

Effort Reporting

OKED / FISCAL OVERSIGHT

Discussion Points

- Introduction to Effort Report Certification
- Importance of the Effort Report Certification
- Understanding Committed Effort
- Monitoring
- What If...

Purpose

The primary purpose of effort certification is to certify that the salaries and wages charged to, or contributed to, sponsored projects are reasonable and consistent with the portion of total professional activity committed to the projects.

Section J.10 of OMB Circular A-21 (Cost Principles for Educational Institutions)

Federal Requirements

OMB Circular A-21

- Establishes principles for determining costs
- Defines what costs are allowable on federal agreements
- Stipulates payroll systems ensure distributions are:
 - ✓ Appropriate to the award
 - ✓ A proper allocation of payroll
- Requires certification of effort

Did you Know?

- Salaried employees require certified effort reports
 - ✓ Hourly employees' effort is reflected on their time cards
- Electronic effort reports are mandatory
 - ✓ No substitute documentation allowed
- Proxies can be set up for terminated employees, but must have direct knowledge of work performed
- Report information sources: PeopleSoft, Advantage, Coeus
- Annualized salary is not the same as annual salary

EFFORT REPORTING

Defining Effort and Certification

- Effort = Time Spent on an Activity
 - ✓ Sponsored Projects (i.e., contracts and grants)
 - ✓ Teaching/Instruction including student academic supervision
 - ✓ Non-Sponsored research
 - ✓ Administration including proposal preparation
 - ✓ Proposal development for new projects should not be expensed to a grant
 - ✓ Other institutional activities

- Not calculated on a 40 hour work week
 - ✓ Expressed as a % of time – total effort must equal 100%

Defining Effort and Certification (cont.)

➤ Effort should reflect all activities

It does not include:

- ✓ Outside consulting
- ✓ Supplemental payments
- ✓ Stipend payments

Types of Effort Reports

- There are 5 types of effort reports:
1. A12 – salary paid over 12 months for 9 months of effort
 2. Exempt – salary
 3. Grad Appointee – salary
 4. *Student Hourly – wages
 5. *Non-Exempt – wages

*Hourly employees do not need to have effort reports certified.
ASU's payroll processes satisfy Federal requirements.

Difference between Effort and Payroll

➤ Payroll describes the allocation of salary



➤ Effort describes the allocation of an activity



Changing Effort

- To change the percent of effort
 - ✓ Payroll redistribution
 - ✓ Commitments of effort

- Cost-Share changes (Projects after July 1, 2013)

- Increased effort requires a new certification

Certifier and University Responsibilities

- PI and University are responsible for effort
- PI cannot have more than 100% commitment
- 25% reduction or more is considered significant
 - ✓ May be considered change scope of work

Reasons for the Certification of Reports

- Provides audit-ready documentation:
 - ✓ Support the level of effort performed
 - ✓ University's commitment for effort
- Agreed Cost-Sharing should be reflected

Risks of Non Compliance

- Expenditures may be disallowed
- Auditors may find effort report inadequate:
 - ✓ Report was certified without first-hand knowledge
 - ✓ Report did not list all activities
 - ✓ Levels of effort did not appear reasonable
 - ✓ Lack of timeliness in reporting

Risks of Non Compliance (cont.)

- Falsification may lead to criminal charges
- Non-compliance may lead to suspension
- May lead to disallowance of proposals and inactivation of grants
- May also lead to disciplinary action

COMMITTED EFFORT

Understanding Committed Effort

Calculating the Commitment Correctly:

- Determine the Committed Level of Effort
- Ensure % of Effort meets the Commitment
- Monitor the Effort Commitments

Determining the Committed Level of Effort

- Minimal commitment is required for PI, Faculty, and Key Personnel
- The University's minimum commitment is 1%
- The minimum requirement does not apply to:
 - ✓ Equipment grants
 - ✓ Dissertation support
 - ✓ Other awards intended as Student Support
 - ✓ Limited-purpose grants (travel grants or conference support)

Meeting Effort Commitments

Responsibilities of Certifiers & University:

- Meet the level of effort obligated
- Changes must be approved by PI
- Changes must be coordinated by ORSPA for sponsor notification
 - ✓ Required by OMB Circular A-110

Meeting Effort Commitments (cont.)

Responsibilities of PIs & University:

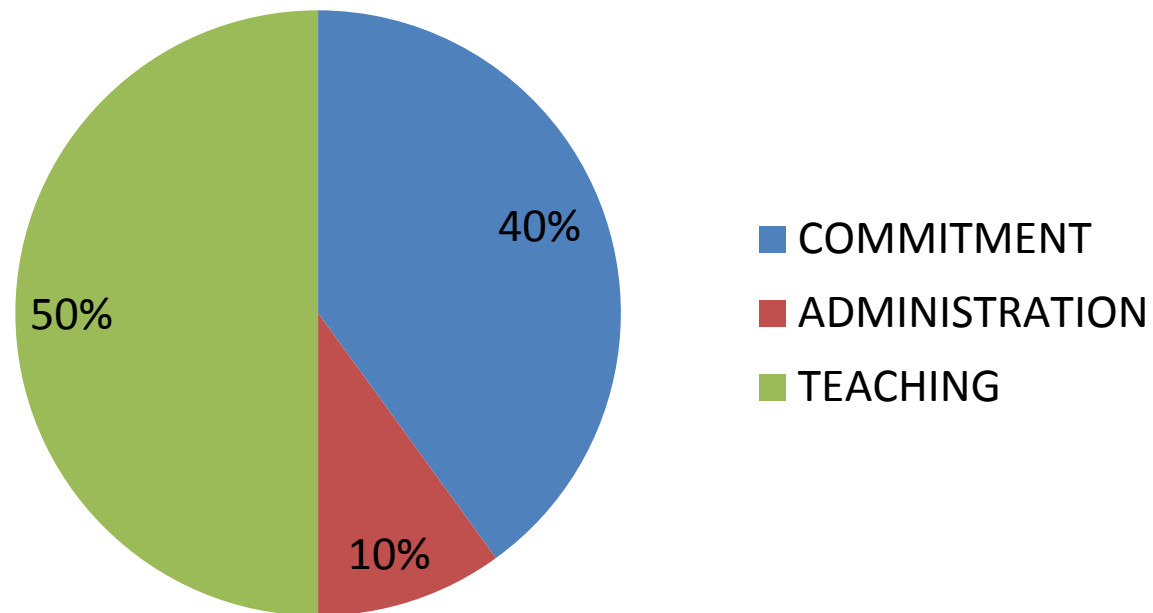
- Meet the level of committed effort
- Monitor and Certify accordingly
- Revision of 25% original commitment
 - ✓ May require the Sponsor to be notified

MONITORING

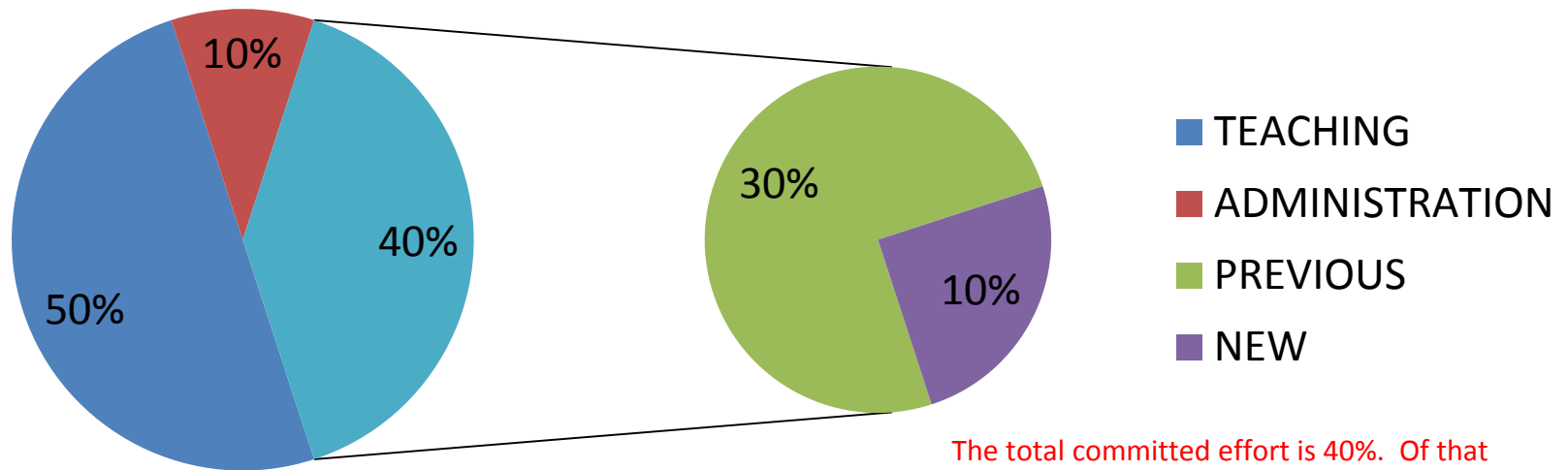
Monitoring and Maximums

- Total % of effort cannot exceed 100%
 - ✓ Faculty have responsibilities outside of research
 - ✓ Exceptions include research staff
- Chair or Dean determine percent of activities
- Annual Salary \geq 100 FTE/all active positions

EXAMPLE OF EFFORT - FACULTY MEMBER



CHANGE IN COMMITMENT



The total committed effort is 40%. Of that 40% of effort, a 10% change in commitment is 25% of the total and can change the scope of work.

Salary Cap Limit

- Amount allowed by rate of pay
 - Executive Level I – 199,700
 - ✓ Awards on before December 22, 2011
 - Executive Level II – 179,700
 - ✓ Awards on or after Dec 23, 2011- Jan 5, 2014
 - Executive Level II – 181,500
 - ✓ Awards on or after January 12, 2014

OTC Example

Annualized Salary is Different from Annual Salary

Gross payroll is listed; for payroll by account drill down on account lines

OTC % Calculation

Salary Cap for This Project

<u>Salary Cap</u>	<u>Salary Cap Source</u>	<u>Project Role</u>	<u>Annualized Salary</u>	<u>FTE %</u>	<u>Cap Factor (%)</u>	<u>Adjusted Cap</u>	<u>OTC \$</u>	<u>OTC %</u>
199,700.00	Project		240,333.63	100	100	199,700.00	40,633.63	17

Over-the-Cap by Pay Period

View All | | First 1-10 of 10 Last

<u>Sub-Period</u>	<u>Gross Payroll \$</u>	<u>Cap by Pay Period</u>	<u>OTC \$</u>	<u>OTC %</u>
1 Pay Period Ending 2013-08-18	9,012.50	7,680.77	1,331.73	15
2 Pay Period Ending 2013-09-01	9,012.50	7,680.77	1,331.73	15
3 Pay Period Ending 2013-09-15	9,012.50	7,680.77	1,331.73	15
4 Pay Period Ending 2013-09-29	9,012.50	7,680.77	1,331.73	15
5 Pay Period Ending 2013-10-13	9,012.50	7,680.77	1,331.73	15
6 Pay Period Ending 2013-10-27	9,012.50	7,680.77	1,331.73	15
7 Pay Period Ending 2013-11-10	9,012.50	7,680.77	1,331.73	15
8 Pay Period Ending 2013-11-24	9,012.50	7,680.77	1,331.73	15
9 Pay Period Ending 2013-12-08	9,012.50	7,680.77	1,331.73	15
10 Pay Period Ending 2013-12-22	9,012.50	7,680.77	1,331.73	15

OK Cancel

Total Salary Limit by Pay Period

Special Review

What if...

- Effort is committed with no salary?
 - ✓ Contact GCO and have effort:
 - ✓ Transferred to an employee whose activity included this effort
 - ✓ And/or remove effort from the report

- The percent of effort is wrong on the report?
 - ✓ Issue PRR(s) to change the % of pay distribution

What If... (cont.)

- A new award moves committed effort over 100%?
 - ✓ Refuse the award
 - ✓ Contact Sponsor(s) and renegotiate the commitment

- 100% sponsor funded effort for faculty (unless research faculty)?
 - ✓ Issue a PRR to transfer a minimum of 1% of payroll to a State or Local account

What If... (cont.)

- The Certifier changed the % of effort on the report?
 - ✓ The DEA should reject the report back to the Certifier and issue PRR(s) to make the changes to the effort listed on the report

- The title of the employee is no longer valid?
 - ✓ The only item on the report that is reported to the federal government is the % of effort for the employee

Contact Info and Links

Effort Certification training is located at:

http://researchadmin.asu.edu/effort_training

For assistance or information contact the Effort
Team at:

Effort-q@asu.edu