

**University of Puerto Rico  
Río Piedras Campus**

**RULES AND PROCEDURES FOR PREPARING TIME AND EFFORT (T&E)  
REPORTS: FORMS 125A AND 125B**

**Summary and purpose**

Federal government requires personnel salaries paid fully or partly from federal sponsored awards to be **certified** in a process that complies with the provisions of Office of Management and Budget (OMB) Circular A-21.

The rules and procedures described herein are intended to assure full compliance with these provisions by the Río Piedras Campus. Therefore, this document describes the required steps, forms, and submission deadlines, and who is required to submit the time and effort reports.

**Legal base**

- a. Office of Management and Budget (OMB) Circular A-21, section J.10, which stipulates the principles to determine costs applicable to projects sponsored with federal funds.
- b. University of Puerto Rico General By-Laws.
- c. Certifications 14, 15, and 16 (2011-2012) from the Board of Trustees of the University of Puerto Rico, that stipulate institutional rules and procedures in matters regarding research, and particularly time and effort reports which must be filed by those members of the university community who receive salaries from or spend time in projects sponsored with federal funds.
- d. University of Puerto Rico Office of the President memorandum dated March 15, 2012: *Rules Regarding Promotion and Development of Research and Time and Effort Reports in Conformity with Certifications 14 and 15 (2011-2012) from the Board of Trustees.*
- e. University of Puerto Rico Office of the President memorandum dated June 8, 2012: *Procedures for Preparing Time and Effort Reports in the University System.*

**Basic requirements of Circular A-21**

Circular A-21, among other things, states that:

1. Salaries paid with federal funds should be proportional to the time and effort devoted to the work performed.
2. Institutions shall incorporate verification methods in their payroll system to evidence that employees who receive salaries from federal funds actually performed the required work.
3. Work performed shall be confirmed after-the-fact, so that the certification shows actual costs instead of budgeted costs.

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4. Work performed shall be certified by the employees as well as by the persons in charge of overseeing its execution, who shall be able to appropriately evidence that it was actually performed.
5. Salary certification shall express the categories for work performed as a percentage distribution.
6. Total time expended in work that is part of the 100% of an employee's Total Professional Effort (TPE) can vary from one individual to another and from one institution to another. Therefore, reasonableness should prevail, meaning that one person can only commit with a total amount of time defined by the combination of all his/her responsibilities.

Circular A-21 also describes **four main categories** for faculty time and effort:

Instruction and research activity sponsored by the institution

This category includes activities such as teaching and training (with or without degree credit); trainings sponsored by donations, contracts, cooperative agreements or other; and research, development or scholarly activities not considered organized research and therefore not budgeted and accounted separately, for example: discretionary and start-up funds, and income from royalties.

Organized research

This category includes all research and development activities separately budgeted and accounted, which are subject to specific terms and conditions from the sponsoring agency. These include research and development activities sponsored with external funds; training in research methods and techniques; fund-matching pledges, and special funds created, budgeted and managed with the specific goal of advancing research, such as the Institutional Research Fund.

Other sponsored activities

This category includes programs and projects sponsored with external funds (federal or otherwise) that encompass different activities from those in the two previous categories. Some examples are community service programs or projects, conferences and symposia, travels, public exhibitions, and consultancy.

Administrative work

Administrative work includes other activities and services related to daily management of academic and administrative departments that support teaching, research and intellectual production.

These **categories** are represented in Form 125A as follows:

1. Organized research and Other sponsored activities may fall under Sponsored Accounts if sponsored entirely with external funds, or under Cost Sharing if matching funds are used.
2. Instruction and research activity sponsored by the institution and Administrative work fall under University Funds.

**General provisions**

1. **Total professional effort (TPE):** TPE includes 100% of all activities (e.g. instruction, research, creation, or other activities related to intellectual production, teaching improvement,

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administration, services, assistantship supervision) carried out by an employee, whether compensated or not, which make up part of the employee's total workload. The effort devoted to each activity is expressed as a percentage of the TPE in proportion to the amount of time devoted to it. The total time expended in all activities then matches 100% of the TPE, defined as nine (9) months in the academic year and three (3) months for the summer months.

2. **Institutional Base Salary (IBS):** For **professors** engaged in teaching activities who also perform research, creation, scholarly or other intellectual production, teaching improvement, training and/or service activities, the **IBS** is defined as the scale salary, or the salary negotiated by the appointing authority with the **professor** for special skill sets or for difficult recruitment or retention, as stated in the appointment letter and initial agreement. The IBS also includes applicable salary raises, five-year salary increments, merit steps, bonuses and **PBSD** (see below).

The Human Resources Office is responsible for certifying **professors'** base salaries.

The following provisions apply to IBSs:

- a. Bonuses for administrative activities such as: directing campuses, dean offices, departments, or research programs and centers—as stipulated by the institution or negotiated with the campus appointing authority or the UPR President—are part of the IBS. There shall be a written statement describing the appointment, term (if applicable) and corresponding remuneration. This remuneration shall be approved by the President, Chancellor, or the appropriate body. It shall be recorded in the **professor's** Human Resources file.
  - b. Salaries received for tenure, professorship, distinctions, or other, as applicable, shall be part of **professor's** IBS and shall be processed by means of a salary differential. **This shall be known as Professor Base Salary Differential (PBSD)**.
  - c. Bonuses and **PBSD** entail time and effort, and thus shall be included in the time and effort reports. Applicable bonuses and PBSD are those awarded for a year or more.
  - d. IBS does not include incentives, remuneration for incidental work, or additional compensations.
3. **Institutional incentive:** An institutional incentive is a stimulus awarded by the UPR to professors who have successfully sought and received external funding. This incentive comes from a portion of the professor's salary liberated when it is fully or partly sponsored, **after deducting the amount required for substituting the professor during the term of the project**. This applies to principal investigators, project directors, co-investigators and co-directors, as well as other key **faculty** members who participate in projects. The institutional incentive may also be used by the **professor** to cover support staff salaries, materials, services, travel, equipment, or others.

The college/school dean or unit director will determine who qualifies for this incentive, and will make recommendations for approval by the Chancellor. The institutional incentive does not apply to special appointments, and shall not be awarded from matching funds or indirect costs. It shall not be part of the IBS and will be paid with form ORH T-002.

The Center for Sponsored Programs and Entrepreneurial Initiatives, affiliated to the Office of the Dean of Graduate Studies and Research (DEGI, by its Spanish acronym), shall be the unit

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responsible for presenting the recommendation of the college/school dean or unit director to the appointing authority regarding the institutional incentive and distribution requested by the investigator or project director. It will also determine the net amount of the incentive after deducting the appropriate amount for substituting the principal investigator or project director, co-investigators and co-directors, as applicable. This information shall be included in the abstract of all proposals sponsored with federal funds or other external funds, as applicable.

4. **Additional compensation:** Is the remuneration given to a **professor** for performing additional activities, apart from their academic load or regular appointment (as defined by the hiring agreement or classification questionnaire) **off regular hours** for the professor or employee. These activities are not part of the TPE or IBS, and therefore do not have to appear on the time and effort reports.
5. Additional compensations cannot be paid with federal funds and their corresponding matching funds.<sup>1</sup> Only institutional or other external funds can be used to pay additional compensations.
6. It is provided that **regular faculty members** with research, creative, scholarly or other intellectual production, teaching improvement, training activities and/or services sponsored with external funds can receive one or more institutional incentives up to a maximum of 75% of his/her IBS. This shall require previous recommendation by the unit dean or director and approval by the Chancellor. Each institutional incentive shall be proportionate to the number of credits of the substituted academic load.

Only exceptional, duly justified cases of high institutional interest, may receive authorization for devoting up to 100% of the time to research sponsored with external funds and 100% of the institutional incentive. This authorization shall be from the appointing authority, with previous recommendation from the appropriate unit dean or director.

Additional academic activities shall be remunerated by additional compensation (with non-federal institutional or external funds) up to a maximum of nine course credits or 27 weekly hours of related **instruction** activities. These activities shall be performed outside the time allotted for research activities sponsored with federal funds.

7. Summer salary for **regular faculty members** shall be consistent with their IBS. According to federal regulations, the summer salary may vary between 1/9 up to 3/9 of a **professor's** IBS, which is the equivalent of one up to three months of work (respectively). The time allowed depends on the sponsoring agency, and must be previously authorized. Professors who receive authorization for 3/9 are not eligible for summer recess. They shall not commit their time to any other project during this time, either. In these cases, it is understood that 100% of their TPE is paid with federal funds; therefore, payment of an institutional incentive does not apply.

Additional academic activities (in excess of 3/9) performed by the **professor** during the summer will be paid as additional compensation (with non-federal institutional or external funds) and shall be performed outside the time allotted for research activities sponsored with federal funds.

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<sup>1</sup> OMB Circular A 21 provides for payment to consultants, with proper justification, when their area of expertise is different from that of the proponents in projects sponsored with federal funds. These salaries shall be paid as additional compensation or as professional services, in compliance with current institutional regulations for those payment methods. This is the only exception to the provisions of this section.

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8. A professor's appointment to a full-time administrative position is for 12 months, and the IBS includes a bonus. This bonus is determined by the nature of the appointment, rank, and applicable salary and bonus scales.

The Río Piedras Campus acknowledges that research activity is inherent and relevant to instruction. To enable professors with administrative appointments to continue their research work while serving the institution, these professors may, with the Chancellor's authorization, request substitution of up to **45% of their time for research activities**, without prejudice to their administrative work and responsibilities. These professors, besides the appropriate bonus, may receive the full institutional incentive. These professors' bonuses will be negotiated with the Chancellor before the appointment, within the parameters set by the Board of Trustees and with previous authorization from the UPR President.<sup>2</sup>

This provision specifically applies to the Chancellor, Deans, Associate Deans, Assistant Deans and department Directors.

9. Non-teaching staff that performs administrative or other specialized activities in federally sponsored projects may be paid as follows:
- a. *Special appointment*: Salaries of staff that devotes 100% or less of their TPE to the project shall be included in direct costs. The sponsoring agency shall authorize these charges when approving the sponsorship.
  - b. *Additional compensation*: When regular Campus non-teaching staff performs the aforementioned activities off regular hours, it shall be paid as additional compensation. This non-teaching staff may work up to 20 hours weekly over the 37.5 regular hours.
  - c. *Differential*: When regular Campus non-teaching staff performs additional administrative activities within regular hours, it shall be paid as differential. The Human Resources Office shall evaluate the complexity and volume of work to determine the differential amount.
  - d. When the payment method is additional compensation, the funds shall be from indirect costs corresponding to the principal investigator or project director, and, if necessary, from the appropriate institutional incentive, according to the distribution requested by the principal investigator or project director when submitting the proposal.
  - e. Non-teaching staff salaries shall be proportionate to the time and effort devoted exclusively to project activities, and will be determined according to the non-teaching staff compensation scales and applicable institutional regulations. This salary will correspond to the IBS, unless otherwise stipulated by the appointing authority.<sup>3</sup> The IBS shall not be raised with federal funds.
  - f. The Human Resources Office shall certify employee's IBSs.

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<sup>2</sup> Certifications from the Board of Trustees applicable to this provision as of October 2012 are: Certification 84, 2007-2008, that stipulates faculty compensation scales; Certification 172, 2002-2003, that stipulates salary regulations for Chancellors and Deans; and Certification 70, 2003-2004, that stipulates salary regulations for department Directors.

<sup>3</sup> Communication from the Central Administration Human Resources Office to UPR System Chancellors, September 11, 2007.

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10. **Incidental work:** Is a particular, **non-recurring** task, paid for only once. Incidental work may be paid with institutional or federal funds, according to applicable regulations for each case. It shall be paid as professional services or as compensation for incidental work, as applicable. This salary shall not be part of the IBS.
11. **One ninth:** Is the unit used to calculate **faculty** summer salaries. One ninth (1/9) is equivalent to one month of the IBS.
12. **Regular hours:** Means 37.5 weekly hours devoted to regular activities.
13. **Cost sharing:** Means the University of Puerto Rico Central Administration or the Río Piedras Campus (see Board of Trustees Certification 16, 2011-2012) agrees to assume part of the direct costs of a sponsored project. This agreement may be in cash or in kind.  
  
An example would be a faculty member devoting part of the TPE to a project, and the corresponding time and effort salary is paid with institutional funds.
14. **FIPI:** Institutional Research Fund (by its Spanish acronym). It is included in the TPE and is reported in time and effort reports. This does not entail remuneration to the principal investigator or project director, and therefore is not part of the IBS.
15. **PPUI:** University Intramural Practice Plan (by its Spanish acronym). It is not included in the TPE and is not part of the IBS. These activities may not hinder **professors'** compliance with the responsibilities of their position and their performance in fundamental teaching, research and service areas, as agreed.

## Preparing Time and Effort Reports

### Applicability

All teaching and non-teaching staff that spend time and effort in activities related to federally sponsored projects have to complete time and effort reports, regardless if they are compensated or not for those activities. Salaries may be paid fully or partly from federal or matching funds, indirect costs, or a combination.

### Forms

**Form 125A: The Report for Establishing Payroll Distribution** shall be used to submit the proposed **professors' work plan** to appropriate administrative areas. This form shall be completed at the start of each semester and in the summer. The work plan becomes the proposed TPE for that academic period. The T002 form generated for the **professor** shall be based on form 125A and shall include all institutional commitments, those made with sponsoring agencies (related to his/her IBS), and the required authorizations.

**Professors** shall complete form 125A at the start of each academic session, including the summer, when:

- appointed to a new position.
- requesting salaries from a federally sponsored project or matching funds.
- there are changes to institutional or external agency agreements that significantly affect IBS and TPE, that is, time and effort for each agreement. Form 125A shall clearly state the effective date of TPE changes and IBS adjustments. Copies of ORH-T002 evidencing approved IBS changes shall be included.

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**Non-teaching staff** shall complete Form 125A every year at the start of their appointment, and it shall include the effective date of payroll distribution, as specified in form ORH-T002 or by the appointment. As is the case with **professors**, form 125A shall be updated if there are significant changes in the employee's IBS and TPE. The new 125A shall include the appropriate ORH-T002 form. If there will be no changes from one period to the next during the academic year stated, the three options (Fall, Spring, Summer) shall be selected.

Changes in **teaching or non-teaching staff** IBS shall be processed with Human Resources Office form ORH-T002. It states employee's IBS, whether they work full or part time, and the account(s) to which to charge the salary. This is the official Payroll Office document to pay employee salaries and make appropriate changes.

**Form 125B: The Time and Effort Certification Report** shall be completed at the end of each semester and summer to certify that the work plan proposed in form 125A was carried out. **This is applicable both to teaching and non-teaching staff.** Form 125B will show the actual percentage of TPE expended by **teaching or non-teaching staff** in each project, as evidenced by the payroll distribution. **Teaching or non-teaching staff** are required to sign form 125B, or, in their absence, an officer that can properly verify and certify that the information is accurate.

### Procedure

Procedure to complete **Time and Effort Reports**:

1. The Post Award Management Division of the Center for Sponsored Programs and Entrepreneurial Initiatives shall send out a yearly circular to administrative affairs deans and appropriate school/college staff with instructions to fill time and effort reports, the work schedule and required forms. **This schedule shall meet the filing deadlines stipulated by federal regulations.**
2. Administrative affairs deans and appropriate school/college staff shall notify academic department directors, investigators and sponsored project directors, and administrative support staff regarding work schedule, instructions and required documents.

*To complete Form 125A:*

3. Investigators and project directors shall instruct their administrative staff for all project personnel to complete forms 125A (as required). **Professors** shall coordinate their class schedule and other institutional and external commitments with their academic department director, so as to meet both the needs of the investigator or project director, and of the Department.
4. Administrative staff will send all completed and signed 125A forms to the college administrative affairs dean, or appropriate school official, for verification before forwarding to the Post Award Management Division.
5. Post Award will check the 125A forms, and, if they are completed in full (including required signatures) and correct, will send them to the Human Resources Office.
6. If incorrect, they will be returned to the appropriate administrative affairs dean(s) for revision. The dean shall consult the appropriate department director and investigator or project director. The revised 125A forms, signed by all appropriate parties, will be sent to Post Award to certify they are correct, and then forwarded to the Human Resources Office.

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7. All 125A forms will be sent to the Human Resources Office via the Post Award Management Division.

Every ORH-T002 form prepared, whether for a new hire, to allocate a salary to a federally sponsored project or matching funds, or to change TPE and IBS, has to include a revised 125A form with all required signatures, or a copy of the original one, if the change was already submitted at the start of the academic period. The employee signature and print name have to be both clearly legible. Documents that do not meet these requirements will not be accepted.

8. Appropriate administrative areas and officers, including administrative project staff, shall keep originals and/or copies of 125A and ORH-T002 forms, in compliance with applicable institutional regulations, and provide copy to the investigator or project director for their records.

*To complete Form 125B:*

1. Post Award Management, in coordination with Central Administration and Campus Payroll Offices, and the Academic and Administrative Technologies Division will complete a first draft of the 125B forms at the end of each academic period.
2. Post Award Management shall review the 125B forms and, with the college administrative affairs dean or appropriate school official, shall make permissible changes to reconcile any differences, as needed, according to applicable federal and institutional regulations.
3. Post Award Management shall send the 125B forms to the college administrative affairs dean or appropriate school official for the required signatures.
4. The college administrative affairs dean or appropriate school official shall return 125B forms to Post Award Management within the term established, shall send electronic copy to administrative project staff, the investigator or project director, and shall keep copies for the records.
5. Post Award Management shall keep 125B forms for future reference, and for internal or external audits.

**Personnel receiving federal sponsored project funds in collaboration with other UPR Campuses:**

The University of Puerto Rico and the Río Piedras Campus promote collaboration among institutional units, particularly in multidisciplinary projects that increase institutional competitiveness and advance its educational mission and the creation of knowledge. Therefore, there are a growing number of investigators in collaborative projects between campuses, many of which are sponsored with federal funds. The following provisions apply to those cases:

1. After receiving form 125A from the principal investigator or project director and taking notice of the grant, Post Award Management shall evaluate and approve it in accordance with the rules and procedures described herein.

The investigator or project director shall also provide the following information with form 125A regarding the grant and the project: time and effort percentage allocated to it and corresponding time frame, project title, grant award number, budget and distribution as

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approved by the sponsor, and desired distribution of the institutional incentive, if applicable.

2. After approving form 125A Post Award Management shall create a project account with the budget and distribution information provided by the investigator or director.
3. Post Award Management shall invoice project expenses quarterly to the appropriate institutional unit. Upon receipt from the institutional unit, the Río Piedras Campus shall allocate the invoiced amount to the project account.
4. Post Award Management shall notify the Office of Strategic and Budgetary Planning (OPEP, by its Spanish acronym) and the project administrator to proceed with the required steps for distributing the transferred funds in accordance with the approved project budget.
5. OPEP shall distribute the funds received in the required categories, and retain the portion of the institutional incentive required to substitute the investigator or project director. It shall also assign project indirect costs to the investigator or project director account when properly reimbursed. (See the Río Piedras Campus Guidelines for Indirect Cost Distribution, Management and Use.)
6. The project administrator shall follow institutional procedures for payment of approved institutional incentives and required administrative transactions to implement the project.
7. The project administrator shall be responsible for daily administrative transactions, while Post Award Management shall monitor account use in accordance with the approved budget distribution, and that there are no overdrafts. Post Award Management shall monitor compliance with time and effort reports, and shall be responsible for account reconciliation and closing at the end of the project.

## Responsibilities

*Principal investigator or project director.* Every principal investigator or project director shall comply fully with all institutional agreements and with those assumed when receiving external sponsorships. The principal investigator or project director is responsible of assuring that all personnel receiving full or partial salaries from the project complete time and effort reports when required and in compliance with current institutional and federal guidelines and regulations. Also, for certifying that project staff performed the work they were paid for as scheduled in the project and as agreed with the federal sponsor.

*College Dean.* The dean shall supervise all college staff required to submit time and effort reports to do so timely and correctly.

*Administrative Affairs Dean.* The administrative affairs dean shall coordinate, guide, and participate with Post Award Management in the institutional procedures set forth herein, and others, as necessary, to assure all unit **teaching and non-teaching staff** submit time and effort reports as required and comply fully with applicable institutional and federal guidelines.

*Academic Department or School Director.* The academic department or school director shall supervise the **professors'** work and collaborate to assure optimal development of research projects, especially those sponsored with external funds, including adequate use of allocated resources, in accordance with applicable institutional policies and the terms and conditions of the sponsors. The department or school director shall also be responsible for ensuring investigators or

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project directors with federal sponsorships submit time and effort reports as required, and comply with the rules and procedures provided herein.

*Post Award Coordinator.* The post award coordinator shall be responsible for coordinating the work required to complete time and effort reports in the campus following applicable institutional and federal guidelines. Also, for guiding and training administrative affairs deans, administrative project staff, investigators and project directors, and other administrative staff, as required, regarding institutional and federal guidelines related to time and effort reports and how to complete them. This is the person responsible for certifying that time and effort reports comply fully with institutional and federal requirements.

### **Non-Compliance**

Federal regulations state that institutions that receive external funds shall comply fully with current regulations. Board of Trustees Certifications 14 and 15, 2011-2012 stipulate that investigators and project directors are responsible for complying with institutional and federal guidelines regarding time and effort reports.

The Río Piedras Campus expects the collaboration of all investigators and project directors, and of all appropriate administrative authorities in complying with this responsibility and in keeping with the rules and procedures stipulated herein.

However, given the importance of seeking and receiving external funds in the plans to strengthen and develop research at the Río Piedras Campus, it is important not to jeopardize those funds by non-compliance. Therefore, if investigators and project directors fail to submit forms 125A and 125B as requested and within the specified term, after a second notice, their federally sponsored salaries shall be withheld and they will not be allowed to submit new proposals. This shall remain in effect until the investigators and project directors comply fully with submission of time and effort reports.

### **Term**

The rules and procedures stipulated herein are effective immediately. These shall apply to all current and new projects sponsored with external funds.

Any Río Piedras Campus guideline, rule or regulation which contravenes these rules and procedures is hereby repealed.

***Revised: Monday, December 10, 2012***