



MIDWESTERN STATE UNIVERSITY

# Operating Policies & Procedures Manual

## University Operating Policy/Procedure (“OP”)

### **OP 56.09: Effort Reporting and Certification for Grants, Contracts, and Other Sponsored Agreements**

<b>Approval Authority:</b>	President
<b>Policy Type:</b>	University Operating Policy and Procedure
<b>Policy Owner:</b>	Provost and Vice President for Academic Affairs and Vice President for Administration and Finance
<b>Responsible Office:</b>	Office of Sponsored Programs and Research and Business Office
<b>Next Scheduled Review:</b>	03/01/2030. This OP will be reviewed in March every five (5) years, or as needed, by the Provost and Vice President for Academic Affairs and the Vice President for Administration and Finance and forwarded to the President as needed.

#### **I. Policy Statement**

Midwestern State University (“MSU” or “University”), a component institution of the Texas Tech University (“TTU”) System, will maintain a system of personnel activity reporting (“Effort Reporting and Certification”) in accordance with the provisions of Title 2, CFR Part 200. These effort reports will verify personnel costs charged to or provided as committed cost sharing for a sponsored project are documented, reasonable, allocable, consistently treated, and allowable under the specific sponsored agreement.

#### **II. Reason for Policy**

The purpose of this policy is to address the Title 2, *Code of Federal Regulations* (“CFR”), Part 200 requirements for the documentation and certification of personnel activity under a federally funded grant, contract, or other sponsored agreement.

#### **III. Application of Policy**

##### **A. Effort Report**

Individuals with full-time faculty or professional staff appointments must complete an effort report if they:

1. Are paid from a sponsored project account; and/or

2. Contribute time to a sponsored project (salary cost share or match).

## **B. Professional Duties**

Faculty and staff are appointed by the university to perform a set of duties encompassing all forms of academic work. The University does not specify the number of hours per week a faculty or staff member must work; rather, there is an expectation that the employee will work the hours necessary to carry out the professional responsibilities of the position. Faculty and staff should apportion their effort based on the composite of all activities performed as part of their University appointment.

Faculty and staff may engage in consulting for entities outside the University in accordance with *MSU OP 06.09: Outside Employment of Faculty*. Effort expended on such consulting is in addition to University responsibilities, and, therefore, excluded from total effort.

## **C. Committed Effort**

Levels of effort proposed in any sponsored project application should be consistent with the actual effort that each individual is expected to expend on the project during the relevant performance period(s). The amount of salary support requested normally should be determined by multiplying the proposed level of effort by the individual's IBS. In some cases, the amount of requested salary support may be less than this amount. In no event should the requested salary exceed the amount determined by multiplying the proposed level of effort by IBS.

## **D. Maximum Effort**

The total of committed effort in awarded sponsored projects should never exceed 100 percent. In the event that committed effort exceeds 100 percent, effort on one or more projects must be reduced (as discussed below).

## **E. Changes in Commitment Level**

Once MSU and the sponsor execute an award agreement, the PIs must provide the level of effort to which they have committed.

1. A 25 percent or greater reduction in the level of committed effort for the PI must be approved prior to the change and in writing by the sponsor. It is not sufficient to simply communicate the change to the sponsor.
2. An increase in effort of greater than 25 percent for the PI should be reviewed to assess whether the scope of work for that project has changed and to assess possible impacts on the individual's ability to meet commitments to other sponsored projects. Any change in the scope of work must be approved prior to the change and in writing by the sponsor.

PIs should contact the Office of Sponsored Programs and Research if significant

changes in commitment are anticipated to ensure the change is approved by the agency, if required.

#### **F. Individuals Who Must Certify**

Each effort statement must be certified by a responsible person with suitable means of verification. MSU's policy is:

1. PIs and faculty certify their own effort.
2. PIs certify the effort of all non-faculty and students who work on their projects.
3. For students who work on multiple projects, each PI will certify the effort on his/her own projects.
4. For some large grants, the PI may not have suitable means of verifying the effort for all of his/her sponsored project staff, and the PI must identify an alternate certifier. Once identified, the PI must notify the Grants Accountant and Office of Sponsored Programs and Research of the alternate certifier.

#### **G. Certification Timeline**

Effort for all employees must be certified three times per year within 30 days of when the effort reports are distributed.

### **IV. Definitions (specific to this policy)**

**Certify:** To attest authoritatively as being true; to confirm accuracy.

**Committed Effort:** The level of effort proposed in a sponsored project application. It should be consistent with the actual effort an individual is expected to expend on the project during the relevant performance period(s). Committed effort offered to a sponsor in the proposal documents over the life of an award that is specified and quantified and becomes a binding commitment upon execution of the award agreement.

**Cost share:** The portion of total costs of a sponsored project that is paid by the university or a third party rather than the sponsor.

**Effort:** The proportion of time spent on any activity expressed as a percentage of total professional duties.

**Institutional Base Salary ("IBS"):** The annual compensation paid by the University for all professional activities related to the position, including instruction, research, service, administration, and other institutional activities. IBS excludes fringe benefits, reimbursed expenses, and temporary supplemental compensation for incidental work. For employees with less than full-time appointments, IBS will be calculated on a full-time equivalent ("FTE") basis. In no event should IBS be increased as a result of replacing institutional salary funds with sponsored project funds. For employees on a nine-month appointment, regular summer appointments are part of IBS and included in effort certifications. These individual's rate of pay for summer work is based on the nine-month academic year

salary rate.

**Labor redistribution:** An after-the-fact transfer of salary and fringe benefit costs, for past pay periods, from one account to another.

**Sponsored project:** The grant, contract, or cooperative agreement funds under which the university agreed to perform a certain scope of work according to specified terms and conditions, and for a specific budget monetary compensation, as well as related committed cost share companion funds.

## V. Procedures and Responsibilities

### A. Individuals who must certify

Individuals with full-time faculty or professional staff appointments must complete an effort report if they:

1. Are paid from a sponsored project account; and/or
2. Contribute time to a sponsored project (salary cost share or match).

### B. Effort Report (“ER”)

The report must account for all activities for which the University compensates the individual and that are required in fulfillment of the employee’s obligations to MSU. The total of the individual effort percentages reported on the effort report must equal 100 percent regardless of the number of hours worked. An individual’s effort cannot exceed 100 percent.

### C. Estimating Effort

According to 2 CFR 200, “[i]t 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 [institutions of higher education], a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.”

MSU’s tolerance threshold is less than 5 percentage points on any given project. If a reasonable estimate of actual effort is within 5 percentage points of the effort shown on the report, it is permissible to certify the level of effort that appears on the report.

### D. Schedule for Distribution and Certification of Reports

1. The ERs for exempt (“salaried”) employees will be distributed three times a year by the business office, for the periods of September-December (fall semester), January-May (spring semester), and June-August (summer semesters).
2. The semimonthly time sheets completed by non-exempt (“hourly”) employees will serve as documentation of those individuals’ effort.

### E. Required Procedure for Exempt Employees Paid from a Sponsored Program

**Account:**

1. The Grants Accountant will run an extract process within ten (10) business days of the end of a reporting period to populate the Effort Certification Reports.
2. Within ten (10) business days of the action in Subsection E.1 above, the Grants Accountant will send an email notification to all individuals required to complete an effort report to provide a timeline and instructions for completion of effort reports.
3. The employee, principal investigator (“PI”), or responsible official(s) having direct knowledge or other suitable means of verification that the work was performed will certify the report within thirty (30) days of receiving the email notification indicated in Subsection E.2 above.
4. If an individual’s effort on any sponsored project is 5 or more percentage points *less than* the salary charged to the sponsored project fund, the individual must email the Office of Sponsored Programs and Research and Grants Accountant at least ten (10) business days before the end of the effort reporting period to report the difference and request a redistribution of labor charges where applicable.
5. The individual will obtain supervisor signatures and return the forms to the Grants Accountant. The Grants Accountant will review the reports to verify effort commitments and prevent unauthorized changes to the distribution of funds.

**F. Required Procedure for Individuals Who Contribute Time to a Sponsored Project as a Committed Cost Share or Match:**

1. The Grants Accountant will work with the originating department and to request the setup of companion cost sharing account(s), which will be established by the Business Office. The Grants Accountant will submit a request to the Budget Office to transfer the required matching funds into the companion cost sharing account(s).
2. The employee(s) providing cost sharing through committed time will follow the procedures for reporting effort outlined in Section E above.
3. The PI will review the reports to verify cost sharing commitments have been met.

**G. Non-exempt (“hourly”) staff and student workers will complete their regular monthly or semi-monthly time sheets (paper or electronic), and these documents will serve to certify their effort during each pay period.****H. Training:**

All PIs, co-PIs, and senior/key personnel must attend training either in-person or in an online environment, on effort reporting and certification. These individuals must

complete the training within 30 days of execution of a new sponsored project award. The Office of Sponsored Programs and Research is responsible for maintaining records from these training sessions.

Student employees need not attend training, but financial managers are responsible for ensuring the student(s) working on sponsored projects are aware of the requirement for accurate and timely completion of their time sheets. In particular, financial managers must ensure the students' charges are reasonable, necessary, and allocable to the project.

Once PIs, co-PIs, and senior/key personnel have attended the introductory training, they must complete follow-up training once every four years or when the policy undergoes a major revision, whichever comes first.

#### **I. Consequences for non-compliance**

After 60 days of the reporting period, the Business Office will provide the Provost and Vice President for Academic Affairs and the Vice President for Administration and Finance a list of faculty and staff who are not in compliance with training and certification requirements. If it is determined that an individual is not in compliance with training and certification requirements, the following actions may be taken:

1. Sponsored project services will be withdrawn and not provided by the institution including, but not limited to, the submission of new proposals, the execution of award agreements, and general administrative services.
2. The Business office will deactivate current sponsored project funds.
3. Further disciplinary action may be taken in accordance with University policy.

#### **J. Labor Redistributions**

1. If the total effort in a given performance period is 5 or more percentage points less than the salary charged to the sponsored project fund, the individuals certifying their effort must inform the Office of Sponsored Programs and Research and Grants Accountant at least 10 days before the end of the reporting period.
2. The Grants Accountant is responsible for notifying the principal investigator/project director and the Payroll Office of the need for a redistribution of labor costs for the period within 10 business days of receiving notice from the individual requesting a redistribution. The principal investigator/project director and/or his/her supervisor are responsible for identifying the funding source(s) that will cover the cost of the redistribution and notifying the Budget Office thereof.
3. The Payroll Office will redistribute the individual's labor according to percentage of actual work performed within 30 days of receiving notice from the Grants Accountant. The Payroll Office will notify the Grants Accountant that redistributions have been made within 5 business days of completing the

redistributions.

4. The Grants Accountant will notify the Office of Sponsored Programs and Research and the individuals with labor redistributions that the requested changes have been made and completed, and the individuals will be responsible for completing their certifications as instructed in Section E above of this policy.

## VI. Related Statutes, Rules, Policies, Forms, and Websites

Related Statutes/Rules:

[Title 2, Code of Federal Regulations, Part 200, Section 430](#)

Related MSU Policies:

Related Websites:

## VII. Responsible Offices

Contacts:

Provost and Vice President for Academic Affairs

(940) 397-4226

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## VIII. Revision History

\_\_/\_\_/2025: Adopted and approved as Operating Policy and Procedure (“OP”) 56.09: Effort Reporting and Certification by MSU President Stacia Haynie.

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Stacia Haynie, President  
Midwestern State University

Date Signed: \_\_\_\_\_