



## TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

### Operating Policy and Procedure

**HSCEP OP:** 65.07, **Effort Reporting: Certifying Time and Effort on Sponsored Projects**

**PURPOSE:** The purpose of this Texas Tech University Health Sciences Center El Paso (TTUHSC El Paso) Operating Policy and Procedure (HSCEP OP) is to accurately reflect the actual level of effort expended on a sponsored project to assure the sponsors that the effort expended on their sponsored project justifies the salary charged to those projects, and to ensure institutional compliance with OMB 2 CFR Part 200.430.

**REVIEW:** This HSCEP OP will be reviewed June 15 of every odd-numbered year by the designee from Office of Research (OR), the director(s) of Sponsored Programs (SP) and the director of Contracts and Grants Accounting (CGA), with recommendations for revisions submitted to the Vice President for Research (VPR) and the chief financial officer (CFO) by July 1.

### **POLICY/PROCEDURE:**

#### **I. Policy**

To ensure that the salary and wages of employees charged to a sponsored project are allocable, allowable, reasonable, consistently treated, and properly monitored, it is the policy of TTUHSC El Paso that a detailed **Effort Certification and Reporting Technology** system (ECRT) will be employed to ensure the effort put forth on a sponsored project warrants the financial compensation provided by the sponsor.

Employees receiving compensation from a sponsored project, having committed effort on a sponsored project, or spending time/effort towards a sponsored project will be required to have an Effort Statement certified by the department in accordance with this policy. Effort statements are used by TTUHSC El Paso as an after-the-fact method of confirming the amount of effort performed on a sponsored project. The ECRT system reflects an individual's payroll distribution to various institutional funds, including sponsored project funds, and provides an estimation of actual time spent on activities such as instruction and research. It documents the distribution of salaries and wages based on a reasonable estimate of time worked, distinguishing between institutional activities and sponsored projects.

This provides TTUHSC El Paso a reasonable level of assurance that funds are properly expended for the salaries and wages of individuals working on a project in relation to the benefits derived from the project being sponsored. Employees involved in certifying efforts must understand that severe penalties and funding disallowances could result from inaccurate, incomplete, or untimely effort reporting.

Sufficient documentation of effort spent towards a sponsored project must be maintained to support certification for audit review.

#### **II. Certifying Time and Effort Reporting**

##### **a. Certification**

The online ECRT is accessible at <https://ecrt.texas-tech.edu/ecrt>. Certification is required of all personnel whenever a portion of their salary is charged to a sponsored project and is expressed as a percentage of effort. Effort is the amount of time spent on any activity expressed as a percentage of total institutional activities for which an individual is

compensated by TTUHSC El Paso. Effort is not based on a 40-hour, or any other standard, work week. Each report will account for 100% of the activity for which the employee is compensated and which is required in fulfillment of the employee's obligations to the institution.

Principal Investigators/Project Directors (PI/PD) are responsible for understanding the effort certification requirements of the projects for which they apply, or for which they are otherwise awarded funding. Furthermore, PI/PDs are responsible for certifying the effort of staff (non-faculty) paid from each sponsored project and any faculty with commitments to a sponsored project but not paid from any sponsored fund. In the event that a PI has left the institution prior to effort certification and in the absence of a PD, the department's Chair, or assigned delegate should be the one to certify effort. Other faculty (non-PI) paid from a sponsored project must certify their own effort.

**Falsification of Effort Reporting** – Falsifying the effort report could result in Federal False Claims Act consequences, penalties to the employee under the Texas Penal Code Chapter 37.10 – Tampering with Governmental Record, or administrative penalties to the employee for violation of Texas Tech University System Regent's Rules Section 03.02.1.

**Negligence in Reporting Effort** – Due diligence and care must be taken when certifying effort statements. Failure to accurately report time and effort can result in audit findings, significant fines, penalties, and losses, which may also impact TTUHSC El Paso's ability to secure future sponsored funding.

b. Frequency

Effort certification will be completed each fiscal quarter:

- September to November
- December to February
- March to May
- June to August

**Not Receiving Effort Statement** – An individual who is paid on a sponsored project or cost sharing fund and is a faculty member or PI, but does not receive an effort statement, must notify [ecrtelp@ttuhsc.edu](mailto:ecrtelp@ttuhsc.edu).

c. Timeframe of Completion (Certification Period)

Effort should be certified within 22-24 days of the end of the Pre-Certification Review Period. The exact length of the Certification Period may vary from quarter to quarter to avoid weekend or holiday due dates. Finance Systems Management will publish an effort certification timeline with specific due dates for each certification period at [Effort Certification Timelines](#).

**Failure to Timely Certify**- Salary expenses that are not certified in a timely manner may be transferred from the sponsored fund to a non-sponsored program fund at the discretion of the VPR and in consultation with the Department Chair.

d. Corrections

An adjustment to the effort statement of greater than +/- 2% and \$500 on any individual line requires that a Labor Redistribution be submitted to correct the individual's payroll. The PI or managing department is responsible for correcting payroll distribution. Since this payroll transaction affects a certified statement, the statement will be reopened and must be recertified by PI or Certifier. The Certifier will receive an email from ECRT stating the effort statement was reopened and is ready for certification. The Certifier must then recertify within 21 days of the payroll adjustment.

**Incorrect Program**- Certifiers must be aware of the programs to which their activities are charged. A correct program is a required and essential element of the Federal Facilities and Administrative (F&A Rate) Cost Study. For details regarding program codes, please refer to the following link: [Program Codes](#). Incorrect programs identified on the effort statement should be reported to Contracts and Grants.

### III. Responsibilities

#### **Primary Effort Coordinators shall:**

- Be responsible for facilitating the entire effort certification process for their department(s).
- Review the payroll data within ECRT and verify accuracy compared to estimated employee effort.
- Process Labor Redistributions as needed, including sufficient justification for the adjustment.
- Assist PIs and Certifiers with the certification process.
- Process all certified statements, including those that have been reopened due to payroll adjustments.
- Notify SP and CGA if the certified effort of an individual will fall short of their committed effort by more than 25% to determine if sponsor notification is required.
- Monitor effort statements to identify employees whose pay have exceeded specified salary cap limitations and prepare necessary labor redistributions to a companion cost sharing fund that has been established by the department to cover the salary over the salary cap.

#### **Principal Investigators/Program Directors shall:**

- Understand effort certification requirements of a project.
- For funds not routed through SP, determine which projects require effort certification.
- For funds not routed through SP, notify CGA of effort reporting requirements so that the related fund can be set up appropriately.
- Monitor and review their projects' time and effort on a regular basis to ensure the accuracy and appropriateness of all salaries charged to a sponsored project.
- Ensure that the reported level of effort is reasonable, allowable, allocable, and necessary to carry out the proposed project.
- Ensure that other activities will not conflict with any proposed effort commitment.
- Ensure that certifications are made in an accurate and timely manner.
- Maintain sufficient documentation showing reasonable means of verifying the effort expended. (Examples: Outlook Calendar, Notebook, Journal, etc.).
- Ensure effort devoted is commensurate with commitments to sponsors.
- Inform SP of any changes.

#### **Certifiers shall:**

- Ensure that certifications are made in an accurate and timely manner.
- Maintain sufficient documentation showing reasonable means of verifying the effort expended. (Examples: Outlook Calendar, Notebook, Journal, etc.).

#### **VPR shall:**

- Ensure an effective monitoring process exists at TTUHSC El Paso.
- Establish effective processes and controls.
- Ensure compliance with effort reporting requirements and provide oversight for those processes and controls.
- Issue sanctions for noncompliance.

- Determine which projects require effort certification.

**SP shall:**

- Act as the liaison between internal and external parties related to the project.
- Request permission from the sponsor to revise previously committed and approved effort when agency approval is required.

**CGA shall:**

- When notified of the effort certification requirement by the PI/PD, ensure that data elements that affect effort certification are accurately reflected in Banner so that they feed appropriately to ECRT.
- ECRT Effort Variance Cognos report will be reviewed by CGA to identify and resolve significant variances between compensation and effort distribution percentages on certified and processed effort statements by notifying the Effort Coordinator and Sponsored Programs.

**Finance Systems Management shall:**

- Maintain the ECRT system through data verification and system control reporting.
- Provide training documentation and hands-on training (where applicable) to all levels of users.
- Provide certification compliance statistics as needed.
- Provide assistance to Effort Coordinators, PIs, and Certifiers on system-related issues.

**Research Compliance Unit (RCU) shall:**

- Review the “Outstanding Effort Statements by Coordinator by Division” report in Cognos before the end of the certification period for effort statements that have not been certified and/or processed.
- Monitor past quarters in order to identify any revised effort statements that are pending re-certification and/or reprocessing in the ECRT system using the “ALL Outstanding Effort Certifications by Coordinator” Cognos report.
- Report outstanding effort statements to VPR in preparation for Escalation of the Non-Compliance process described below.

**IV. Definitions**

**Certifier**

Any individual who is an exempt faculty member or the listed PI on a grant, is paid on a Sponsored Project, and therefore certifies their effort expended to those Sponsored Projects in ECRT. Certifiers must have a reasonable means of verification or documentation of the work performed.

**Certify**

To certify is to attest authoritatively as being true; to confirm accuracy.

**Committed Effort**

Committed Effort is the amount of effort offered to a sponsor in the proposal documents that is specified and quantified and becomes a binding commitment upon execution of the award agreement. Committed effort exists regardless of whether salary support is requested in support of the effort. An individual can have effort committed to a grant and not have payroll charged to the grant. It is possible for an individual to have effort committed for the entire grant period but not have any certified effort toward the grant during a specific certification period. If committed effort is

present on a grant, the responsible individual must certify to the commitment even if the effort for that period to the committed grant is zero. The PI will certify for any faculty who has committed effort on a grant but was not paid from any sponsored FOP.

### **Cost sharing**

Cost sharing represents that portion of the total project costs of a sponsored agreement borne by TTUHSC El Paso, rather than by the sponsor. Cost sharing of direct expenditures represents a redirection of departmental or school resources from teaching or other departmental and school activities to support sponsored agreements.

### **Mandatory Cost Sharing**

Mandatory cost sharing is required by the sponsor as a condition of obtaining an award and must be included; otherwise, a proposal will not be considered by the sponsor.

### **Voluntary Committed Cost Sharing**

Voluntary committed cost sharing is when mandatory cost sharing is not required by the sponsor, but effort is committed to the grant to be paid by TTUHSC El Paso. In either case, when an award is received in which cost sharing (voluntary or mandatory) was proposed, the cost sharing becomes a binding **commitment** that TTUHSC El Paso must provide as part of the performance of the sponsored agreement.

### **Voluntary Uncommitted Cost Sharing**

Voluntary uncommitted cost sharing is any effort, resource, or contribution to the project beyond the amount committed and budgeted for in a sponsored agreement. Uncommitted cost sharing is not included in the budget or proposal narrative and does not require documentation or reporting, and will not be accounted for.

### **Cost Sharing Fund**

A cost sharing fund used to record mandatory and/or voluntary committed cost sharing contributions to a sponsored project. This fund can only be used to accumulate cost-sharing contributions for a single sponsored project.

### **ECRT**

**ECRT** is the online effort reporting system used by TTUHSC El Paso for time and effort reporting and is accessible at <https://ecrt.texastech.edu/ecrt>.

### **Effort**

Effort is expressed as a percentage of the total amount of time spent on work-related activities for which the individual is compensated by TTUHSC El Paso. It is not defined as a percentage of a 40-hour work week or any other standard work week because the number of hours each week may substantially exceed 40 hours. The total effort reported must equal 100%. For example, if an individual averages 60 hours per week during the reporting period and spends an average of 15 hours per week on a sponsored project, that represents 25% effort. The other 45 hours allocated to other institutional activities represent 75% effort.

### **Effort Certification**

Effort Certification is a means of confirming that all of the effort committed to a project, whether paid on the sponsored award fund or expended in support of a project (but not paid on the sponsored fund) has been performed. Effort Certification is not a verification of our payroll system's accuracy.

Payroll distribution allocates an individual's salary, whereas effort certification verifies the allocation of an individual's time expressed as a percentage of total compensation as defined by Institutional Base Salary (IBS).

### **Effort Coordinators**

Individuals identified at the departmental level that are responsible for monitoring and processing effort reports for their respective departments.

### **Institutional Base Salary**

IBS is the total guaranteed annual compensation an individual receives, whether time is spent on research, teaching, or other activities. The IBS is used to compute salaries charged to sponsored programs unless sponsor policies further limit salary charges. IBS includes compensation for instruction, public service, research, and/or other institutional responsibilities. IBS excludes fringe benefit payments, reimbursed expenses, temporary, supplemental compensation for incidental work, income earned outside of duties to the institution, and any portion of compensation deemed to be at-risk. A list of earn codes that are included in IBS is included in Attachment A, <https://ttuhscep.edu/opp/ documents/65/op6507a.pdf>

### **Labor Redistribution**

An adjusting or correcting internal budgeting transaction made to transfer salary and fringe benefit charges from prior pay periods, from one FOAP (fund/org/account/program) to another.

### **Principal Investigator/Project Director**

A PI or PD is the TTUHSC El Paso employee ultimately responsible for the oversight and conduct of the sponsored project.

### **Salary Cap**

In the event that a sponsor has a mandatory salary cap, an individual's salary in excess of the salary rate cap is considered an unallowable cost that cannot be charged directly to the grant. The unallowable portion of salary over the cap is considered cost sharing and must be charged to a non-sponsored, non-federal fund. A separate salary cost sharing fund must be created for each grant that is subject to the salary cap limitation. The current and prior year salary caps for NIH grants awarded can be found at [http://grants.nih.gov/grants/policy/salcap\\_summary.htm](http://grants.nih.gov/grants/policy/salcap_summary.htm).

### **Sponsored Project**

A sponsored project is an externally-funded activity that is separately budgeted, accounted for, and governed by specific terms and conditions of the sponsoring organization. Sponsored projects may be in the form of grants, contracts, or cooperative agreements for research, instruction, and public service activities. Although the majority of sponsored projects at TTUHSC El Paso require the involvement of SP, there are some projects that meet the definition of a sponsored project, which are NOT routed through SP. This HSCEP OP still applies to those sponsored projects.; however, industry- sponsored clinical trials do not require effort reporting.

### **Escalation of Non-Compliance**

The following actions may be taken for non-compliance with certification requirements:

- After the deadline passes, the RCU will start the escalation process. An email will be sent to the department's effort coordinator with the outstanding effort certification. If not addressed within one-business day, a second email will be escalated to the department chair. If after two business days, there are still pending effort certifications, the RCU will include a final email with

the list of pending certifications to the VPR, Department Chair and Department Effort Coordinator for corrective actions.

- There may be some circumstances that necessitate special considerations and/or extra time for certification. These will be assessed on a case-by-case basis by the Office of Research.
- If noncompliance continues, the grant FOP may be frozen, and salary expenses that are not certified in a timely manner may be transferred from the sponsored fund to a non-sponsored program fund at the discretion of the VPR and in consultation with the Department Chair.
- Further disciplinary actions may be taken in accordance with TTUHSC El Paso policies.