



Title: Time and Effort Reporting Policy for Sponsored Projects
Effective Date: July 1, 2025
Issuing Authority: Senior Vice President for Finance and Administration
Policy Contact: Director of Grants and Contracts
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Purpose

This policy establishes the requirements and procedures for accurately reporting time and effort expended on externally sponsored projects (grants and contracts). Adherence to this policy is essential to ensure compliance with federal regulations (including the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, commonly known as Uniform Guidance), sponsor-specific terms and conditions, and institutional policies. Accurate effort reporting is fundamental to:

- Demonstrating the proper allocation of personnel costs to sponsored projects.
- Ensuring the allowability, allocability, and reasonableness of charges.
- Maintaining the integrity of financial statements and audit readiness.
- Promoting responsible stewardship of sponsored funds.

Scope

This policy applies to employees (faculty, and staff, including graduate research assistants and postdoctoral scholars) with salaries and wages directly charged to, or effort committed to, external grants, contracts, or cooperative agreements. This includes individuals whose effort is provided as voluntary committed cost sharing.

Mercer University uses “after-the-fact” effort reporting to certify salaries charged or cost shared to sponsored projects are reasonable and consistent with the work performed. This indicates that the distribution of salaries and wages will be supported by activity reports certified by the employee or by a responsible official with direct knowledge that the work was performed, generally the Principal Investigator (PI).

Exclusions

Bi-Weekly employees, including students with time reporting approved in Workday are not required to submit time and effort reporting. The approval of the time entry in Workday will serve as the effort reporting.

All faculty and staff working in support of Mercer Engineering Research Center (MERC) administered contracts must submit weekly timecards through Time Tracker. The timecards are submitted to MERC by close of business each Wednesday.

Definitions

As used in this policy, the following term(s) have the meaning specified below:

- **Actual Effort:** The actual amount of time an individual spends on various institutional activities during a specific reporting period. Effort reports must reflect actual effort, not budgeted or proposed effort.
- **Committed Effort:** The effort explicitly proposed and awarded by a sponsor, or voluntarily committed by the institution, regardless of whether salary is requested from the sponsor. This includes both directly charged effort and voluntary committed cost share.
- **Cost Sharing:** The portion of the total project costs of a sponsored project that is not borne by the sponsor. This can be mandatory (required by the sponsor) or voluntary (offered by the institution). Voluntary committed cost sharing becomes a binding obligation and must be tracked and certified.
- **Direct Costs:** Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.
- **Effort:** The proportion of time an individual spends on a given activity, expressed as a percentage of their total institutional activities for which they are compensated. Total institutional activities include research, instruction, clinical care, administration, and other activities.
- **Indirect Costs (Facilities & Administrative - F&A Costs):** Costs incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. These are typically recovered through a negotiated F&A rate.
- **Institutional Base Salary (IBS):** The annual compensation paid by the institution for an employee's appointment, whether that appointment is on a twelve-month, nine-month, or other basis. IBS excludes any income that an individual may earn outside of their institutional responsibilities (e.g., consulting fees, honoraria). IBS is used as the basis for charging salaries to sponsored projects, subject to sponsor salary caps.
- **Sponsored Project:** An activity supported by an external organization (federal, state, local government, or private entity) through a grant, contract, or cooperative agreement, typically involving specific deliverables, reporting requirements, and financial accountability.

Policy Statement

Policy Principles

Allocability: All costs charged to a sponsored project must directly benefit that project and be allocable to it. Effort must be charged to the project that directly benefits from the work performed.

Consistency: The institution must apply its policies and procedures consistently to both federally financed and other activities of the institution.

Compliance: All effort reporting must comply with the Uniform Guidance (2 CFR Part 200, Subpart E – Cost Principles), sponsor-specific terms and conditions, and other applicable federal, state, and local regulations.

Reasonableness: Compensation for personal services must be reasonable for the services rendered and conform to the established policy of the institution consistently applied to both sponsored and non-sponsored activities.

Timeliness: Effort must be certified in a timely manner to ensure that charges are current and accurately reflect the work performed.

Effort Reporting Requirements

Basis of Effort Reporting: Effort reporting must reflect the actual effort expended on all institutional activities, not just sponsored projects. It is a representation of the distribution of an individual's time across their professional responsibilities.

Frequency of Certification: Effort reports should be certified monthly and may be submitted quarterly to Grants Accounting via email to tunstill_cl@mercer.edu and samples_dw@mercer.edu. The reports are due on the 10th day of the month after each quarter end. The quarter effort periods are as follows: July-September, October-December, January-March, and April-June.

Who Certifies:

Direct Knowledge: Effort reports must be certified by the individual who performed the work, or by a responsible official with suitable means of verification that the work was performed. This responsible official must have direct knowledge of the employee's activities and be able to confirm the accuracy of the reported effort.

Certification Content: Each effort report must:

- Reflect the actual percentage of time spent on each sponsored project and non-sponsored activity.

- Include a clear statement that the certified effort is accurate, complete, and reflects actual work performed.

Review:

- Effort reports will periodically be compared by the Grants Accounting Office to the corresponding payroll report for the period reported.
- Any significant discrepancies between actual effort and salary expensed to the sponsored project are reviewed and adjusted to reflect the actual activity.

Institutional Base Salary (IBS) and Effort Calculation

IBS Definition: IBS is the basis for charging salaries to sponsored projects. It represents the full-time annual salary for the individual's primary appointment.

Effort Calculation: The percentage of effort charged to a sponsored project is applied to the individual's IBS (or the applicable sponsor salary cap, if lower) to determine the allowable salary cost.

Example: If an individual with an IBS of \$100,000 commits 25% effort to a grant, the direct salary charged to the grant would be \$25,000 ($0.25 * \$100,000$), assuming no salary cap applies.

Commitment of Effort

Binding Commitments: Effort commitments made in proposals and awarded by sponsors are binding obligations of the institution. These commitments must be met, regardless of whether salary is directly charged to the grant or provided as cost sharing.

Voluntary Committed Cost Sharing: Any effort voluntarily committed and quantified in a proposal becomes a binding obligation and must be tracked, certified, and documented in the same manner as directly charged effort.

Significant Changes in Effort:

- For federal awards, a significant change in committed effort for key personnel (typically a reduction of 25% or more from the committed effort) generally requires prior written approval from the sponsoring agency.
- Any anticipated or actual significant reduction in effort must be promptly communicated to the Grants Accounting Office to determine if sponsor prior approval is required.
- Changes in effort that do not meet the "significant change" threshold may still require internal documentation and adjustment in the effort reporting.

Unallowable Activities

Time and effort spent on activities that are not directly related to the scope of work of a sponsored project, or that are considered unallowable costs by the sponsor or federal regulations, cannot be charged to grants. Examples include:

- General administrative activities (unless specifically allowed by the sponsor and directly benefiting the project).
- Fundraising activities.
- Proposal preparation for new or non-competing continuation applications (unless specifically allowed by the sponsor).
- Personal time, vacation, sick leave (unless part of a standard fringe benefit package applied consistently).

Roles and Responsibilities

- **Principal Investigators (PIs):**
 - Responsible for ensuring the accuracy of their own effort
 - Must have direct knowledge of the effort performed by individuals on their projects.
 - Promptly notify the Grants Accounting Office of any anticipated significant changes in committed effort.
 - Ensure that effort reports are certified in a timely manner.
- **Department Administrators/Grant Managers:**
 - Assist PIs and personnel in understanding and complying with this policy.
 - Review effort reports for accuracy and consistency with project activities and committed effort.
 - Facilitate necessary adjustments and reallocations of effort.
 - Serve as a liaison between PIs, personnel, and the central Grants Accounting Office.
- **Individual Employees:**
 - Accurately record and certify their actual effort expended on all institutional activities.
 - Understand the principles of effort reporting and their responsibilities under this policy.
 - Seek clarification from their PI or Department Administrator if unsure about proper effort allocation.
- **Grants Accounting Office:**
 - Develop, implement, and maintain this policy in accordance with federal regulations and sponsor requirements.
 - Provide guidance on effort reporting.
 - Oversee the effort reporting and process.
 - Review and approve significant changes in committed effort requiring sponsor approval.

- Serve as the primary institutional contact for external auditors regarding effort reporting.

Non-Compliance

Failure to comply with this policy may include:

- Freezing of sponsored project expenditures until the situation is rectified.
- Disallowance of costs by sponsoring agencies, requiring the institution to return funds.
- Negative audit findings.
- Damage to the institution's reputation and eligibility for future grant funding.

Record Retention

All effort reports and supporting documentation must be retained in accordance with federal regulations (typically three years from the date of final expenditure report submission) and institutional record retention policies.

Policy Review and Updates

This policy will be reviewed and updated as needed to reflect changes in federal regulations, sponsor requirements, or institutional practices.