



Hektoen Institute of Medicine

Effort Certification Policy

Date Approved: 5/15/2007

I. Purpose.

This policy sets forth Hektoen's requirements for individuals to certify the accuracy of the percentage of effort (i.e., time) spent on activities for sponsored projects. Hektoen must assure federal and other sponsors that the assignment of time and associated salary and fringe benefits costs to the projects they sponsor is fair, consistent, and timely. Government sponsors expect to pay only for those portions of employee effort that are actually devoted to their projects, and as a condition of receiving federal funding, institutions must maintain an accurate system for after-the-fact reporting of the percentage of effort that employees devote to federally sponsored projects in accordance with OMB Circular A-122, Cost Principles for Non-Profit Organizations. Hektoen's effort reporting system provides the principal means for certifying that the salaries and wages charged to sponsored projects are reasonable and consistent with the portion of total activity committed to the projects.

II. Definitions.

Effort: The proportion of time spent on a particular activity. Effort is expressed as a percentage of total activity for which an individual is compensated. Total effort must always equal 100%. (Note: Effort is not calculated on a 40-hour work week. For example, if an investigator works 80 hours in a week, 40 hours represents 50% effort. The total time employed constitutes 100% effort. Thus, if an investigator is employed for 10 hours, then the 10 hours represent 100% effort.)

Certification: The assertion by an individual with suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges are reasonable in relation to work performed over the certification period.

Consultant: An individual who is not a Hektoen employee who provides services on an hourly basis for a sponsored project pursuant to a service agreement with Hektoen.

Non-Professional Employee: An employed individual who is not a Professional Employee as defined below and who otherwise qualifies as a "non-exempt" employee under the Fair Labor Standards Act.

Professional Employee: An employed individual who qualifies for the exemption for professional employees under the Fair Labor Standards Act, which defines a "professional

employee” as one who: (1) is compensated on a salary or fee basis at a rate of not less than \$455 per week; and (2) whose primary duty is the performance of work requiring advanced knowledge in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction or work requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor.

Salary Distribution: Salary distribution describes the allocation of an individual’s salary and provides a general reminder of the projects to which an individual’s salary was charged during the certification period. (Note: Salary distribution, which is documented on the Salary Review Form, and effort reporting, which is documented on the Effort Certification Report, are not the same thing. Effort reporting describes the allocation of an individual’s activity to individual projects, independent of salary. Individuals completing Effort Certification Reports are required to identify other areas where they provided effort with no salary support and ultimately to report the appropriate distribution of effort over all activities.)

III. Effort Reporting Requirements.

A. General Requirements. An individual is required to complete an Effort Certification Report or submit an invoice showing time and effort if his/her work activity is partially or totally devoted to a sponsored project. Pay may be received in part or in whole from such grants or a non-sponsored account. Each report shall reflect an after-the-fact determination of the actual activity of each individual and shall account for the total activity for which an individual is compensated and that is required in fulfillment of his/her obligations to Hektoen.

B. Salary Review Forms. Before commencing work funded by a sponsor, a Salary Review Form that sets forth the budgeted percentage of effort for each project on which the individual works shall be completed by principal investigator for each individual subject to this policy. Hektoen’s Human Resource shall review each Salary Review Form every time one is submitted to ensure that enough dollars are in the grant to charge the employee to the grant, and, if necessary, update it at this time and at any other time there is a change to the information on the form. It is important for Salary Review Forms to be completed and current before Effort Certification Reports are certified, since changes to payroll distribution that contradict certified effort reporting forms should not be made after certification.

C. Effort Certification Reports. (Daily Time Reports)

1. *Non-Professional Employees.* Each Non-Professional Employee shall, on a bi-weekly basis (coincident with one pay period), complete an Daily Time Report that indicates the total number of hours worked each day and the project(s) to which such time was devoted. The Daily Time Report shall be signed by the Non-Professional Employee and by a responsible supervisor having first-hand knowledge of the activities performed by the Non-Professional Employee who certifies that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the period covered by the Daily Time Report. The Non-Professional Employee shall submit the completed and signed Daily Time report to the principal investigator, who will review the report for accuracy and timely completion and contact the Non-Professional Employee and/or his/her supervisor for clarification or corrections.

2. *Professional Employees.* Each Professional Employee (e.g., principal investigator) shall, on a monthly basis, complete an Daily Time Report that indicates the percentage of effort spent on each activity for the previous month. (The Professional Employee is not required to indicate the total number of hours worked each day on his/her Daily Time Reports.) The Professional Employee is responsible for certifying his/her own Daily Time Reports. The Professional Employee shall submit the signed Daily Time Report to principal investigator, who will review the report for accuracy and timely completion and contact the Professional Employee for clarification or corrections.

3. *Consultants.* Hektoen shall enter into a service agreement, using the attached template, with each Consultant that sets forth the scope of services, the rate of payment, and the term of the agreement. Subject to the service agreement, the Consultant shall, on a monthly basis, submit a signed invoice with supporting documentation of time and effort to the individual specified in the agreement who will review the invoice for accuracy and timely completion and contact the Consultant for clarification or corrections. Each invoice shall include hours spent, description of services provided and/or tasks completed, rate of payment, and total amount due.

D. Record Retention. Effort Certification Reports shall be retained by Hektoen for appropriate time periods consistent with Hektoen's record retention policies.

IV. Questions.

Questions regarding this policy or any other questions regarding effort certification should be directed to Dennis Ronowski at dennis.ronowski@hektoen.org.

Attachments: Salary Review Form
Daily Time Report Form
Service Agreement for Consultants

References: OMB Circular A-122
U.S. Department of Labor Fact Sheet #17D: Exemption for Professional
Employees Under the Fair Labor Standards Act
29 C.F.R. § 541.300(a)