



UNIVERSITY OF
SOUTH CAROLINA

**New Time and Effort Reporting Webinar
Grants and Funds Management
Controller's Office
2020**

Agenda

- Become familiar with the federal law for expenses associated with sponsored awards
- Receive a broad understanding of what Effort and Effort Reporting is and the relationship between Effort and Salary
- Know who can and cannot certify effort reports
- Appreciate the consequences of effort reporting non-compliance
- Time and Effort eForm Demo
- Using HCM Distribution to Verify Time and Effort
- Where to find Resources
- Contact Information



Regulations

- **Code of Federal Regulations – (2 CFR 200)**
establishes Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (**Uniform Guidance**)
- <https://www.ecfr.gov>
- **Agency Specific Guidance (NIH, HHS, NSF, etc.)**
- **Non-federal grants commonly place references to Uniform Guidance in their agreements, making them subject to the same rules.**



Uniform Guidance

- **200.302 – Internal Controls**
 - Establish & maintain effective internal control over the federal award that provide reasonable assurance that the award is being managed in compliance with regulations
 - Take prompt action when instances of noncompliance are identified
- **200.306 – Cost sharing or matching**
 - Any shared costs or matching funds and all contributions, including cash and third party in-kind contribution, must meet the following:
 - Are verifiable from the entity's records
 - Are not included as contribution for any other award (no double counting)
 - Are necessary and reasonable for the award



Uniform Guidance Cont'd

- **200.403 – Factors affecting allowability of costs**
 - Costs must be necessary & reasonable for the performance of the award
 - Conform to any limitations or exclusions set forth
 - **Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-federal entity**
 - Example – bonuses or additional compensation cannot be based on the amount of remaining funding on an award.
 - A cost may not be assigned to a federal award as a DIRECT cost if any other cost incurred for the same purpose in like circumstance has been allocated to the federal award as an INDIRECT cost.
 - We cannot directly charge a grant for something that is already incorporated in our IDC rate. For example, generally, we cannot charge electricity or water directly to grant.



Uniform Guidance Cont'd

- **200.404 – Reasonable Costs**
 - A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person
 - Is the cost generally recognized as ordinary and necessary for the operation of the entity in performance of the award? **Is it actually needed & used to accomplish the scope of work?**
 - Sound business practices used (arm's length bargaining, etc.)
 - Market prices for comparable goods or services for the geographic area
 - **Whether the entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal Award's cost**
 - **Example: The University policy is to replace computers every two years. You received a new federal award and decide to replace a computer that is only a year old.**



Uniform Guidance Cont'd

- **200.405 – Allocable Costs**

- A cost is allocable if the expense is chargeable or assignable in accordance with relative benefits received. The standard is met if:
 - It is incurred specifically for the awards? **Is it actually needed & used to accomplish the scope of work?**
 - Benefits both the award and other entity – can be distributed in proportion that can be approximated using reasonable methods
 - Is necessary to the overall operation of the entity & is assignable
- **Any cost allocable to a particular award may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions, regulations, or terms and conditions of award.**
- However, if a cost benefits two or more projects – it must be allocated to the projects based on the proportional benefit.

Example: You have a federal award that ends 1/31/19 and has a remaining balance of \$2K. You decide to use it to purchase a new computer that will be delivered 1/22/19.

- **Will the award receive the relative benefits of the purchase?**
- **Will this really be used to accomplish the scope of work for the award?**



Uniform Guidance Cont'd

- **2 CFR 200.451 specifically states:**

“Any excess of costs over income under any other award or contract of any nature is unallowable. This includes, but is not limited to, the non-Federal entity’s contributed portion by reason of cost-sharing agreements or any under-recoveries through negotiation of flat amounts for indirect (F&A) costs. **Also, any excess of costs over authorized funding levels transferred from any award or contract to another award or contract is unallowable...**”



Agency Specific Guidance

Example - HHS

- **HHS Grants Policy Statement – Cost Transfers and Overruns:**
 - “Cost transfers by recipients between grants, whether as a means to compensate for cost overruns or for other reasons, generally are **unallowable**; however, cost transfers by recipient may sometimes be necessary to correct bookkeeping or clerical errors...”
 - “Permissible cost transfers should be made promptly after the error occurs but **NO later than 90 days following occurrence** unless a longer period is approved in advance....” “The transfer must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charges. An explanation merely stating that the transfer was made “to correct error” or “to transfer to correct project” is not sufficient.”



Applicable Credits

- If you discover erroneous charges have been placed on a grant or award, the 90 day time frame does not apply.
- **2 CFR 200.406** specifically states that the charge needs to be removed and credit applied as needed.
- However, remember – cost overruns are specifically disallowed as an expense on a different grant.



Uniform Guidance - Compensation

- **2 CFR 200.430 (Compensation-Personnel Services)**, sets the criteria for acceptable methods of charging salaries and wages and requires that institutions follow acceptable methods for documenting the distribution of effort for all project personnel.
 - Must be reasonable for the services rendered and consistent with that paid for similar work
 - **Compensation conforms to the established policy of the non-federal entity and is consistently applied to both federal and non-federal activities.**
 - Cannot have “special” rules for federal awards that are inconsistent with University Policy.



Why does this matter?

- Salary is the largest expense on all our sponsored awards.
- As a result, it is our **biggest** exposure for risk.
- Uniform Guidance requires internal controls are in place to support effort expended on federal awards and be properly documented.
- Effort documentation must provide reasonable assurance that amounts charged are **accurate, allowable and properly allocated**



What is considered Time and Effort?

- Effort – “the portion of time spent on a given activity expressed as a percent of total activity for which an individual is employed by the institution.”
- Total activity may include but is not limited to teaching, clinical practice, research, preparing proposals, administrative responsibilities, etc.
- Must equal 100%
- Is **NOT** based on workweek of 40 hours



Is Payroll the Same as Effort?

NO!

Payroll:

- Payroll distributions describe the allocation of an individual's salary
- Payroll can be expressed as an estimate of actual time worked
- Is the basis for generating the effort report

Effort:

- Effort describes how time was actually spent and allocated to the award(s) regardless of whether or not reimbursed by the federal sponsor.



Time and Effort Example

Professor X works an average of 50 hours per week on teaching, grant research, and administrative duties.

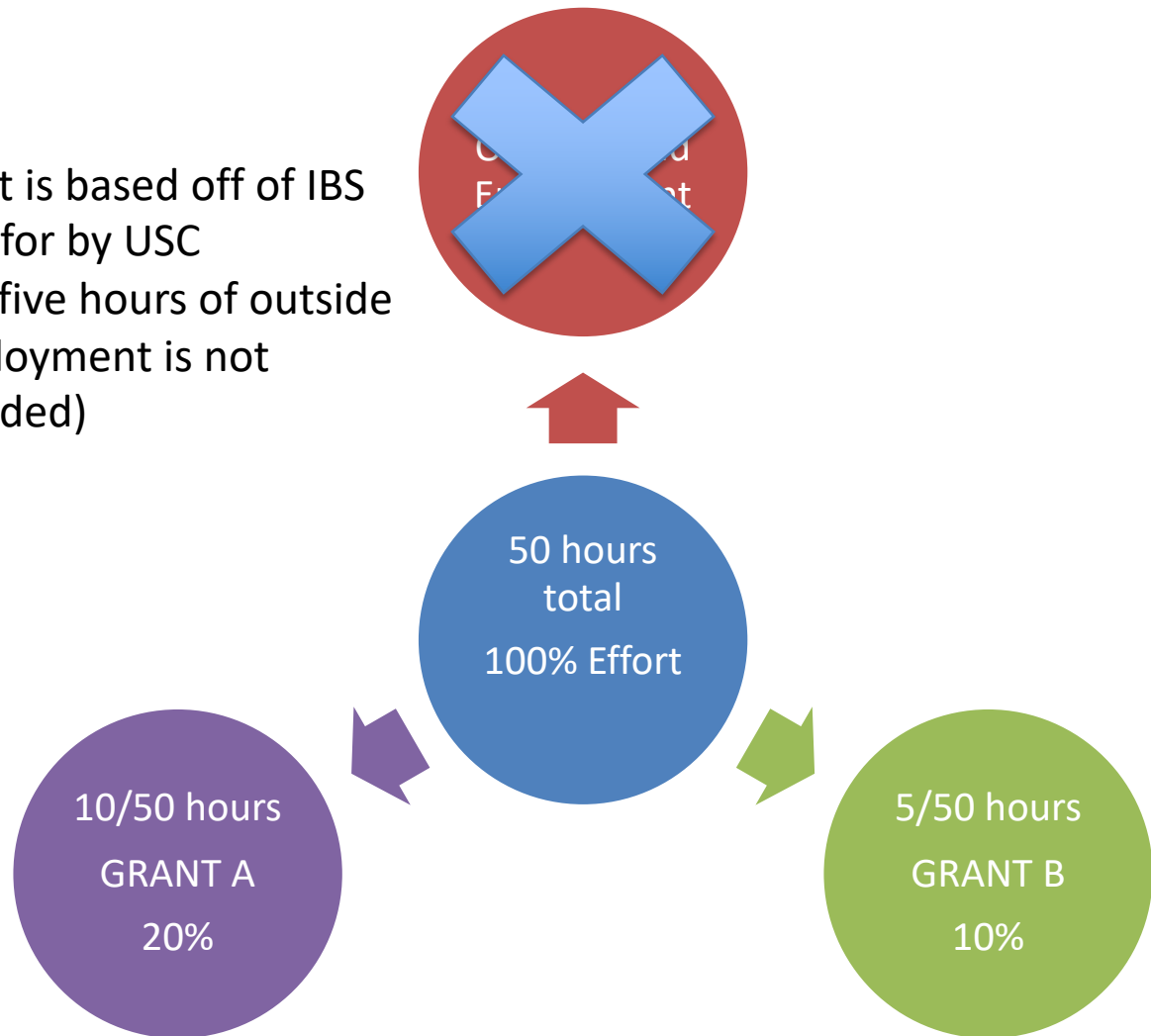
- Spends the full calendar year working on two grants:
 - Grant A – 10 hours per week
 - Grant B – 5 hours per week
- Professor also receives payment from an outside scientific advisory board for serving on their board and averages 5 hours per week.

How do you calculate his effort?



T&E Example Answer

Effort is based off of IBS
Paid for by USC
(the five hours of outside
Employment is not
included)



Who Should Expect an T&E Report?

- A T&E Report will automatically be generated for any individual who has salary paid from a sponsored project
 - Direct payroll charges
 - Payroll Transfers
 - Late or Retroactive Payroll adjustments
 - ***NEW process will include HOURLY employees***
- It is imperative that you process payroll adjustments timely



Who needs to certify and review effort?

- T&E reports will be reviewed by Business Managers and released to Employees, Supervisors and PIs for certification. Business Managers will be responsible for ensuring reports are fully executed through the certification process.
- Time and Effort report are based on primary home departments of the employee and will automatically workflow to each approver.
- The new Time and Effort Reporting system ensures Supervisors and PIs are a part of the certification process.



When is the process complete?

- Once an effort report is certified by the Employee, their Supervisor and all applicable PIs the report is considered complete.
- Upon completion, these reports are considered legal documents subject to internal and external audits and the False Claims Act.



Falsification of Effort Reporting

- Erroneously certifying effort can be viewed as fraud.
- Don't certify unless the document is correct – Don't be afraid to ask questions!
- Could result in consequences as outlined in the **False Claims Act**.



Risks of Non-Compliance

If effort reports are not complete, or completed incorrectly, research sponsors may:

- Disallow expenses and/or require repayment
- Reduce or eliminate future funding
- Initiate suspension or disbarment proceeding
- Take other remedies that may be legally available.
- Require additional oversight of systems & controls



Examples of Non-Compliance Cont'd

Duke University (2018)

- NIH issued additional regulations and revoked their expanded authority after discovery of research misconduct. Misconduct included falsified research and embezzlement of research funds dating back to 2010.
- **\$112.5 million paid back to the government**



Examples of Non-Compliance

Yale University (2008)

- Government alleged that Yale overcharged Federal awards through improper cost transfers used to “spend down” grant funds which resulted in inaccurate and overstated effort reports
- Government alleged that Yale researchers inaccurately certified 100% of effort on funds, when a significant amount of work was spent on other projects
- **\$7.6 million paid back to the government**



Examples of Non-Compliance Cont'd

Florida International University (2005)

- An audit discovered that FIU did not have proper documentation to verify that PIs spend the percent of time they had promised
- Improperly billed for time, travel, and admin expenses
- **\$11.5 million paid back to the government**

Harvard University (2004)

- Harvard disclosed that it had overcharged grants by requesting reimbursement for researchers who did not work on the grants
- **\$3.3 million paid back to the government**



Retro Funding Changes & Corrections to Effort Reports

- **ANY** salary reallocations or redistributions directly effect Time & Effort Reporting
- Formal re-certification must be completed and should be taken seriously.
- Transfers should be made within **90** days of the close of the ledger period in which the original charge was posted.
- **Please note, if the award is ending, the 90 day window is shortened accordingly (all changes must be posted).**



Retro Funding Changes Greater than 90 Days

For the Retro Funding Changes **greater than 90 days** must have a cost transfer memo attached (if they affect sponsored awards). The Cost transfer memo must answer the following questions:

1. Why was this expense originally charged to the account from which it is now being transferred (in other words, explain the error or circumstance for originally charging the incorrect account)?
2. Why should this expense be transferred to the proposed sponsored research project account (in other words, provide an explanation as to how this expense benefits the project it is being moved to)?
3. Why is this cost transfer being requested more than 90 days after the original transaction?
4. How will you prevent this type of error or situation from happening in the future?



Retro Funding Changes & Deadlines

Old Process:

- All previously submitted Retro Funding Change requests (paper and EPAF) that were submitted under the old process have been completed.

New Process:

- Any retro funding changes that affect the upcoming certification period (4/1/2019 – 12/31/2019) must be submitted by this **Friday, February 28th**
- Remember - Any retro requests older than 90 days will require robust documentation to reduce audit exposure!



Time And Effort Certification Process at USC?

- Time and Effort is certified twice a year:
 - January – June
 - July – December
- For 2019 with HCM Implementation, this was altered slightly:
 - Jan – March
 - April – December
- ***HOURLY Employees will now be included***
- In the upcoming demo, departments are in the process of certifying October through November Time and Effort.



New Time and Effort eForm Demonstration

Business Manager – Verifying the eForm



Verifying Time and Effort in HCM Distribution



USCID <input type="text"/>	Pay Group <input type="text"/>	Combo <input type="text"/>	Project BU <input type="text"/>	From Pay Period 10/15/2019 ▾	Num of Records 10000
Name <input type="text"/>	Pay End Date (m/d/y) <input type="text"/> to <input type="text"/>	Operating Unit <input type="text"/>	Project <input type="text"/>	To Pay Period 11/30/2019 ▾	Order By Chartfield,Name ▾
Job <input type="text"/>	Earn End Date (m/d/y) <input type="text"/> to <input type="text"/>	Department <input type="text"/>	CFDA <input type="text"/>	Fiscal Month ALL ▾	<input checked="" type="checkbox"/> Total
HCM Dept. <input type="text"/>	Dist.Status ALL ▾	Fund <input type="text"/>	Contract <input type="text"/>	Fiscal Year ALL ▾	<input checked="" type="checkbox"/> Sub-Total
Journal. <input type="text"/>	Dist.Type ALL ▾	Class <input type="text"/>	Sponsor <input type="text"/>	Pay Run ID <input type="text"/>	<input type="checkbox"/> Sum.Adjustments
Check <input type="text"/>	Dist.Class ALL ▾	Account <input type="text"/>	Costshare <input type="text"/>	Output Fringe-Summary[Horizo ▾	
Check Date (m/d/y) <input type="text"/> to <input type="text"/>	Dist.Code <input type="text"/>				

Submit

Clear

CSV



Verifying Time and Effort in HCM Distribution

Records Found: 148

NAME	USCID	FISCAL PERIOD : JOURNAL	JOB	HCM DEPT	GROUP	PAY PERIOD	CHECK	CHK DATE	COMBO	CHARTFIELD	LBR \$	LBR %	TAX	RETIRE	LIFE	LTD	HEALTH	DENTAL	FRNG \$	FRNG %	TOT \$
		1920-4 : PAY0087294	UG76	152400	C09	10/15/2019	8000150504	10/15/2019	A00000004556	CL000-620800-Z1000-990-10001106-	666.69	10.43%	49.88	145.40	0.02	0.22	28.00	0.94	224.46	33.67%	891.15
		1920-4 : PAY0088327	UG76	152400	C09	10/31/2019	8000166187	10/31/2019	A00000004556	CL000-620800-Z1000-990-10001106-	666.69	10.43%	49.86	145.41	0.03	0.23	28.01	0.93	224.47	33.67%	891.16
		1920-5 : PAY0089704	UG76	152400	C09	11/15/2019	8000181997	11/15/2019	A00000004556	CL000-620800-Z1000-990-10001106-	666.69	10.43%	49.87	145.40	0.02	0.22	28.01	0.94	224.46	33.67%	891.15
		1920-5 : PAY0090154	UG76	152400	C09	11/30/2019	8000198229	11/27/2019	A00000004556	CL000-620800-Z1000-990-10001106-	666.69	10.43%	38.92	145.41	0.02	0.22	28.00	0.94	213.51	32.03%	880.20
											2,666.76		188.53	581.62	0.09	0.89	112.02	3.75	886.90	33.26%	3,553.66
		106-									2,666.76		188.53	581.62	0.09	0.89	112.02	3.75	886.90	33.26%	3,553.66
		1920-4 : PAY0087294	UG76	152400	C09	10/15/2019	8000150504	10/15/2019	A00000005286	CL034-115300-F1000-202-10008159-	439.05	6.87%	32.84	95.76	0.02	0.15	18.44	0.61	147.82	33.67%	586.87
		1920-4 : PAY0088327	UG76	152400	C09	10/31/2019	8000166187	10/31/2019	A00000005286	CL034-115300-F1000-202-10008159-	439.05	6.87%	32.83	95.76	0.01	0.15	18.44	0.62	147.81	33.67%	586.86
		1920-5 : PAY0089704	UG76	152400	C09	11/15/2019	8000181997	11/15/2019	A00000005286	CL034-115300-F1000-202-10008159-	439.05	6.87%	32.85	95.76	0.02	0.15	18.44	0.62	147.84	33.67%	586.89
		1920-5 : PAY0090154	UG76	152400	C09	11/30/2019	8000198229	11/27/2019	A00000005286	CL034-115300-F1000-202-10008159-	439.05	6.87%	25.62	95.76	0.02	0.14	18.44	0.62	140.60	32.02%	579.65
											1,756.20		124.14	383.04	0.07	0.59	73.76	2.47	584.07	33.26%	2,340.27
		159-									1,756.20		124.14	383.04	0.07	0.59	73.76	2.47	584.07	33.26%	2,340.27
		1920-4 : PAY0087294	UG76	152400	C09	10/15/2019	8000150504	10/15/2019	A00000005658	CL039-152000-A0001-101--	4,026.35	63.00%	301.17	878.14	0.14	1.36	169.14	5.67	1,355.62	33.67%	5,381.97
		1920-4 : PAY0088327	UG76	152400	C09	10/31/2019	8000166187	10/31/2019	A00000005658	CL039-152000-A0001-101--	4,026.35	63.00%	301.17	878.14	0.14	1.35	169.14	5.66	1,355.60	33.67%	5,381.95
		1920-5 : PAY0089704	UG76	152400	C09	11/15/2019	8000181997	11/15/2019	A00000005658	CL039-152000-A0001-101--	4,026.35	63.00%	301.18	878.15	0.13	1.36	169.14	5.67	1,355.63	33.67%	5,381.98
		1920-5 : PAY0090154	UG76	152400	C09	11/30/2019	8000198229	11/27/2019	A00000005658	CL039-152000-A0001-101--	4,026.35	63.00%	234.99	878.15	0.14	1.35	169.14	5.67	1,289.44	32.03%	5,315.79
											16,105.40		1,138.51	3,512.58	0.55	5.42	676.56	22.67	5,356.29	33.26%	21,461.69
											16,105.40		1,138.51	3,512.58	0.55	5.42	676.56	22.67	5,356.29	33.26%	21,461.69
		1920-4 : PAY0087294	UG76	152400	C09	10/15/2019	8000150504	10/15/2019	A00000005733	CL039-152400-G1000-202-10008512-	1,258.74	19.70%	94.13	274.54	0.04	0.42	52.89	1.77	423.79	33.67%	1,682.53
		1920-4 : PAY0088327	UG76	152400	C09	10/31/2019	8000166187	10/31/2019	A00000005733	CL039-152400-G1000-202-10008512-	1,258.74	19.70%	94.17	274.53	0.04	0.42	52.88	1.78	423.82	33.67%	1,682.56
		1920-5 : PAY0089704	UG76	152400	C09	11/15/2019	8000181997	11/15/2019	A00000005733	CL039-152400-G1000-202-10008512-	1,258.74	19.70%	94.13	274.53	0.05	0.42	52.88	1.76	423.77	33.67%	1,682.51
		1920-5 : PAY0090154	UG76	152400	C09	11/30/2019	8000198229	11/27/2019	A00000005733	CL039-152400-G1000-202-10008512-	1,258.74	19.70%	73.46	274.52	0.04	0.44	52.89	1.76	403.11	32.02%	1,661.85
											5,034.96		355.89	1,098.12	0.17	1.70	211.54	7.07	1,674.49	33.26%	6,709.45
		CL039-152400-G1000-202-10008512-									5,034.96		355.89	1,098.12	0.17	1.70	211.54	7.07	1,674.49	33.26%	6,709.45
		TOTAL									25,563.32		1,807.07	5,575.36	0.88	8.60	1,073.88	35.96	8,501.75	33.26%	34,065.07



eForm Workflow

- The Time and Effort eForm begins with Business Manager verification and will then workflow to the Employee, Supervisor and PI for certification.
- An email notification will be sent alerting the employee, supervisor, and applicable PIs when a form is ready for their certification.
- If a retro funding change is processed after it is already part way through the workflow process, it will recycle back to the Business Managers to verify the change and the certification process will begin again.
- An email notification will also be sent when a form is recycled.
- If the Employee and the PI or the Supervisor and the PI are the same individual, the certification at the PI approval step will be automatic.



eForm Status Options

- Business Manager – Receives the reports in “**Saved**” status and submits or releases them to Employees for certification.
- Employees, Supervisors, & Pls receive the reports in “**Pending**” status (because they are pending approval)
- If a report is recycled at any point, the report will return to the Business Manager in a “**Partially Approved**” Status
- Once a report is fully certified, the report status is “**Executed**”.

Use View Option to review form status, not Update!
(to prevent accidentally restarting workflow)



Business Manager Responsibilities

- To serve as central point of contact for Time and Effort certification.
- To assist employees, supervisors and PI's with certification process.
- Training aids and tools will be provided at go-live.
 - Several Demos will be recorded and available demonstrating each approver role (Employee, Supervisor and PI)
 - Training Aids for each role will also be available



Earnings Codes Included:

Earning Codes	Description	Earning Codes	Description
ALV	Annual Leave Taken	OVT	OT Straight Time Teach Treaty
ASA	Administrative Salary Adjustment	RCK	Overtime Pay 1.5 Retro
ASR	Admin Salary Adjustment Retro	REG	Overtime 1.5 Teaching Treaty
ATS	A L Taken Student Treaty	RS1	OT 1.5 Student Treaty Retro
ATT	A L Taken Teaching Treaty	RSR	Overtime Straight Time
CBP	Call Back Pay	RTI	Overtime Pay 1.5
CBR	Call Back Retro	RTM	Reissued Check
CTP	Compensation Time Paid	RTO	Regular Pay
CTS	Comp Time Student Treaty	SAP	Regular Pay Student Treaty
CTT	Comp Time Teacher Treaty	SAS	Regular Treaty Student Retro
GEO	Market Geographic Diff	SAT	International Teaching Regular
GER	Market Geo Diff Retro	SCK	Retro Pay Manual
GSA	Grant Salary Adjustment	SCT	Regular Pay Retro
GSR	Grant Salary Adjustment Retro	SHD	Special Assignment Pay
HAS	Holiday Pay Student Treaty	SHR	Special Assign Pay Stud Treaty
HCP	Holiday Compensation Pay	SIR	Special Assign Teaching Treaty
HOL	Holiday Pay	SLS	Sick Leave Taken
HOT	Holiday Pay Teaching Treaty	SMI	Sick Pay Teacher Treaty
IOR	International Other Retro	SMR	HR Approved Differential
IOS	OT Student Treaty 1.5	SPR	HR Approved Differential Retro
ITO	OT 1.5 Teaching Treaty Retro	SRR	Summer Instruction Retro
ITR	International Teaching Retro	TSA	Sick Leave Taken Stud Treaty
OS1	OT Straight Time Student Treaty	TSR	Summer Instruction
OSR	Overtime Straight Retro	VAR	Summer Research
OSS	OT Straight Retro Stud Treaty	VAS	Special Assignment Pay Retro
OST	OT Straight Retro Teach Treaty	VAT	Summer Research Retro
OT1	Overtime 1.5 Student Treaty	VPR	Temporary Salary Adjustment

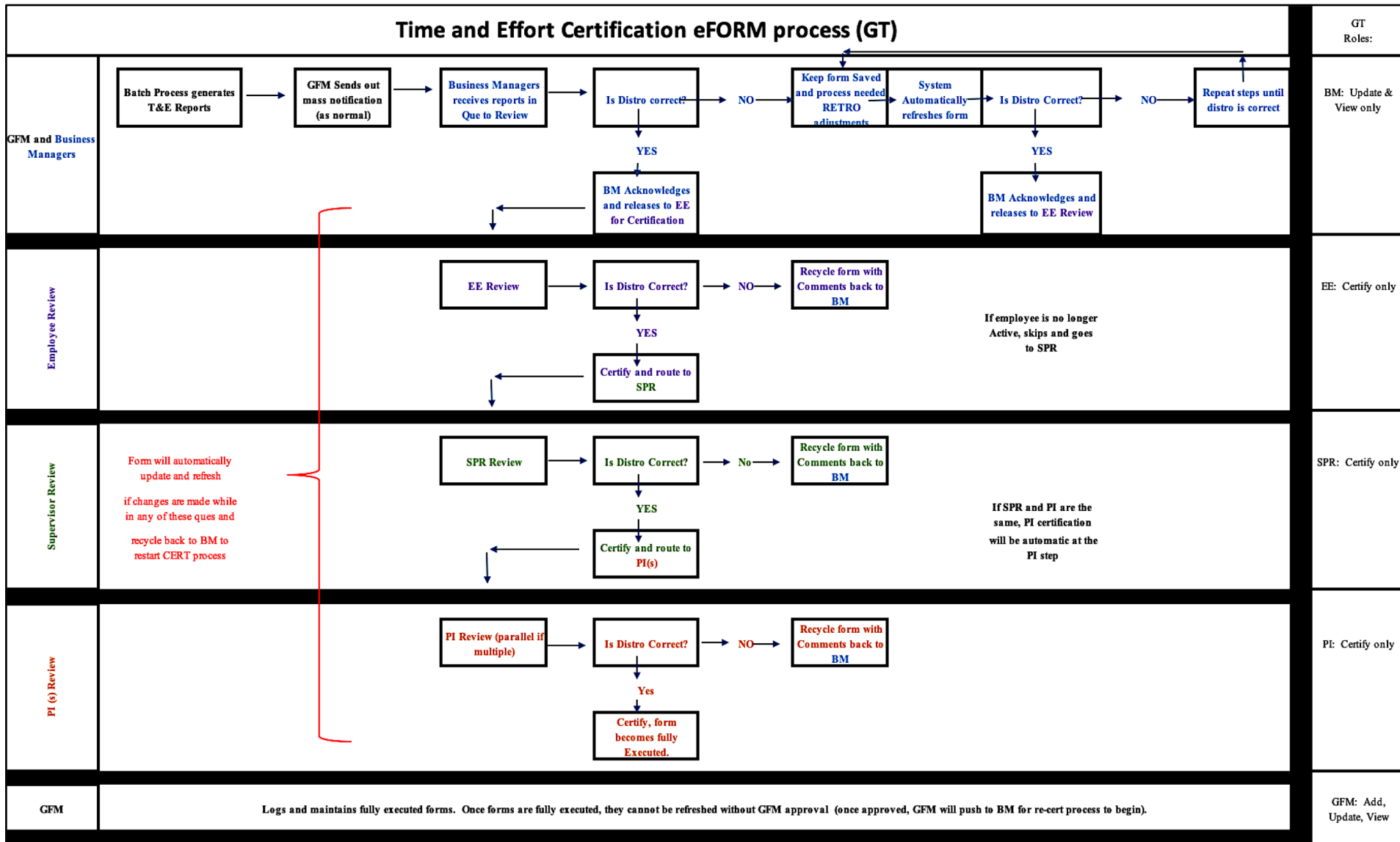


New Time and Effort eForm Demonstration

Employee, Supervisor and PI – Certifying the eForm



Time and Effort Certification eFORM process (GT)



Summary

- Spending out Grants is **unallowable**
- Errors/corrections must be identified timely!
- T&E is “After-the-Fact” accounting of actual time spent on a specific project.
- **Must** be certified by the employee
- **Must** be certified by a Supervisor and PI with first-hand knowledge of the employee’s effort.
- **Must** be incorporated into official records of the university & is subject to audit and the False Claims Act
- **Must** be done in a timely manner.



Where to Find Resources

The screenshot shows the website for the Office of the Controller at the University of South Carolina. The top navigation bar includes links for STUDENTS, FACULTY & STAFF, ALUMNI, PARENTS, CALENDAR, MAP, DIRECTORY, and GIVE. A search bar labeled 'SEARCH SC.EDU' is also present. The main content area is titled 'Office of the Controller' and features a sidebar with navigation links: Office of the Controller, General Accounting, Grants and Funds Management (highlighted with a red arrow), Grants and Funds Staff Directory, Supplier and Tax Management, Financial Reports and Transparency, Chart of Accounts, Policies and Procedures, and Contact Us. The main content area is divided into sections: 'Grants and Funds Management' with a description of its responsibilities, 'Our Services' listing tasks like monitoring grants and preparing invoices, and 'Contact Grants and Funds Management' with contact information. A list of expandable sections includes Grants and Contract Assignments, F&A Allocations, Information Links for Grants and Contracts, and Webinars and Training (highlighted with a red box). An 'Expand all' link is also visible.

Uof SC South Carolina GATEWAYS FOR: STUDENTS FACULTY & STAFF ALUMNI PARENTS CALENDAR MAP DIRECTORY GIVE

Office of the Controller

- Office of the Controller
- General Accounting
- Grants and Funds Management**
- Grants and Funds Staff Directory
- Supplier and Tax Management
- Financial Reports and Transparency
- Chart of Accounts
- Policies and Procedures
- Contact Us

Grants and Funds Management

Grants and Funds Management is responsible for the accounting and management of all restricted grants and contracts within the university system.

Our Services

The Grants and Funds Management team:

- monitors grants and contracts
- prepares invoices
- prepares financial reporting in accordance with grant award documents and federal, state and local laws and regulations

Contact Grants and Funds Management

For questions about any Grants and Funds Management services, please contact us directly:

1600 Hampton Street, 6th floor
Columbia, SC 29208
Phone: 803-777-4850

Expand all

- Grants and Contract Assignments
- F&A Allocations
- Information Links for Grants and Contracts
- Webinars and Training**



Questions?



Contact:

Grants and Funds Management Office

gfmecert@mailbox.sc.edu





UNIVERSITY OF
SOUTH CAROLINA