

TIME AND EFFORT REPORTING POLICY

Time and Effort Reporting Policy and Procedure

Policy Sections

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Policy Statement

This policy sets forth requirements for complying with Federal requirements for Time and Effort Training, Studies and Time Sheet maintenance associated with sponsored projects awarded to the Aspen Center for Physics (ACP).

Reason for Policy

This policy provides information and guidance on the management of Time and Effort on sponsored projects. Regulations issued by the National Science Foundation (NSF) and the Office of Management and Budget (OMB) Circular A-110 set forth rules governing the accounting for and treatment of Time and Effort. As a recipient of Federal funding, ACP is required to follow sponsor regulations and award terms and conditions regarding Time and Effort.

Who Should Know This Policy

- Principal Investigators
 - Administrative Staff
 - Winter Conference/Summer Workshop Organizers/Proposal Committee
 - Officers
 - Proposal Committee
 - Trustees
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- General Members
 Other: _____
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Contacts

Subject	Contact
Policy Questions	Corporate Secretary
Finance Procedure Questions	Administrative Vice President Finance Manager

Applicable ACP Policies

- Indirect Cost Assessment: Policy & Operational Procedure
 - Cash Management: Policy & Operational Procedure
 - Budget Development: Policy & Procedure
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Time and Effort Operations at ACP

Introduction and Definition

The Federal government requires an effort report when an individual is compensated by or has agreed to contribute time to a Federally sponsored project. The PI on sponsored agreements is personally responsible to certify the amount of effort that the employees spent on sponsored activities.

This guide provides an overview of effort reporting, including an explanation of why such a process is necessary and the minimum requirements for the process.

Treatment of Program Income

ACP fulfills the effort reporting requirement through the use of Time Sheets.

What is time and effort reporting?

Effort is defined as the amount of time spent on a particular activity. It includes the time spent working on a sponsored project in which salary is directly charged or contributed.



Individual effort is expressed as a percentage of the total amount of time spent on work-related activities for which the ACP compensates an individual.

Effort reporting is the mandated method of certifying to the granting agencies that the effort charged or cost shared to each award has actually been completed.

What is contributed or cost-shared effort?

Cost sharing represents that portion of the total project costs of a sponsored agreement that are not borne by the sponsor or sponsors of the project. These costs are borne by the ACP or other non-Federal third parties, rather than by the sponsor. Since salaries at the ACP are, in most part, paid for by sponsored projects, cost sharing of effort represents a redirection of income resources to support sponsored agreements.

Cost sharing can be required by the sponsor or volunteered by a principal investigator (PI); regardless, any commitment of effort referenced in the project proposal or the award document must be honored, reported, and captured in an effort reporting system.

The difference between effort reporting and payroll distribution

Payroll distributions and effort reports are not the same thing. Payroll distributions are the distribution of an individual's salary, while effort reports describe the allocation of an individual's actual time and effort spent for specific projects, whether or not reimbursed by the sponsor. Thus effort reporting is separate from and can be independent of salary charges.

Effort is not just a verification of the salary or payroll distribution. Cost-shared or contributed effort must be included in effort reports.

Federal requirements regarding effort reporting

The Office of Management and Budget's (OMB) Circular A-122 "Cost Principles for Non-Profit Institutions" is the Federal government's cost principles for non-profits. It defines what costs are allowable and allocable to Federal grants and other "assistance" agreements.

OMB Circular A-122 sets forth criteria for acceptable methods of charging salaries and wages to Federally sponsored projects. A-122 requires a payroll distribution system that directly charges salaries to appropriate projects.

In addition, Circular A-122 requires that institutions develop a mechanism to determine or confirm how individuals actually expend effort during a specified time period. These effort reports must be performed on a regular schedule and must be certified by individuals who have first-hand knowledge of 100 percent of the employee's compensated activities. In most cases, that would be the employee or the employee's direct supervisor.

Because an effort reporting system must provide records on how individuals participating in Federally funded sponsored agreements actually spend their time, the Aspen Center for Physics



conducts Time Studies as needed. Because the Federal government mandates effort reporting, it is incumbent upon institutions that receive Federal funding to maintain accurate and auditable systems and records. The Time Study examines effort during a summer month, a winter month and an off-season month. The Study lists the employee's effort by quarter hour dividing each day into effort for:

1. One of four ACP Programs : Program #1 – Physics Program, Program #2 – Outside Conferences, Program #3 – Public Lectures, Program #4 – Fundraising
2. A specific funding source
3. Direct or Indirect Effort

An average of these three months gives effort by Program and Funding Source and indicates indirect effort so that the Indirect Cost Rate can be proposed. Management is a part of and approves and understands this system and reporting.

Each new employee is trained on Time and Effort Reporting. Time Studies are done on a monthly basis taking into consideration the level of program activity during the Time Study. Acceptable practice is to conduct a month-long study during each of an in-session and an out-of-session month. These studies are then used to determine the percentage of effort distributed to each of the Aspen Center for Physics programs. Once effort is determined, this percentage is used to compute indirect cost reimbursements.

Time Studies are also used to record employee's payroll time during the study so that the employee does not have to maintain two records. After the Time Study, all employees record their direct and indirect effort by program, which is also their payroll time sheet. Salaries, wages and payroll benefits are then distributed among the sponsored and non-sponsored projects with the semi-monthly payroll.

Control Environment:

Management is committed to determining level of effort through budgeting for and authorizing a Time Study and an introduction of new time sheets that measure effort.

There are no required amounts for level of effort. For allowable costs and methods for accounting for and documenting amounts in regard to level of effort, see the Indirect Cost Rate Proposal in this Manual and the Allowable Costs Policy. Should the PI or Administrative Vice President find a discrepancy in level of effort accounting or documenting or a departure from policy, the problem will be immediately addressed via phone call, email or personal contact.

Information and Communication:

The accounting system is based on funds and programs so each effort allocation is easily distinguished by funding source or Program. The Finance Manager is charged with ensuring that expenses, refunds and cash receipts or revenue are recorded only once in all aspects of the financial accounting system and certainly for level of effort.



At present, ACP does not value or record in-kind contributions. It does acknowledge with a letter to the donor, non-monetary donations, such as books and bicycles but it does not book these items. The Center does not book the hundreds of hours of volunteer time spent by its Board in the overall administration and the total management of the scientific program.

Monitoring:

The Administrative Vice President certifies the employees' Time Study Reports and their Time Sheets to ensure that level of effort is allowed and accurately reported. The Finance Manager ensures that computations are accurate and allowable.

Roles & Responsibilities

Principal Investigator: Responsible for making sure Time and Effort reporting and recording adheres to Federal requirements.

Administrative Staff: Responsible for conducting employee trainings for Time and Effort, conducting Time Studies as needed, acquiring, reviewing and certifying Time and Effort and allocating salaries, wages and payroll benefits based on the Time Studies and the employees' Time Sheets.

ACP Staff: Responsible for understanding the Time and Effort training, participating in the Time Study and maintaining an accurate Time Sheet demonstrating their effort on each ACP Program and delineating between direct and indirect time.

Designated Officers: Responsible for supervising the Administrative Staff and reviewing and approving certain transactions and financial reports impacted by Time and Effort requirements (as outlined in applicable policies and procedures).

Applicable Federal Regulations & Criteria

From OMB Circular A-122 (Not For Profit)

Available: <http://www.whitehouse.gov/omb/circulars/a122/a122.html> OR
http://www.whitehouse.gov/omb/fedreg/2005/083105_a122.pdf

Distribution of salaries and wages to awards must be supported by timesheets or personnel activity reports. Timesheets reflecting the distribution of activity of each employee must be maintained for all staff members whose compensation is charged, in whole or in part, directly to awards. Timesheets maintained by organizations to satisfy these requirements must meet the following



standards: The reports must reflect an after-the-fact determination of the actual activity for each employee. Budget estimates do not qualify as support for charges to awards.

Each timesheet must account for the total activity for which employees are compensated and is required in fulfillment of their obligations to the organization. The timesheet must be signed and dated by the individual employee or responsible supervisory official having first-hand knowledge that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered. The timesheet must be prepared at least monthly and must coincide with one or more pay periods.

Note: the term “after-the-fact” used above with regard to personal activity reports is meant to ensure that these reports are completed once the work is concluded. It would not be acceptable to have a timesheet with % allocation on it that is just photocopied for each new period.

