



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

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

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC 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 the appropriate guidance (OMB Circular A-21, *Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions*, Section J.10, or *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2CFR 200.430).

REVIEW: This HSC OP will be reviewed on June 15 of each odd-numbered year (ONY) by the Assistant Vice Presidents of Sponsored Programs and Research Integrity, and the Associate Vice President for Business Affairs, with recommendations for revisions forwarded to the Senior Vice President for Research and Innovation and the Executive Vice President for Finance and Operations.

POLICY/PROCEDURE:

1. Policy

To ensure that the salary and wages of employees charged to a sponsored project are allocable, allowable, consistently treated, and reasonable, it is the policy of Texas Tech University Health Sciences Center (TTUHSC) 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.

All 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 certifying their effort in accordance with this policy. Effort statements are used by TTUHSC 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.

The **ecrt** system and process provides TTUHSC a reasonable level of accuracy, 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. All employees involved in certifying effort 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.

2. Certifying Time and Effort Reporting

a. Certification

The on-line effort certification system (**ecrt**) is accessible at <https://ecrt.texastech.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. 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 are responsible for understanding the effort certification requirements of the projects for which they apply, or for which they are otherwise awarded funding. Further, Principal Investigators/Project Directors 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 FOP. 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 – Tampering with Governmental Record, or administrative penalties to the employee for violation Regent's Rules Section 03.02.1.

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

b. Frequency

Effort certification will be completed each fiscal quarter: September to November, December to February, March to May and June to August.

Not Receiving Effort Statement – An individual who is paid on a sponsored project or cost sharing fund, is a Faculty Member or PI, but does not receive an effort statement, must notify EffortReporting@ttuhsc.edu.

c. Timeframe of Completion (Certification Period)

All 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 - All 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 Office of Sponsored Programs.

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.

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. Program codes are defined at <http://www.fiscal.ttuhsc.edu/training/TrainingCenter/Processes/ProgramCodes.pdf>. Incorrect program codes identified on the effort statement should be reported to EffortReporting@ttuhsc.edu.

3. **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.
- Notify the Office of Sponsored Programs if the certified effort of an individual will fall short of their committed effort by more than 25% of the committed effort to determine if sponsor notification or approval 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 OSP, determine which projects require effort certification.
- For funds not routed through OSP, notify Accounting Services 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 salary charged to a sponsored project.
- Ensure that the reported level of effort is reasonable 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.

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.).

Senior Vice President for Research and Innovation shall:

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

Office of Sponsored Programs shall:

- Determine which projects require effort certification.
- Provide Accounting Services with cost share percentages.
- Act as the liaison between internal and external parties related to the project.
- Provide reports of individual commitments made to the sponsor(s) for key personnel.
- Facilitate the processes related to Manual Certifications as needed at the discretion of the Office of Sponsored Programs.

Research Integrity Office shall:

- Assist Effort Coordinators, PIs and Certifiers with the certification process.
- Monitor the certification process and ensure all effort statements are certified and processed according to the established timeline.
- Initiate and impose the escalation of non-compliance in accordance with this policy.

Accounting Services shall:

- When notified of the effort certification requirement by OSP and/or Principal Investigator/ Program Director, assure that data elements that affect effort certification are accurately reflected in Banner so that they feed appropriately to **ecrt**.

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.

4. **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**. All 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. 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, 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 is required by the sponsor as a condition of obtaining an award. It must be included or a proposal will receive no consideration by the sponsor. **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. In either case, when an award is received in which cost sharing (voluntary or mandatory) was proposed, the cost sharing becomes a binding **commitment** which TTUHSC must provide as part of the performance of the sponsored agreement.

Cost Sharing Fund

A cost sharing fund used to record mandatory 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, Effort Certification and Reporting Technology, is the on-line Effort Reporting System used by TTUHSC 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. It is not defined as 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 represents 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 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

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](#).

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 Principal Investigator (PI) or Project Director is the TTUHSC 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 NIH salary cap for grants awarded in fiscal year 2023 is \$212,100. Prior year caps can be found at http://grants.nih.gov/grants/policy/salcap_summary.htm.

Sponsored Project

A sponsored project is an externally-funded activity that is separately budgeted and accounted for and governed by specific terms and conditions of the sponsoring organization. Sponsored projects may be in the forms of grants, contracts, or cooperative agreements for research, instruction, and

public service activities. Although the majority of sponsored projects at TTUHSC require the involvement of OSP, there are some projects that meet the definition of a sponsored project which are NOT routed through OSP. However, this HSC OP still applies to those sponsored projects.

5. **Escalation of Non-Compliance**

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

- A list of all certifiers who are not in compliance with certification requirements may be submitted to the appropriate departmental chairpersons.
- Individuals who are not in compliance may be submitted to the Senior Vice President for Research and Innovation and the Executive Vice President for Finance and Operations.
- All 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 Office of Sponsored Programs.
- Further disciplinary actions may be taken in accordance with TTUHSC policies.