

# Time and Effort Reporting: Procedures

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**Responsible College Officer**  
Associate Controller for Research

**Responsible Office**  
Indirect Cost

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## Procedure Statement

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The purpose of the Time and Effort Reporting Procedures is to explain the procedures used at WMC to carry out the Time and Effort Reporting Policy.

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## Procedure Requirements

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Failure to comply with these procedures can result in serious adverse consequences to both WMC and its employees. All employees who are subject to time and effort reporting requirements, or who are responsible for implementing any part of the time and effort reporting system, are therefore expected to review, understand, and comply fully with the procedures in this section. Any questions concerning these procedures should be directed to WMC's Associate Controller for Research.

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## Summary of Effort Reporting Procedures

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WMC's time and effort reporting procedures cover the following aspects of the salary allocation process.

- Initial allocations of salary to sponsored projects;
- Interim adjustments of salary allocations (after the initial allocations and prior to the completion of Time and Effort reports); and
- Completion of Time and Effort reports, and adjustments to salary allocations based on those reports.

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## Who Must Complete a Time & Effort Report?

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Employees who meet **either** of the following criteria must complete a Time and Effort report:

- The employee's salary is charged in whole or in part directly to a sponsored project.
  - The employee expends Committed Effort on a sponsored project, even though no part of the employee's salary is charged to the project.
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## Salary Allocations Prior to Completion of Time and Effort Report

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### Entry of salary information into the payroll distribution system:

The first step in the salary allocation process is for the designated departmental administrator to input into the payroll distribution system, either electronically or manually through an approved *Personnel Action Form*, the projected salary allocations for each employee in the department who will be required to complete a Time and Effort report. These projected salary allocations should be reviewed and approved by the Principal Investigator(s) to ensure that they are consistent with the expected chargeable effort to be expended on the project. Projected salary allocations for a given project are normally based on the approved budget for the project, subject to any special adjustments that may be appropriate.

### Salary allocations must total 100%:

The projected salary allocations entered into the payroll distribution system must total 100%. In other words, 100% of an employee's IBS must be allocated to WMC accounts (department operation accounts and/or research accounts).

### Adjustments to salary allocations based on significant changes in circumstances:

From time to time it may become necessary to make adjustments to an employee's projected salary allocations and/or level of effort. For example, if a Principal Investigator who is devoting 20% of his or her Total Effort to a sponsored project and 80% of his or her Total Effort to other duties becomes involved in another grant at a 10% level of effort, some adjustments will be necessary in order to ensure that the PI's Total Effort does not exceed 100%. Such adjustments might involve reducing effort on the existing grant (subject to sponsor approval, if necessary) or spending less time on non-sponsored research activities, or both. If these effort adjustments are significant, the salary allocations for the employee will have to be changed to reflect the adjustments in effort.

### Adjustments to salary allocations based on review of quarterly reports:

For the salary allocation reports covering the quarters ending in September, December and March of each year, if the salary allocation percentages on the reports differ by more than 10% from Actual Effort, an adjustment should be made through a *Personnel Action Form*. For example, if the reported salary allocation percentage for a Federal sponsored project is 30%, and Actual Effort for the quarter is known to be more than 33% or less than 27%, an adjustment would be required in order to align the salary allocation more closely with Actual Effort. Note that this 10% "margin of error" rule applies only to the reports covering the quarters ending in September, December and March, which do not have to be certified. Federal guidelines and WMC policy recognize that the activities that constitute effort are often difficult to separate. Effort certification must often rely on a reasonable estimate of effort, and when estimating, a degree of tolerance is appropriate. The certified annual Time and Effort report, distributed at the end of the quarter ending in June, must be accurate to the best of the knowledge of the employee completing the report, and if there is any unjustified discrepancy between the certified Actual Effort on a sponsored project and the percentage of salary allocated to the project, then an appropriate adjustment must be made to the salary allocation.

### Grant budget periods vs. quarterly or annual report periods:

It is important to keep in mind that Committed Effort, Actual Effort, and salary allocations are frequently tracked over different time periods. Compliance with Committed Effort for a sponsored project is measured over an entire grant budget period, typically one year, which may or may not coincide with the fiscal year over which Actual Effort is measured. For example, an employee who has committed 30% effort to a Federal project during a calendar year budget period could meet that commitment by expending 40% effort during the first six months of the budget period and 20% effort during the second six months. However, the calendar year grant budget period would span two different annual Time and

Effort report periods. Therefore, the Actual Effort recorded in each period should reflect the fact that twice as much effort was expended in the first period as in the second. Similarly, in reviewing quarterly salary allocation reports, it would be necessary to adjust salary allocations to the approximate level of the Actual Effort expended during the quarter – not the average level of effort to be expended over the grant budget period. Specifically, in the example, it would not be permissible to allocate salary at a constant 30% rate for all four quarters of the grant budget period, since Actual Effort is substantially greater for the first two quarters and substantially less for the last two.

**Form of adjustment:**

Adjustments to the salary allocations may be made either electronically or manually. If made manually, adjustments must be based on approved Personnel Action Forms.

**Relationship of salary and effort allocations:**

As stated above, salary allocations to sponsored projects are normally based on approved project budgets. The percentage of an employee's salary allocated to a Federally sponsored project for an annual effort reporting period should never be greater than the employee's Actual Effort on the project during the reporting period. For quarterly reporting periods, however, small differences between salary allocation percentages and Actual Effort percentages may be tolerated. (See *Adjustments to salary allocations based on review of quarterly reports* above.)

In certain circumstances, the salary allocation percentage for a quarterly or annual effort reporting period may be less than the Actual Effort percentage. See *Generating, Reviewing and Completing Time and Effort Reports* below.

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## **Generating, Reviewing and Completing Time and Effort Reports**

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**Generating Time and Effort reports:**

Following the quarter ending in June of each year, WMC's payroll distribution system generates Time and Effort reports, which are distributed to each WMC department. The reports indicate salaries allocated to all research, teaching, administration, and other activity compensated by the employee's Institutional Base Salary.

For each category of activity the Time and Effort reports contain the following columns:

1. Account Number
2. Description of Account
3. Salary/Wage, Fiscal Year To Date
4. Salary/Wage With Cost Sharing, Fiscal Year To Date
5. Salary/Wage as a % of Total Salary/Wage
6. Actual Effort %

The entries in the first five columns are pre-printed, based on data from the payroll distribution system and other sources. (Note: Columns 3 and 4 will contain identical entries if there is no Mandatory or Voluntary Committed Cost Sharing, or if this cost sharing data is not entered into the time and effort system. Whether or not Mandatory or Voluntary Committed Cost Sharing is reflected in Column 4, the employee completing the report must include Mandatory or Voluntary Committed Cost Sharing in Column 6, Actual Effort %.)

### **Reviewing and completing Time and Effort reports:**

After reviewing the Time and Effort report, the employee completing the report must manually fill in the "Actual Effort" column for each account, based on his or her best reasonable estimate of how much effort was actually devoted to the project or account. When completing the Time and Effort report, each employee should enter into Column 6 (Actual Effort %) the percentage of effort actually expended on each project, whether or not that percentage corresponds to the pre-printed entries on the form. The pre-printed entries are for information only and may not reflect Actual Effort.

If an account is not pre-printed on the list of accounts and it should be included on the Time and Effort report for the period, the account must be added to the list. The employee completing the report should manually fill in the proper account number on the blank lines below the account listing and enter the percentage of effort expended on that missing project.

The following are reasons why the pre-printed percentages for a sponsored project may be different from the Actual Effort actually expended during the reporting period:

- The salary allocations in the payroll distribution system, which are based on before-the-fact estimates and projections, may have underestimated or overestimated Actual Effort during the period.
- Mandatory or Voluntary Committed Cost Sharing may have occurred, causing the percentage of salary allocated to a project to be less than the Actual Effort on the project.
- If the salary entered into the payroll distribution system for an NIH project was based on the NIH Salary Cap, and actual IBS was higher than the cap, then the salary allocation percentage for the project will be less than the Actual Effort expended on the project. (For example, if an employee's actual IBS is \$200,000 and if the NIH cap is \$183,500, then 50% effort on the NIH project by the employee would result in a charge to the project of \$91,750, which is only 45% of IBS. The pre-printed salary allocation percentage on the report form would be 45% in this case, whereas the Actual Effort percentage that should be filled in on the report is 50%.)

The total amount in the Actual Effort column (Column 6) is Total Effort and must by definition be equal to 100%. Neither more nor less is permissible.

### **Certifying the Time and Effort report:**

Because WMC utilizes a Plan Confirmation system to meet its salary allocation compliance obligations, the reports for the quarters ending in September, December and March are for informational purposes only and need not be signed and certified. The Time and Effort report distributed after the quarter ending in June, however, constitutes WMC's required annual certification of employee effort and therefore the certification must be signed.

WMC requires that each faculty member sign his or her own certified Time and Effort report. In extraordinary circumstances (such as the absence of a faculty member on sabbatical leave or extended leave), the Principal Investigator, if he or she has a suitable means of verification of the faculty member's actual activity during the covered period, may sign on behalf of a faculty member.

For WMC employees who are not faculty members, it is in the discretion of each department to determine who will sign the employee's certified Time and Effort report. It may be the employee, the Principal Investigator, a supervisor or administrator, or another knowledgeable individual, but in every case the person signing the report must have suitable means of verification that the salary allocation is reasonable in relation to the work performed.

The certification on the Time and Effort report reads as follows:

“I HEREBY CERTIFY THAT THE DISTRIBUTIONS OF ACTIVITY REFLECTED ON THIS REPORT REPRESENT A REASONABLE ESTIMATE OF THE ACTUAL WORK PERFORMED DURING THIS PERIOD.”

By signing a Time and Effort report, a WMC employee certifies that the Actual Effort entered on the Time & Effort report reflects a reasonable estimate of the actual work performed.

### **Adjustments to salary allocations based on certified Time and Effort reports:**

Completed Time and Effort reports are returned to the Associate Controller for Research through the designated departmental administrator.

If the percentage of an employee’s salary allocated to any sponsored project exceeds the employee’s Actual Effort as certified on his or her Time and Effort report, the salary allocation must be reduced accordingly, so that it is consistent with Actual Effort. Adjustments to the salary allocations made after effort certification may be done either electronically or manually by the departmental administrator. If made manually, adjustments must be based on approved Personnel Action Forms.

If an employee’s Actual Effort allocated to a sponsored project exceeds the percentage of salary allocated to the project, then normally an adjustment should be made to increase the salary allocation accordingly, unless:

- The difference between the salary allocation percentage and the Actual Effort is attributable to Mandatory or Voluntary Committed Cost Sharing or the NIH Salary Cap, as discussed above, or
- Such a salary allocation adjustment is precluded by grant limitations, rules on late cost transfers, or other special considerations. In such cases, steps must still be taken to ensure that none of the Actual Effort attributable to the sponsored project in question is charged to any other sponsored project.

### **Changes to previously certified Time and Effort reports:**

In limited circumstances, it may be necessary to make retroactive adjustments to certified Time and Effort reports. Any such adjustments must be properly justified and documented by the PI or departmental administrator and specifically approved by the Associate Controller for Research. The justification and documentation must show why the original Time and Effort report was in error, and must validate the new Actual Effort percentage. Documentation should include an updated *Personnel Action Form* as well as the revised effort report, and the justification for the revision should be written directly on the effort form.

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## **Effort Examples**

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### **Example 1: Calculating Effort**

- Dr. A is budgeted to devote 75% of her Total Effort to an NIH project and is paid from the grant at that rate.
- She puts in 30 hours a week on the project, but also spends 20 hours a week on her teaching and administrative responsibilities.
- 30 hours is 75% of a 40 hour week, so on her Time and Effort report she enters 75% as her Actual Effort on the NIH project. Is that correct?
- NO!!!! Her Actual Effort is 60% (30/50)! It is not permissible to calculate Actual Effort percentages on the basis of a 40-hour work week or any other “standard” work week – Actual Effort must always be calculated and expressed as a percentage of Total Effort.

**Example 2: Support from WMC, NIH and Supplementary Compensation**

- Dr. B spends 40 hours a week devoted to NIH funded research, 10 hours a week on Faculty Practice, and 5 hours a week on teaching and administrative responsibilities.
- Salary for Faculty Practice is paid to Dr. B as supplementary compensation.
- Dr. B should certify that 90% of her Total Effort is devoted to the NIH grant and 10% is devoted to teaching and administrative responsibilities; Faculty Practice activity is not part of Total Effort (this determination is currently under review).

**Example 3: Effort on Awards and Clinical Trials**

- Dr. C has three NIH grants from which he derives 100% of his salary.
- In addition, he is the PI on eight industry-sponsored clinical trials at 0% effort.
- Dr. C also serves as a Division Director.
- If you were an auditor would you view charging 100% of Dr. C's salary to Federal grants as reasonable?
- NO!! Some Actual Effort must be assigned to Dr. C's non-NIH grant activities.

**Example 4: External Consulting**

- Over the course of a week, Dr. D usually works on WMC business, 34 hours during the day (M-F) and 10 hours on nights and weekends.
- He spends about 6 hours each Monday consulting for an outside entity, and receives pay directly from that outside entity for this service.
- Dr. D averages 11 hours per week on NIH grant activities.
- Dr. D's Total Effort equals 44 hours.
- His NIH grant(s) may be charged 11/44, or 25%, of his IBS for the period.

**Example 5: Editorships**

- Dr. E serves as a journal editor, for which she receives no compensation from the journal and spends on average 8 hours per week.
- No WMC funds are used to support the journal activities and none of Dr. E's journal-related expenses are reimbursed by WMC, although her administrative assistant is compensated by funds made available to WMC by the journal.
- Dr. E may consider the time she spends with the journal as outside consulting, and does not have to include this effort in determining the overall hours that form the denominator (Total Effort) of her Actual Effort calculation.

**Example 6: Adjusting Effort Due to New Awards**

- Dr. F works 60 hours per week: 15 on an NIH grant and 45 hours on other WMC activities. His Actual Effort for this grant was 25% (15/60), consistent with the requested and funded amount.
- He then receives a second NIH award that provides support for 20% effort.
- Dr. F continues to expend 15 hours on the first grant and 45 hours on other professional activities, but now also devotes 15 hours per week to the second grant.
- The Actual Effort on Grant #1 should be reduced from 25% to 20% (15/75).
  - Note: NIH requires grantees to obtain prior approval if the PI or another of the "key personnel" named in the grant award reduces his or her effort by 25% or more (e.g., reducing effort from 40% to 30% or less).
  - In this example, even if Dr. F is the PI or one of the other "key personnel" named in the grant award, the reduction in his effort for the grant period need not be reported to NIH since it is less than 25% (the reduction from 25% to 20% represents only a 20% reduction, and since it occurred in the middle of the budget period for the grant, the reduction over the entire grant budget period will be even less than 20%).

**Example 7: Scientific Meetings**

- Dr. G attends three different scientific meetings which cause Dr. G to be away for half the month.
- Is the time spent at those meetings allocable to his grants?
- YES if the primary purpose of the scientific meetings was the dissemination of technical information reasonably related to his grants.

**Example 8: Vacation and Sick Leave**

- Dr. H is absent for one month for vacation and illness. During the remainder of the year he expends 80% Actual Effort on his grant activities.
- His salary is funded 80% from NIH grants.
- He can certify 80% Actual Effort on his Time and Effort report, even though he was absent for one month of the certified annual period.
- Note: There may be a requirement to notify NIH if absences are more prolonged.

**Example 9: Effort without Salary**

- Dr. I is involved in an NIH sponsored project to which she pledged 3% effort but did not request corresponding salary support.
- On her Time and Effort report, no pre-printed entries would normally appear for the NIH award, because the pre-printed entries on the Time and Effort report form reflect only salary actually charged to sponsored projects (unless Cost Sharing has been specifically entered).
- If Dr. I had no Actual Effort on the project, she should certify the report as is. However, if she expended any effort on the grant, the report must be adjusted manually by identifying the project and noting the percentage of Actual Effort expended.
- Note: Being listed as a potential mentor on training grants does not require effort or Cost Sharing.

**Example 10: NIH Career Awards (K Awards) – SPECIAL RULE**

- Dr. J works 40 hours per week at WMC and 12 hours per week performing Faculty Practice activities.
- Dr. J's K award requires him to devote 75% of his total professional effort to the award.
- To meet the 75% effort requirement, Dr. J must devote 39 hours to the K award activities – 75% of 52 hours. (Faculty Practice is included in total professional effort for K award compliance purposes even though it is not included in Total Effort for salary distribution purposes.)

**Example 11: Graduate Student Teaching and Mentoring**

- Dr. K spends 3 hours a week teaching a course for graduate school credit to graduate students.
- She also spends an average of 4 hours a week mentoring each of the three graduate students assigned to her research, and 2 hours a week in a lab meeting discussing research issues relevant to her NIH funded project.
- The lab meeting and mentoring time can be considered as part of her effort devoted to the grant, but the course should be considered as instruction and attributed to her WMC-supported effort.

**Example 12: Inconsistent Documentation**

- Dr. L fails to list 6 industry-sponsored clinical trials (aggregate of 5% effort) on his NIH Biographical Sketch and his just-in-time Other Support page submitted to NIH.
- If this is brought to the Grant Management Officer's attention, NIH could argue that this information was necessary to the scientific and/or administrative review process, and the grant was inappropriately awarded.
- NIH could order WMC to return funds already expended and those remaining from the award, and could seek to impose penalties on Dr. L and WMC.

**Example 13: NIH Salary Cap**

- Dr. M has an Institutional Base Salary of \$300,000 and expended 10% of her Total Effort on an NIH Grant.
- If the NIH Salary Cap is \$183,500.
- Only \$18,350 may be charged to the grant (10% of \$183,500), not \$30,000 (10% of \$300,000).
- The \$11,650 difference between the capped rate and the uncapped rate may not be charged to any Federal project or used to satisfy a Cost Sharing commitment.

**Example 14: Voluntary Committed Cost Sharing**

- Dr. N commits 40% of her effort to an NIH grant, and meets that commitment by expending 40% of her Total Effort on the grant.
- However, only 30% of Dr. N's salary is charged to the grant.
- The 10% of Dr. N's salary that is not charged to the grant is Voluntary Committed Cost Sharing.
- In filling out the Time and Effort report, Dr. N should show her Actual Effort on her NIH grant as 40%, even though the pre-printed salary allocation percentage will be only 30%.
- The 10% difference between Committed Effort and effort charged to the grant must be tracked by WMC for F&A rate calculation purposes, where applicable, and/or to document fulfillment of Cost Sharing commitments.
- Note: If Dr. N had committed and charged only 30% effort to the grant but had voluntarily expended 40% effort, the 10% difference would not be Voluntary Committed Cost Sharing and WMC would not have to track it as such. In filling out the Time and Effort report, Dr. N should consider the 10% effort not charged to the grant to be departmental research, allocable to a cost category other than organized research (usually Instruction).