

# Time and Effort Reporting: Policy

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**Last Revised:** November 2007

**Responsible College Officer**  
Associate Controller for Research

**Responsible Office**  
Indirect Cost

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## Policy Statement

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The purpose of the Time and Effort Reporting Policy is to set forth the policy and procedures that WMC employees must follow in order to comply with the salary allocation requirements of OMB Circular A-21 and other applicable sponsor requirements.

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## Reason for Policy

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As a recipient of Federal research funding, the Weill Medical College of Cornell University ("WMC") is subject to financial accounting and reporting obligations designed to ensure that the charges to its Federal sponsored projects are allowable and properly allocable to those projects. Among these obligations is the requirement to maintain a salary allocation system that complies with the provisions of OMB Circular A-21, "Cost Principles for Educational Institutions".

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## Who Should Know This Policy

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- Dean
- Senior Administration – Vice Provosts, Associate Deans
- Director, Department Chair, Division Head
- Faculty
- Departmental/Divisional Administrators
- Finance Personnel – Research Accounting, Accounting Services
- Grants & Contracts Personnel
- Research Compliance Personnel
- Research Integrity Personnel
- All Employees
- Information Technology Personnel

- Human Resources Personnel
- Students

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## Contacts

Subject	Contact	Phone	E-mail
Policy questions	Kevin McGrath	(212) 680-7125	<a href="mailto:kjmcgra@med.cornell.edu">kjmcgra@med.cornell.edu</a>
Effort questions	Richard Weisenmuller	(212) 680-7126	<a href="mailto:rjweisen@med.cornell.edu">rjweisen@med.cornell.edu</a>
Institutional research compliance issues	Barbara Pifel	(212) 821-0722	<a href="mailto:blp2001@med.cornell.edu">blp2001@med.cornell.edu</a>

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## Applicable WMC Policies

- *Cost Sharing Policy and Procedures*
- *Charging of Direct Costs to Sponsored Projects: Policy*
- *Cost Transfers on Sponsored Projects: Policy*

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## Applicable Federal Regulations & Criteria

We are given funding from the Federal government with specified terms and conditions, including a requirement that WMC comply with applicable principles on charging costs to Federal projects. The primary source of these cost principles is Office of Management & Budget ("OMB") Circular A-21, entitled "Cost Principles for Educational Institutions". Section J.10 of OMB Circular A-21, "Compensation for Personal Services", requires WMC to establish and maintain a payroll distribution system that reasonably distributes salary charges among direct activities, such as sponsored research, teaching and clinical activity. The basic requirement of the Federal cost principles is that salary charges on sponsored projects must be proportionate to the effort expended on those projects, as documented in periodic effort certifications. At WMC, we fulfill that requirement through reasonable monitoring of salary allocations to Federal projects and through the preparation, review and certification of Time and Effort reports.

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## Effort Reporting Policy

- All employees who are involved in allocating salaries to sponsored projects or completing Time and Effort reports are responsible for understanding the principles of accurate time and effort reporting and salary allocation.
- All departments must ensure that initial allocations of salaries to sponsored projects are reasonable in relation to the expected effort of the employees whose salaries are being allocated, and that such allocations are monitored and adjusted where necessary to reflect significant changes in employee effort.
- The 98% Rule: Given that most faculty members have responsibilities for teaching, administration, or patient care, it is typically not feasible for them to charge 100% of their salary or certify 100% of their effort to sponsored research.

Effort allocated to sponsored research must not exceed 98%. In general, faculty members will not be permitted to charge or certify 100% effort to sponsored research activities. Rare exceptions to this

may include faculty who have no other teaching, clinical, or administrative responsibilities. Administrative responsibilities include new proposal preparation, service as departmental chair/division head/director, and service on department/division/College committees. As a result, there are very few instances, if any, in which a faculty member can justifiably be 100% committed to sponsored programs. At the proposal stage, department administrators and faculty must review proposed sponsored effort to assure that what is proposed is feasible considering other activities required of the faculty member. Department administrators and faculty must also review the faculty member's certified effort statement to ensure it accounts for all activities. On a case-by-case basis, the Director of Research Compliance will review the justification for exceptions and the effort commitments of highly committed faculty and will consult with the Executive Administrative Compliance Coordinating Team.

- All departments must complete and submit Time and Effort reports on a timely basis and in the correct format for all employees who are subject to time and effort reporting requirements.
- All Time and Effort reports must meet the standards of accuracy set forth in applicable Federal cost principles.
- All adjustments to prior salary allocations that are necessary as a result of a completed Time and Effort report must be made in a timely and accurate manner.

Compliance with this policy is very important, because it is a legal obligation imposed on WMC by Federal regulations and by the terms and conditions of our sponsored projects.

## Roles & Responsibilities

Responsibilities	PI	Dept Admin	Dept/Div Chair	Research Compliance	G&C Office	Finance
Distribute effort reports to departments manually						P
Distribute effort reports locally to investigators		P				
Complete effort report	P	S				
Track current and pending effort commitments	P	S			S	S
Provide information to facilitate compliance with effort reporting policy		S	S	P		P
Provide local oversight for effort certification			P			
Collect and maintain official records of effort reporting		S				P
Ensure compliance with effort reporting policy				P		P

KEY
P = PRIMARY RESPONSIBILITY
S = SECONDARY RESPONSIBILITY
O = INSTITUTIONAL OVERSIGHT
O - L = LOCAL OVERSIGHT
I = PROVIDE INPUT

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## Procedures

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*Time and Effort Reporting: Procedures*

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## Forms/Instructions

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*Personnel Action Form*

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## Frequently Asked Questions

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### **Question 1: What is effort reporting?**

- WMC uses Time and Effort reports to document that the compensation charges to its sponsored projects are appropriate.
- For example, if WMC is charging 50% of an employee's Institutional Base Salary (IBS) to a sponsored project, WMC must be able to document that the employee is devoting at least 50% of his or her Total Effort to that same project. The employee's certified Time and Effort report provides the required documentation for those charges.

### **Question 2: If effort reporting is used to document compensation charges to sponsored research projects, why are other kinds of activities reflected on my report?**

- Applicable regulations require that Time and Effort reports reflect the total activity within the scope of an employee's Institutional Base Salary. Time and Effort reports must therefore capture not only activity on sponsored research projects but also other work including teaching or administration.
- Only by capturing all of an employee's IBS-compensated activity can a Time and Effort report accurately reflect the proportion of an employee's time spent on a particular sponsored project, and the percentage of IBS that should be allocated to that project.

### **Question 3: Why are Time and Effort reports important?**

- It is a legal requirement that WMC maintain a compliant payroll distribution system.
- A compliant Time and Effort reporting system is therefore a prerequisite to receiving Federal funding.
- Compensation charges typically comprise the most significant direct cost component of a sponsored research project. It is therefore very important that WMC be able to support such charges. Time and Effort reports assure external research sponsors that their funds are being expended appropriately, i.e., solely for effort devoted to the sponsored project.

### **Question 4: Why is effort calculated on a percentage basis?**

- Effort is calculated on a percentage basis because the government recognizes that different institutions have different policies with respect to the scope of their employees' duties. That is to say, 100% effort does not equate to any set number of hours. Using a percentage basis method allows an employee to estimate the amount of effort devoted to a particular sponsored project as a percentage of all of his or her activities and allows for a work schedule that is greater than or less than 40 hours per week.

## Definitions

Term	Definition
<b>Actual Effort</b>	The time that an employee actually devotes to a particular sponsored project (including time pledged to a sponsor as Mandatory or Voluntary Committed Cost Sharing) or other WMC activity, expressed as a percentage of Total Effort.
<b>Committed Effort</b>	The amount of effort proposed in a grant or other project application and accepted by a sponsor, regardless of whether salary support is requested for the effort. For example, if an NIH grant application proposes that an employee will devote 30% of his or her effort to the grant, with salary support for 10% of effort, the Committed Effort for that employee is 30%.
<b>Cost Sharing</b>	The portion of the total project costs of a sponsored project that is borne by WMC rather than the sponsor. (Cost Sharing is sometimes referred to as "Cost Matching".)
<b>Faculty Practice</b>	Time spent preparing for, providing, and following up on the clinical care needs of patients through the Weill Cornell Physician Organization, other than Research Patient Care. Examples include actual treatment of patients, reviewing medical records, charting patient treatments, ordering and reviewing tests and consultations, consulting with colleagues on patient care issues, or supervising residents or medical students while providing clinical care.
<b>Institutional Base Salary (IBS)</b>	The annual compensation that WMC pays for an employee's appointment, whether that employee's time is spent on research, teaching, administration, or other activities. However, at WMC, historically, IBS has specifically excluded supplemental compensation paid in connection with Faculty Practice activities coded as "612x" and paid from a "9" account. Likewise, IBS excludes compensation for an employee's outside consulting activities and other compensation received from an entity other than WMC.
<b>Mandatory Cost Sharing</b>	Cost Sharing required by a sponsor as a condition of obtaining an award. Mandatory Cost Sharing is a binding commitment on WMC, and any employee effort that is expended in satisfaction of the commitment must be accounted for in accordance with this policy.
<b>NIH Salary Cap</b>	Federally mandated limitation on the amount of salary that may be charged to NIH sponsored grants, cooperative agreements, and applicable contracts. The NIH Salary Cap establishes a maximum annual rate at which an employee can be compensated under an NIH sponsored project. For example, if an employee spending 50% of his or her effort on an NIH grant has an actual IBS of \$200,000, and the NIH Salary Cap is \$183,500, the appropriate IBS charge to NIH for the employee's effort would be 50% of \$183,500, or \$91,750. The \$8,250 difference between this amount and the \$100,000 that would have been chargeable at the full IBS rate may not be charged to any Federal project or used to satisfy Cost Sharing commitments.
<b>Research Patient Care</b>	Clinical patient care that is solely rendered per the requirement of a clinical research protocol and would not have been required or provided but for that research. Patient care that is part of the normal standard of care, even if provided to a research subject, is included in Faculty Practice.

Term	Definition
<b>Time and Effort Report</b>	<p>A certified form used by WMC to document the proportion of Total Effort devoted by an employee to each activity with which he or she is involved, including sponsored projects, administration and teaching. This document becomes WMC's official verification that the IBS charged to a sponsored project is consistent with the Actual Effort expended on the project. The sum of all reported Actual Effort percentages on the Time and Effort report represents the employee's Total Effort. By definition, Total Effort must always equal 100% -- never more or less.</p> <p>*WMC's supplemental compensation plan is currently under review to ensure that it complies with the provisions of OMB Circular A-21, "Cost Principles for Educational Institutions".</p>
<b>Total Effort</b>	<p>The effort that the employee devotes in the aggregate to the professional activities for which he or she receives IBS compensation from WMC. Specifically excluded from Total Effort is time spent on (a)** Faculty Practice activities through the Weill Cornell Physician's Organization for which supplemental compensation coded "612x" is received from a "9" account, and (b) outside consulting activities or other activities for which compensation is received from an entity other than WMC.</p> <p>**It is important to note that this does not include any "fixed" supplemental income, which must be included in computing "total effort".</p>
<b>Voluntary Committed Cost Sharing (VCCS)</b>	<p>IBS that is associated with Committed Effort in excess of effort for which salary reimbursement is requested. VCCS can occur in one of two ways: (a) through a proposal in which Committed Effort is greater than the effort for which salary support is requested (for example, where a WMC proposal promises Committed Effort of 30% for an employee, but requests only 10% salary support); or (b) by actually charging the sponsor for less than all of the Committed Effort actually expended (for example, where the proposal contains Committed Effort of 30% and requests full salary support of 30%, and the Actual Effort is 30%, but the grant is only charged for 10% of IBS). VCCS does not include voluntary effort that is in excess of Committed Effort, and for which no salary support is requested or claimed. For example, if a WMC proposal contains Committed Effort of 30% and requests full salary support of 30%, but 40% effort is actually provided and the sponsor is not charged for the additional 10% effort, the 10% does not represent VCCS.</p>