**DRAFT**

**Implementing an Effort Reporting System (ERS) at Western State Colorado University**

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**Attachments:** Effort Certification Reports for Faculty and Professional Staff, Classified Staff and Student Employees

## What is Effort Reporting?

- Effort reporting is the method of certifying to the federal granting agencies the effort required as a condition of the award has actually been completed. Effort reporting is required by OMB Circular A-21 which requires certification of effort spent by all employees whose salaries are charged directly to federal and federal flow-through funds, as well as for reporting committed cost sharing but not uncommitted cost sharing.
- An effort report will be generated for any employee whose salary or any portion of salary is charged to a federally sponsored award, including federal flow-through funds, and for any employees with a cost sharing commitment associated with a federal or federal flow-through fund. If effort was committed on a sponsored project charged to a federal or federal flow-through fund, the report must be certified.

## Scope of Effort Reporting

- Effort reporting must reflect **all compensated activities**, including those efforts not federally funded such as instruction, administrative responsibilities/roles, and academic advising

- Activities within the scope of the employment relationship are considered compensated.

- OMB Cir. A-21 J10 (a) notes that *"compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of simultaneous performance  of sponsored agreements."*

- OMB Cir. A-21 J10 (a) notes that "Incidental work (that is in excess of normal for the individual), for which supplemental compensation is paid by an institution under institutional policy, need not be included in the payroll distribution systems described below provided such work and compensation are separately identified and documented in the financial management system of  the institution."

- Work done as a paid consultant to another organization is not part of the effort report.

- Effort Reporting is a <u>reasonable estimate</u>, not an exact science.  <u>Degree of Tolerance</u>: OMB Circular A-21 allows for a "degree of tolerance."

- Certification must rely on a reasonable estimate of effort during a specified time period, and when estimating, a degree of tolerance is acceptable and appropriate.

- Payroll action adjustments are required when there is a significant change in activity from the current pay distribution.

- Total effort must equal 100%.

- The total effort (TPE) expended cannot be more than or less than 100% regardless of the FTE.

**What <u>should be</u> included in Total Effort:**

- Instruction and administration, which includes writing grant proposals, departmental meetings, supervising students in non-grant related activities, interviewing students, participation on Institutional Committees such as search committees, Human Subject Committee (HRC),  or Institutional Animal Care & Use (IACUC).

- Regardless of <u>where</u> effort is expended (office, home) or <u>when</u> (after hours, on vacation, on weekend), these items should be included in your sponsored research effort

- Effort on current Federal Grants or contracts, effort on current nonfederal research projects (e.g., a foundation grant or PAF), writing progress reports, lab meetings, attending a scientific conference, or reading scientific journals.

**Activities NOT included in 100% effort**

- Performing external professional activities (with or without pay) which are approved in accordance with the University's policy and procedure on *"Responsibilities to the College"*.

- Membership/service to professional association

- Membership on professional review or advisory panel

- Presenting incidental, non-routine lectures, papers, concerts outside the individual's university appointment.

**Direct Charged vs. Cost Shared Effort Reporting**

- Direct Charged is anytime Effort is charged directly to a Funding Agency through the Payroll system (timecard, employment contract, etc.), then the salary is said to be direct-charged.  The Direct Charge must be allowable, allocable, and reasonable.

- Cost-Shared is any time that Effort is expended towards a project, and the salary is not recovered from the project; the Effort is cost-shared.

    - There are 3 kinds of cost-sharing:
        - Mandatory-Committed
        - Voluntary-Committed
        - Voluntary-Uncommitted
    - Mandatory-Committed and Voluntary-Committed must be tracked and reported to the agency. *Must be set up and tracked as cost-sharing.*


**Effort Reporting Schedules**

Effort reporting periods match the federal fiscal year of October 1 through September 30 each year.

Proposed protocol:

- Collect Effort Reports monthly for the entire grant award period from all individuals who are paid on a grant award per the award budget.
- Reports would be due in the Office of _____ by the 15th of each month.  The last effort Report would be filed following the acceptance of the final report by the granting agency and the award is closed.
- Western will appoint the certifying official(s) for each award. See *Who can Certify an Effort Report* below.
- Officials must certify the Effort Reports within 30 days of the reporting period.
- Effort reports will be kept within the post award grant file and destroyed along with the grant files per federal, state and institutional policy.

**Who Can Certify an Effort Report?**
Principal Investigators and other faculty in Professorial, Professional Research, and Management titles who are paid on federal or federal flow-through funds are required to certify their own effort. The certifier must have *first-hand knowledge* of the work performed and the ability to make a reasonable estimate of the effort expended on each sponsored project. Staff who are paid from federal or federal flow-through funds may certify their own

effort if they have first-hand knowledge of the work they performed. Effort reports for other employees must be certified by a Principal Investigator (PI) or other responsible official.

- PIs should **not** certify the effort reports of other faculty members, even if the faculty member worked on one or more of the PI's projects. Effort reports must be certified by a person with first-hand knowledge of **all** the activities of the person for whom the certification is made. It is rare that one faculty member will be aware of all the activities of another faculty member, therefore it is generally inappropriate for one faculty member to certify for another.

**Who May NOT Certify an Effort Report?**
Individuals designated by their department as not having first-hand knowledge regarding which sponsored projects they are working on should not be asked to certify their own effort. This could be the case when an employee is assigned to work on multiple projects, such as an Administrative Assistant.  In this case it would be more appropriate for the employee's supervisor who is assigning the work to certify his/her effort.

**Why is it Important that Effort be Certified?**
The campus external auditors review effort reports for compliance with effort reporting requirements. In addition, sponsoring agencies, the cognizant audit agency, and other federal and state agencies may perform an audit at any time to determine whether the effort certifications are timely, accurate and complete.

Failure to comply with the terms and conditions of an award may cause the sponsor to take one or more enforcement actions. The sponsor may take proactive actions to protect their interests, including placing special conditions on awards or precluding the grantee from obtaining future awards for a specified period, or may take actions designed to prevent future noncompliance, such as closer monitoring. If the sponsor imposes sanctions on a grantee, the sponsor will share this information with other agencies. In addition, the university's reputation could suffer due to negative publicity, possibly resulting in loss of confidence by current and future stakeholders in the ability of the campus to administer and provide proper stewardship of funds.

**Effort Reporting System Coordinator**

Proposed Protocol:

Western assigns someone the responsibility to coordinate the ERS in order to establish and maintain best practices and meet the federal requirements for Effort Reporting.

The Duties of the ERS typical include:

- Disseminating an email notification to the Certifiers to complete and submit the Effort Reports as appropriate per award.

- Monitoring reports to insure all reports are certified within 30 days of the reporting period.
- Notify the appropriate persons to verify or correct the percentages of actual effort and cost sharing.
- Follow up to make sure payroll adjustments are made as needed with changes in the effort reporting or the close of the grant award.

**Managing Effort Reports**

- Effort is not based or calculated on a 40 hour work week or other University approved standard workweek. Effort is expressed as a percentage based on the distribution of salary sources supporting the individual's university work activities.

  Example: If the employee worked 40 hours in one week on a sponsored project and 20 hours in the same week on an unrelated University project, then the employee's effort report should show:

  **67% effort devoted to the sponsored project:**
  40 hours / 60 total-effort hours = 67%
  **and 33% on the unrelated University project:**
   20 hours / 60 total-effort hours = 33%

**Tasks for the implementation of the ERS**

1. Resubmit the attached Effort Reporting Certification Report to NSF for approval per request.  (Janice)
2. Adopt the proposed or revised protocol as policy
3. Appoint an ERS Coordinator
4. Appoint certifying officials for each grant for each employee submitting an Effort Report.
5. Identify a depository for the Effort Reports
6. Upload the required documents onto the website of the appropriate office
7. Develop and disseminate an educational briefing to faculty and staff impacted by the new Effort Reporting requirement.
8. Enforce the submittal of Effort Reporting as adopted into policy.

 **Questions to Consider:**

1.  Who should be required to engage in Effort Reporting?
    a. All grant funded activities including the students employed on the grant?
    b. Only Grant funded projects with agencies that at this time required Effort Reporting (NSF is the only one we have right now.)

2. Implementation of this reporting into the Banner system.  (I have had a brief conversation with Doug Driver and he can include this in the reporting program currently being developed.)