

Effective: January 2022

University Governance REPORTING EMPLOYEE TIME AND EFFORT COMPENSATED BY SPONSORED PROJECTS

Approved: Cabinet, Date 12/20/2021

Purpose

This policy establishes reporting and certification requirements for employee time and effort that is compensated by sponsored projects (grants and contracts awarded to Millersville University), pursuant to 2 CFR Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards", and specifically § 200.430 (i) "Standards of Documentation for Personnel Expenses" (see addendum below).

This policy complements the University's *a priori* approvals for employee compensation and real-time payroll records by requiring industry standard after-the-fact certification of the accuracy of compensation paid as being consistent with the level of effort projected in an awarded budget and performed by a compensated employee during the reporting period.

Applicability

This policy applies to all regular University employees for whom compensation is charged to one or more sponsored projects. Regular employees include salaried exempt, salaried non-exempt, and hourly exempt employees.

This policy applies to sponsored projects funded by federal and non-federal sponsors and public and private sponsors, including PASSHE.

This policy applies to compensation that is administered by the University in the form of normal employee base pay associated with employees' regular appointment or in the form of extra compensation in addition to employees' base pay.

Exemptions

This policy does not apply to the following:

- Contracted workers paid by the University;
- Undergraduate and graduate student workers, including graduate research or teaching assistants;

- Compensation paid directly to regular employees by non-University entities for outside employment, including fellowships and awards paid to or on behalf of employees that are not administered by the University; and
- Stipends for administrative or other University-paid service outside of the employees' normal job duties as set forth in their position description.

Reporting and Certification Requirements

Reporting and certification are required for any reporting period during which an employee is compensated in any amount for effort committed to a sponsored project. Reporting periods shall be January 1 through May 31, June 1 through August 31, and September 1 through December 31 of each year.

Reporting consists of representation of the compensation paid to the employee and the associate and percentage of their time by the following categories:

- University-paid effort for normal service (pursuant to the employee's job duties);
- University-paid (cash match or in-kind) committed effort on sponsored projects, by project; and
- Sponsor-paid effort committed to sponsored projects, by project.

The percentage of time committed to University service and sponsored projects is calculated as part of 100%. Time and effort reporting is not predicated on the number of clock hours expected of the employee's normal position, but rather on all employee effort under the three categories identified above. For the purposes of this reporting requirement, all time committed and effort performed under the three categories above during a reporting comprise 100% of the employee's time and effort during that period.

Certification consists of verification by the employee, the employee's supervisor, and the Office of Grants, Sponsored Programs, and Research, that the amounts of compensation paid, and percentages of the employee's time and effort that the compensation represents, 1) reasonably reflects the employee's time and effort committed to each compensated role and 2) reasonably reflects the employee's effort projected and budgeted for the sponsored project.

For the purposes of current federal guidance, assurance of a one-to-one relationship between compensation paid, and the percentage of effort represented by the compensation, with the actual time and effort committed by the employee during each pay period or each reporting period is not the essential objective of this policy. It is the shared responsibility of sponsored project Principal Investigators/Project Directors and University administration to ensure that during the life of any sponsored project the total time and effort budgeted and awarded as being necessary for the completion of the project, and for which employees were compensated, has been committed to that project.

Responsible University Department

Associate Vice President for Grants, Sponsored Programs, and Research

Implementation

The Office of Grants, Sponsored Programs, and Research (OGSPR) will establish and implement departmental procedures by which the department will prepare and distribute Time and Effort Certification forms and supporting documentation to affected employees during the first month following the end of each reporting period. Following the distribution of forms and documentation by OGSPR, completed signed certifications must be returned to OGSPR no later than 30 days after receipt of same by each affected employee.

ADDENDUM: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

§ 200.430 (i) *Standards for Documentation of Personnel Expenses*

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- (iv) Encompass federally-assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
- (vi) [Reserved]
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- (viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;

(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and

(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

(ix) Because practices vary as to the activity constituting a full workload (for IHEs, IBS), records may reflect categories of activities expressed as a percentage distribution of total activities.

(x) 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 feasible, nor is it expected.

(2) For records which meet the standards required in [paragraph \(i\)\(1\)](#) of this section, the non-Federal entity will not be required to provide additional support or documentation for the work performed, other than that referenced in [paragraph \(i\)\(3\)](#) of this section.

(3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) ([29 CFR part 516](#)), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.