget and Planning, and the Provost and Executive Vice President at least every four years.

REVIEWED BY:

/s/ David R. Shaw
Vice President for Research &
Economic Development

09/17/2018
Date

/s/ Gregory A. Bohach
Vice President for Agriculture, Forestry &
Veterinary Medicine

09/28/2018
Date

/s/ Don Zant
Vice President for Finance

09/10/2018
Date

/s/ Judy Bonner
Provost and Executive Vice President

10/12/2018
Date

/s/ Joan Lucas
General Counsel

10/17/2018
Date

/s/ Timothy N. Chamblee
Assistant Vice President and Director
Institutional Research & Effectiveness

10/18/2018
Date

APPROVED:

/s/ Mark Keenum
President

10/22/2018
Date