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 <u>reasonable and consistent</u> with the portion of <u>total professional activity</u> 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 <u>knowledge of work performed</u>
➢ 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 <u>salary</u>

➢ Effort describes the allocation of an <u>activity</u>

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 >= 100 FTE/all active positions

EXAMPLE OF EFFORT - FACULTY MEMBER

- 40% COMMITMENT
- 10% ADMINISTRATION
- 50% TEACHING

CHANGE IN COMMITMENT

■ TEACHING

■ ADMINISTRATION

■ PREVIOUS

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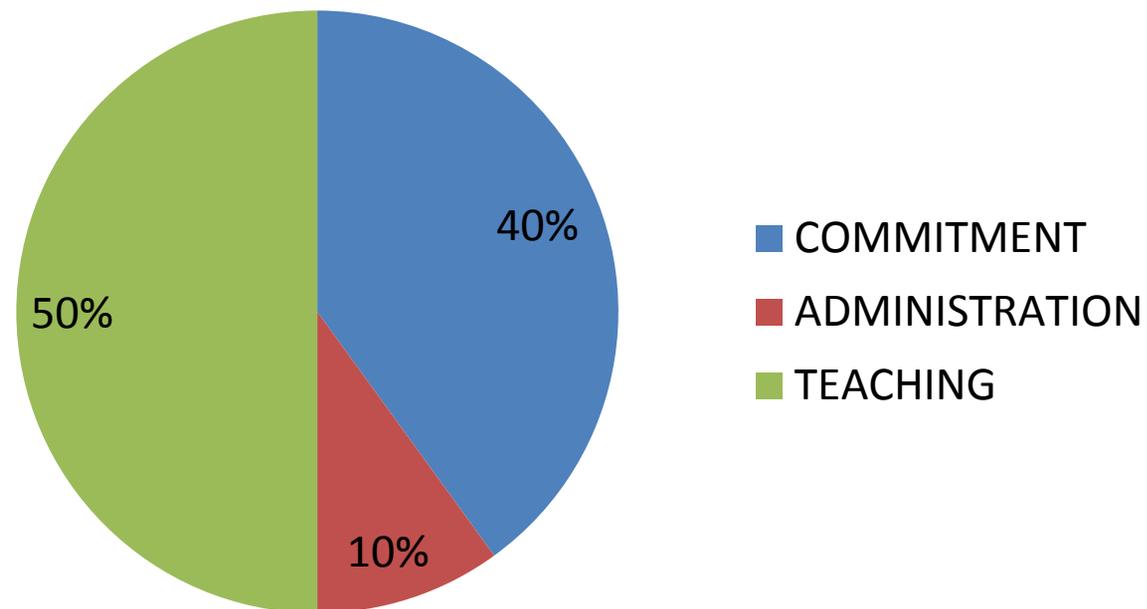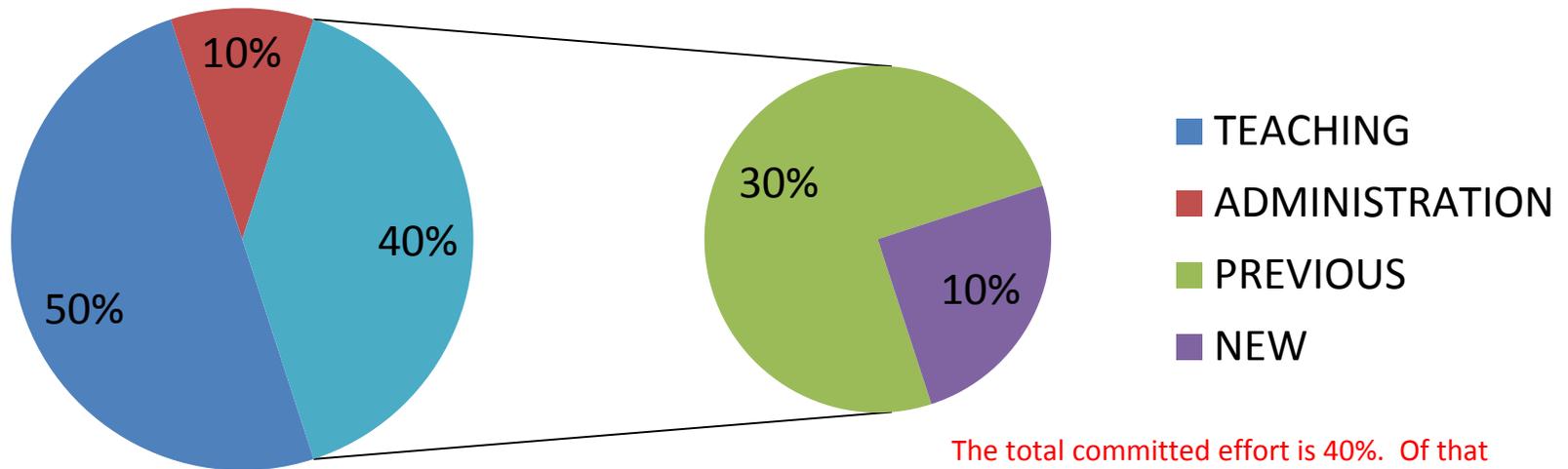
The total committed effort is 40%. Of that 40% of effort, a 10% change in commitment is 25% of the total and can change the scope of work.

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

Salary Cap	Salary Cap Source	Project Role	Annualized Salary	FTE %	Cap Factor (%)	Adjusted Cap	OTC $	OTC %
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

Sub-Period		Gross Payroll $	Cap by Pay Period	OTC $	OTC %	
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