

Policy 13 - Certification of Effort Reporting

Salaries constitute the largest component of the expenses charged to sponsored projects. It is essential that Missouri State University administrators, Principal Investigators, and support staff understand the basic principles underlying the allocation of effort, and the corresponding charging of salaries, to those projects. Four important points that are critical to understanding how to be in compliance are:

For regular exempt employees, including faculty, who are paid through the payroll system, pay is considered to be remuneration for **all** work which benefits Missouri State University. For full-time employees, this is 100% Full-Time Equivalence (FTE).

Note: 100% FTE does not equate to any set number of hours, e.g., 40 or 50 hours per week; it equates to the totality of University-compensated effort.

Each month, the University's payroll system permits charging salary earned by employees to the proper academic budget, based on the nature of the work performed. For example, if the work of a full-time exempt faculty member (100% FTE) is devoted entirely to teaching, 100% of the earned salary should be charged to the home department associated with the instruction.

The key assumptions underlying this seemingly mundane process are:

- Instruction has benefited 100% from the employees work, and
- Instruction is allocated 100% of the employee's salary charges.

Similarly, if the faculty members effort is devoted half time (50% FTE) to teaching, and half time (50% FTE) to work on funded sponsored research projects, half of the salary should be allocated to an departmental account for Instruction and half to a grant account related to the research.

Government sponsors expect to pay only for those portions of employee effort that are actually devoted to their projects. Periodically, government and internal auditors review our payroll charges to enforce this expectation. In conducting these audits they are assessing whether the salary charged to project are for effort that appropriately benefited those projects over the span of an academic period (e.g., academic semester). In other words, the auditors are checking the accuracy of our payroll charges by verifying that the percentage of the employee's salary charged to a sponsored project reasonably approximates the actual proportion of the employee's FTE effort which was devoted to that project. If the actual time committed to a project does not match payroll records, payroll records will be adjusted by charging the individual's home department for the difference.

Variances: The federal government recognizes that measuring effort is not an exact science. The University's threshold for complying with the requirements while allowing for the approximation involved is 5%. Actual effort, therefore, can differ from that on the effort certification by up to 5% without necessitating a correction

As a general rule, exempt employees should understand how their **salary charges** are being distributed, and should verify for themselves that there is a reasonably close relationship between the distribution and the actual proportion of their **effort** devoted to the functions and projects being charged. For Graduate Assistants and support staff, these allocation decisions are often made by Principal Investigators, who are assumed to be most knowledgeable about the relationship between effort devoted and benefit received.

