

**Title:** Sponsored Programs Effort Allocation and Compensation

**Policy Abstract:** This document provides an overview of the responsibilities for calculating time and effort allocation and compensation and aids in the preparation and submission of time and effort reporting to the Office of Sponsored Programs and sponsoring agencies. It also serves to clearly differentiate and account for compensation for time and effort allocated toward grant funded activity, as sourced from the sponsor, and time and effort expended toward other institutional duties as a proportion of 100% total work time and effort.

**Responsible Office:** Office of Sponsored Programs

**Officials:** Provost's Office, Chief Financial Officer

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**Applies to:** This policy applies to any BSC faculty, staff, students, and related organization employees (i.e., sub-recipients) who work on and are compensated by an externally funded project, whether federal or non-federal in source, on behalf of BSC.

**Effective Date:** September 20, 2016

**Revision Date(s):** August 7, 2019 (updated web-link)

**Introduction and Background:** Federal agencies and non-federal sponsors expect to pay only for the portion of an employee's effort that is devoted to an externally funded project. Subpart E 200.430 of the federal government's "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" requires that institutional recipients of federal awards:

- Ensure that salaries charged to federal awards are allowable, allocable to a given project, reasonable, and consistent with the College's other labor and salary practices;
- Calculate salary charges to federal grants based on the individual's current institutional base salary (IBS), and ensure that such charges do not exceed the proportionate share of the IBS for the period during which the individual worked on the grant(s);
- Maintain a system of adequate internal controls and documentation for charging salaries to, and certifying effort on, sponsored projects; and
- Establish a consistent written definition of work covered by IBS which is specific enough to determine conclusively when work beyond that level has occurred.

Because federal agencies require consistency and uniform application of policies to all faculty, staff, and student employees who work on federal awards, these practices and policies apply equally to sponsored awards from non-federal sources.

**Purpose:** BSC receives funds to complete projects and research from external sources, including the federal government. The U.S. government has developed grant accounting policies (2 CFR 200, "The Uniform Guidance"), which are often followed by other funding sources. These policies require that personnel costs be documented in a manner that shows they are accurate, allowable, and properly

allocable to the grant. In addition, documentation must reflect all activities for which the employee is compensated, and total compensation cannot exceed 100% of the institutional base salary for each employee. Failure to comply with these standards could have significant impact on BSC. Non-compliance can result in disallowed salary and benefits expenditures, associated decreases in the recovery of facilities and administration (F&A) costs, penalties, fines and other legal action, damage to BSC's reputation, and impairment of ability to act as a subcontractor on awards held by other institutions.

**Applicable Regulations:**

The Uniform Guidance Subpart E 200.430, containing the federal regulatory requirements for internal controls over certifying time expended on sponsored projects, and 2 CFR 200, the U.S. government grant accounting policies, and the institution regularly evaluates such agreements. (*Cooperative academic arrangements*)

**Policy Statement:** Birmingham-Southern College monitors and documents efforts expended on externally funded projects, whether federal or non-federal in source, in compliance with "The Uniform Guidance" (2 CFR 200) requirements. All project directors and principal investigators for such projects ("PD/Pis") are required to certify both their effort and that of other persons active on such projects led or supervised by PD/Pis.

All BSC effort reporting is completed after-the-fact and as a percentage of an employee's total compensated activity in accordance with 2 CFR 200.430. The effort commitment from the project proposal and award document, the reported effort, and the employee's BSC salary and wages (e.g., annual or academic year salary, and summer stipend as applicable), will serve as the basis for calculation and verification. Adjustments in compensation will be made, as necessary, in compliance with the federal regulations.

**Details:** BSC effort reporting will occur semi-annually by completing the Sponsored Programs Time and Effort Reporting Form. Semi-annual effort reporting is required for all externally funded projects, whether federal or nonfederal in source, in accordance with 2 CFR 200.430. Reports should each reflect effort commitment for the periods of June 1 -November 30 and December 1-May 31. Reports must be signed and submitted to the Office of Sponsored Programs within 15 calendar days after the conclusion of each reporting period.

**PD/PI Responsibilities in Effort Reporting:** Faculty and staff who serve as a PD/PI on an externally funded project, whether federal or nonfederal in source, accept responsibility to the sponsor and BSC for stewardship of the project and associated resources. This responsibility includes, but is not limited to:

- Reviewing the award documents upon receipt to confirm that the levels of effort and compensation have been properly represented;
- Directing and monitoring activity on the project in a manner that includes awareness of the time commitments by the project personnel;
- Completing the semi-annual Sponsored Programs Time and Effort Reporting Form, whether work was completed on the project during each aforementioned time period or not;
- Certifying effort of grant project personnel by signing the applicable effort reporting forms;

- Seeing that all effort reporting is completed and submitted to the appropriate BSC offices by the deadlines listed in this policy;
- Identifying when and where effort committed to projects should be adjusted and working with BSC personnel to make the necessary modifications; and
- Charging to the grant effort dedicated to grant activity as a proportion of base salary and total expended time and effort. Work dedicated to grant activity both differs from and complements effort related to other College duties and therefore should be adequately expressed as allocable funds in the grant proposal. Formula: other effort (%) + grant related effort (%)= total effort (100%).

**Office of Sponsored Programs and Office of Finance Responsibilities:** The Office of Sponsored Programs and the Office of Finance will collaborate to verify, report on, and archive effort-reporting materials.

The Office of Sponsored Programs will be responsible for:

- Collecting effort reporting forms for all persons working on externally funded projects;
- Maintaining this policy on effort reporting in compliance with federal regulations and informing BSC personnel of the same;
- Answering questions regarding policies, procedures, and funder regulations;
- Facilitating timely and accurate effort reporting;
- Reviewing any appropriate documents and forms;
- Facilitating conversations with representatives of funding agencies;
- Seeking approval for appropriate designees of a PD/PI in effort reporting;
- Reviewing effort reporting documentation for completion, accuracy, and compliance with funder regulations;
- Maintaining the records that verify and reports that certify effort on externally funded projects;
- Responding to requests for effort reporting information; and
- Modifying effort reporting records and informing funders of changes as necessary.

The Office of Finance will be responsible for:

- Working with the Office of Sponsored Programs to provide any accounting records required, including but not limited to budgetary information, invoices, receipting, and payroll reports.
- Assisting in the reallocation of effort and compensation, as needed.

## References

2 CFR 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” and Subpart 200.430 of the federal government’s “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”, <https://www.law.cornell.edu/cfr/text/2/part-200>

Sponsored Programs Time and Effort Reporting Form:

<https://www.bsc.edu/policies/academics/TIME%20AND%20EFFORT%20REPORTING%20FORM.pdf>