PURPOSE
As a recipient of federal funding the University of South Carolina is required to comply with the Office of Management and Budget (OMB) federal regulations under 2 CFR Part 200, commonly referred to as “Uniform Guidance” and Section 200.430 under Subpart E that governs compensation for employees engaged in work on Federal awards. The University of South Carolina requires all individuals who receive federal sponsored award funding to comply with university policies and sponsoring agency regulations regarding the committing, charging, and reporting of effort on those awards.

DEFINITIONS AND ACRONYMS

Cost Transfer: A cost transfer is a reassignment (transfer) of charges between accounts.

Principal Investigator (PI): the faculty member the sponsor has designated as overall responsible for the grant award.

PI/Faculty Effort: The proportion of time spent by an academic appointee on any University activity expressed as a percentage of time. 100% effort is the total time spent on University work within the scope of their Institutional Base Salary (IBS), regardless of how many or how few hours an individual worked in the reporting period. The total effort reported for a PI/Faculty member will always equal 100%, even if they are less than 1.0 FTE. Institutional Base Salary effort includes sponsored awards and non-sponsored activities that are funded by the University.

Non-Faculty Effort: The time spent by non-faculty employees on any University activity expressed as a percentage of time. Total effort reports non-faculty member will always equal 100%, even if they are less than 1.0 FTE. Effort includes sponsored awards and non-sponsored activities that are funded by the University. For salaried employees, 100% effort is the total time spent on University work regardless of how many or how few hours an individual worked in the reporting period. For employees paid hourly, effort is total hours paid including any overtime.

Salary Cap: Is an imposed limit for the total salary rate allowed to be charged for an individual by a sponsor. Any amount above the salary cap must be recorded as cost share and will be considered mandatory uncommitted cost share to properly capture total expended effort and cannot be used as effort on another sponsored project.

POLICY STATEMENT
OMB 2 CFR 200.430 requires charges to Federal awards for salaries and wages to be reasonable in relation to the work performed. Expenses must be properly documented and reflected in a system that has internal controls to ensure charges are accurate, allowable, and properly allocated.

A. Charging Salary and Effort:

1. Employee Responsibilities

Employees must charge their time to sponsored awards commensurate with the actual effort expended on all activities they perform. Estimates based on planned workload may be used initially to charge sponsored awards, provided that such estimates reasonably approximate the activity expected to be performed.

If an employee has a sponsored imposed salary cap, they must coordinate with their Business Managers to ensure effort is properly captured and only salary up to the allowable cap is directly charged to the sponsored award.

Employees must monitor their payroll charges no less than quarterly to ensure estimates used are accurate and no adjustments are needed. Principal Investigators (PIs) are also responsible for reviewing all salary expenses charged to their project(s) to ensure salary charges are accurate and allowable. Please see Monitoring Time and Effort section below for more information.

2. Business Manager Responsibilities

Business Managers must work closely with employees to ensure salary is charged appropriately to sponsored awards.

If an employee has a sponsored imposed salary cap, they must coordinate with those employees to ensure effort is properly captured and only salary up to the allowable cap is charged directly to the sponsored award.

Estimates based on planned workload may be used initially to charge sponsored awards, provided that such estimates reasonably approximate the activity expected to be performed, however, Business Managers should periodically check in with employees to determine if adjustments are needed. Please see Monitoring Time and Effort section below for more information.

B. Reporting Salary and Effort:

Uniform Guidance, Section 200.430 contains the specific regulatory requirements for certifying time expensed on sponsored awards and states: “It 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 IHEs [Institutions of Higher Education], a precise assessment of factors that contribute to costs is
therefore not always feasible, nor is it expected.”

The effort report summarizes the proportion of work time devoted to sponsored awards, teaching, and other activities, expressed as a percentage of Total University Effort using the individual’s Institutional Base Salary (IBS). It is important to understand the distinction between payroll distributions and effort distributions. Payroll distributions reflect the allocation of an individual’s salary, while effort distributions reflect the allocation of an individual’s effort to individual awards or projects independent of salary.

The effort report is an after-the-fact review and certification that the final salary amounts charged to each sponsored award reasonably reflect the effort expended for the time period being certified. The effort report must be signed by the individual (if they are still an active employee of the University) and approved by someone with suitable means of verification that the work was performed, generally the PI and/or Primary Supervisor of the employee.

C. Monitoring Salary and Effort:

The University’s effort reporting process relies on payroll distributions to provide information regarding the projects to which an individual’s salary was provisionally charged during the reporting period. As a result:

1. Payroll charges must be monitored on a regular basis, with adjustments processed timely to reflect significant variations in effort.

2. It is imperative that material changes in effort are routinely communicated and recorded on the University’s financial records continuously throughout the award and reporting period and not after the reporting period has ended and an effort report has been generated.

3. If the salary allocation reflected on the effort report is not consistent with the percentage of effort expended on the sponsored awards, it is the responsibility of the individuals completing the effort certification to report actual effort percentages and coordinate with Business Managers to ensure any necessary corrections are recorded in the University’s accounting system.

4. When such corrections result in the need to reduce the charge to a sponsored award, they are mandatory and always permissible. Corrections that result in increasing the amount charged to a sponsored award are subject to policy FINA 3.35 Grants and Funds Management – Cost Transfer Policy and must be reviewed and approved by the Controller’s Office and Grants and Funds Management.

PROCEDURES

The procedure for this policy provides details on the administration and management of Time and Effort reporting and certification for the University. The procedure is located at https://sc.edu/about/offices_and_divisions/controller/documents/fina_3.12-time_and_effort_procedures_final.pdf
RELATED UNIVERSITY, STATE AND FEDERAL POLICIES
FINA 3.15 Contracts and Grants - Closeouts
FINA 3.19 Contracts and Grants - Elimination of Overdrafts
FINA 3.35 Grants and Funds Management - Cost Transfer Policy
FINA 9.10 Cost Accounting Standards (CAS)
RSCH 1.08 Institutional Base Salary

HISTORY OF REVISIONS

<table>
<thead>
<tr>
<th>Date of Revision</th>
<th>Reason for Revision</th>
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<tbody>
<tr>
<td>December 18, 2006</td>
<td>New Policy</td>
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<tr>
<td>November 19, 2015</td>
<td>Division reorganization and name change</td>
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<tr>
<td>May 23, 2023</td>
<td>Update in federal code to current. Refined language regarding USC adherence to federal requirements.</td>
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