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| <b>Policy Number:</b>         | 6.016                                |
| <b>Originating Office:</b>    | Finance and Administration           |
| <b>Responsible Executive:</b> | Vice President for Finance and Admin |
| <b>Date Issued:</b>           | 10/26/2011                           |
| <b>Date Last Revised:</b>     | 04/12/2022                           |

# Time and Effort Certification

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## I. REASON FOR THIS POLICY

Effort allocation and certification is required is required on sponsored awards by the Uniform Guidance (2 C.F.R, Part 200), section 200.430 (Compensation-Personal Services) by the federal government and other awarding agencies. It is the responsibility of the University of South Dakota (USD), its departments, and individual employees to ensure compliance with effort reporting requirements, which include the appropriate budgeting, charging, and certification of effort.

## II. STATEMENT OF POLICY

### Effort Certification Reporting Requirements

USD has established Effort Certification Reporting for all employees funded on a sponsored project. To comply with the requirements, USD has established after the fact Time and Effort Reporting procedures that must show: 1) 100 percent of the effort expended in fulfilling the obligations of the employee’s university appointment and 2) the percentage distribution of payroll by fund source to each sponsored project.

- A. The Effort Certification Report listing the major direct personal services cost categories is to be prepared for each individual required to report. The report will also list the employee’s total payroll distribution in percentages. The employee or responsible official will be asked to review the percentage payroll distribution including cost share/match commitments, make any necessary adjustments, and then certify the

report. The effort reporting system provides the principal means for certifying that the salaries and wages charged to a sponsored project represent a reasonable reflection of effort devoted for the period. If the percentage of distribution is changed, appropriate earnings will be adjusted and then certified. Note that a sponsoring agency must approve in writing any change in effort in which key personnel withdraw from a project entirely, are absent for three continuous months, or reduce effort by 25% of the percentage approved in the award. Individual grants or contracts may have more restrictive requirements.

- B. Total reported effort, which is the time required to complete all Annualized Base Amount (ABA) University duties, must be reported in terms of 100% regardless of the number of hours spent in any given period. Total effort includes teaching assignments, research or creative activity, clinical practice, and service assignments (including administrative assignments), irrespective of funding source. Thus, all teaching, research, or other assignments must be captured whether they are funded by federal, state, private, or institutional funds.
- C. Salaries for teaching, administration, university service, clinical activity, institutional governance, and proposal preparation must be accounted for in accordance with ABA.

Full-time overtime exempt employees, including faculty are expected to work a minimum of 40 hours per week during their contract periods. An average work week is calculated over the reporting period; weekly effort is expected to vary. Please note that USD and the federal government recognize that in an academic setting teaching, research, service, and administration are inextricably intermingled. Therefore, one must rely on estimates in which a degree of tolerance is appropriate. This standard does not put faculty or others on a specific time-clock but applies a standard of reasonable, allocable effort. Request for changes should be made on the Effort Certification for any variances of actual effort expended compared to the percentages listed on the report. After the adjustment to payroll on the appropriate fund source, the effort can be certified.

- D. Salaries, related benefits, and indirect costs should be charged to sponsored projects by determining that percentage of a faculty member's average work month devoted to a project and charging no more than that percentage to a sponsored project. Charging less than this percentage is allowable if specifically approved by the institution. Salary caps, such as the NIH salary cap, may apply to some individuals. Effort that is committed to a sponsor and not reimbursed should be classified as cost sharing.

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### III. DEFINITIONS

**Annualized Base Amount (ABA)** - The maximum amount the employee would receive for the designated position if he/she were to work full-time (1.0 FTE) for the full year (12 months). Each

employee can have only one ABA on the database at a time. For nine-month employees, ABA is 4/3 of the nine-month salary, for example. Any compensation earned outside the base contract is not included in the ABA.

**Certification** – The act of attesting to the effort expended

**Principal Investigator (PI)** – The individual responsible for the development, writing, and conduct of a sponsored award, who also has primary responsibility for the technical and fiscal management of the award.

**Time and Effort Reporting (TER)** - A requirement for overtime eligible and overtime exempt employees who expend effort on sponsored projects for which reimbursement is claimed from the grantor to certify their time.

**Effort Certification Report** - A report that any employee funded through a sponsored project must complete to be in compliance with the federal regulations.

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## IV. PROCEDURES

- A. The PI has the responsibility for the fiscal management of a sponsored award, including associated effort reporting. Responsibility may be delegated, but the accountability remains with the PI.
- B. Effort Report Signatory Responsibility - the effort report is to be signed electronically or manually by the employee or a responsible official with knowledge of the work performed by the employee.
- C. USD Grants Accounting staff are responsible for policy administration and monitoring.
- D. Deans and department chairs (or their equivalent) will inform their faculty, administrative staff, and other professionals and student employees of the university and BOR policies and procedures for effort reporting and will monitor compliance.
- E. Time and effort will be certified monthly which corresponds with the monthly payroll cycle.

## V. RELATED DOCUMENTS, FORMS AND TOOLS

South Dakota Board of Regents Policy 5:24 – Effort Certification Policy

[http://www.sdbor.edu/policy/5\\_FinanceBusiness/documents/5-24.pdf](http://www.sdbor.edu/policy/5_FinanceBusiness/documents/5-24.pdf)

Uniform Guidance, Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200

<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>