

Augusta University

Policy Library

Effort Reporting

Policy Owner: Sponsored Program Administration

POLICY STATEMENT

All entities receiving grant and contract funding from the federal sources must be able to demonstrate that appropriate and effective internal controls are in place to document salary and fringe benefits charged are in accordance with federal statutes and regulations as well as the terms and conditions of the particular award and the funds budgeted for it. Institutions of Higher Education (IHEs) as set forth in the in the Office of Management and Budget (OMB), and published in the Federal Register at: 2 CFR 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards must adhere to: sections **200.61** Internal Controls and **200.61** Internal controls compliance requirements for Federal awards as well as **200.309** Subpart D: Post Award Requirements and **200.430** and **200.431** at Subpart E- Cost Principles, Personnel Services and Fringe benefits.

At Augusta University Effort reporting is the process required to verify that sufficient internal controls are in place to ensure the federal government that that direct charges for salary and fringe benefits to federally-sponsored agreements and that these charges are reasonable in relation to the actual work performed. The distribution of salaries, whether treated as: i. direct; or ii. facilities and administrative (F&A) costs; or iii. as cost-shared costs must be documented in the accounting system. OMB Circular A-81 requires that the allocation of salaries be accomplished using a methodology established to produce an equitable distribution of charges for employee's activities, and to distinguishes employees' direct activities from their F&A activities. The federal government acknowledges that effort reporting is not a precise exercise.

“Because practices vary as to the activity constituting a full workload (for IHEs, IBS), may reflect categories of activities expressed as a percentage distribution of total activities.(x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.” (200.430)

AFFECTED STAKEHOLDERS

Indicate all entities and persons within the Enterprise that are affected by this policy:

- Alumni Faculty Graduate Students Health Professional Students
 Staff Undergraduate Students Vendors/Contractors Visitors
 Other:

Office of Compliance and Enterprise Risk Management Use Only

Policy No.: 574

Policy Sponsor: Type the title of the Executive Leader of the department.

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DEFINITIONS

Confirmation of effort: means that the work performed; the percentage of effort attributed to activity on each sponsored program during the reporting period is reasonable in relation to 100% of the total effort for all activities for which the individual is paid by the Augusta University Enterprise; and furthermore that the charge to each award is appropriate in relation to the work performed.

Total effort: is defined as professional activity for which the Augusta University Enterprise employs an individual, whether on a full or part time basis.

Periodic Effort Reports: document that the effort devoted to Sponsored, University, and Clinical activities. Sections of the effort report are separated by types of activities included in one's 100% '*University Effort*' as follows:

- **Sponsored Activities** (All report types): the certification requirement to appropriately record the effort for each specific sponsored project.
- **Other University Activities** (All report types) (e.g., Instruction, Administration, Non-Sponsored Research, University Service, Competitive Proposal Preparation): Certification requirement = recording of effort as a subtotal of these activities toward one's 100% '*University Effort*'.
- **Clinical Care and Medical Center-Related Activities – Time Allotment for Medicare Cost Reporting (Only Clinical Faculty report type):** Certification requirement = recording an average number of hours worked during a week in addition to recording specific effort devoted in: 1) Direct Patient Care; 2) Instruction for Residents/Fellows/Trainees; 3) Administration of Residency/Fellowship Programs; and 4) Medical Center- Related Clinical Administration and Management.

Responsible Person: For purposes of time and effort reporting, an individual having firsthand knowledge or using a suitable means of verification of the work performed toward specific sponsored activities. Normally, this is the employee or Principal Investigator for whom the University effort report has been generated. In the event that the employee/Principal Investigator is unable to certify the effort report, a surrogate who having firsthand knowledge or using a suitable means of verification of the work performed may certify the report (e.g., the Department Chair, a Co-Investigator).

Firsthand Knowledge: Direct evidence of work performed. One may have this knowledge of work performance by either performing the work or through supervising the individual performing the work.

Suitable Means of Verification: The process through which one receives assurance that work was performed to provide a certification of effort on the periodic effort reports. This process must take into consideration other institutional records and provide for the documented review of such records in support of work performed. Some examples of these records might include: calendars, teaching schedules, logbooks, or sponsor budgets. Other means of verification may also suffice, including e-mails attesting to effort devoted based upon

firsthand knowledge. Oral verification from the employee/Principal Investigator or others fulfilling the role of a responsible person to an administrator will not suffice as a suitable means of verification.

Total Professional Effort: includes all activities performed by a faculty or staff member regardless of how (or whether) the individual receives compensation. All such activities are comprised of both inclusions and exclusions in defining 100% '*University effort*.'

University Effort: The portion of '*total professional effort*' that comprises one's professional/professorial workload at Augusta University, including the Medical Center for which the employee is compensated (through GRI and/or the Physicians Practice Group - PPG). (See definition of **Institutional Base Salary**). This includes research, instruction, other sponsored activities, administration, non-sponsored/departmental research, university service, competitive proposal preparation and clinical activities. For the purpose of effort certification, 'university effort' totals 100%, regardless of the number of hours worked or the individual's appointment percentage.

Institutional Base Salary (IBS): The annual compensation rate, as determined by the Augusta University, for an employee's appointment ('*University effort*') devoted toward Augusta University-related activities. Institutional base salary includes both compensation for University-related effort, and compensation from the Medical Center and the Augusta University Medical Associates (AUMA) for clinical effort. However, some specific types of compensation are not included for the purposes of effort reporting. These types include bonuses, reward/recognition compensation, et cetera.

Committed Effort: Any part of '*University effort*' that is quantified and included in a sponsored program proposal and the subsequent award (e.g., two summer months, 12% time, one half of a year, three person-months, et cetera.). This quantified effort/time is associated with a specific dollar amount of the employee's compensation.

Associated effort and funding to support this devoted effort/time can be in the form of:

- **Direct Charged Effort:** Any portion of 'committed effort' toward a sponsored activity for which the sponsor pays salary/benefits.
- **Cost Shared Effort:** Any portion of 'committed effort' toward a sponsored activity for which the sponsor does not pay salary/benefits, which instead are paid using other, non-federal Augusta University sources.
- **Uncommitted Effort:** Any portion of 'University effort' devoted to a sponsored activity that is above the amount committed in the proposal and the subsequent award. This 'extra effort' is neither pledged explicitly in the proposal nor included in the award documentation as a formal commitment.
 - For Principal Investigators/Project Directors and key personnel, uncommitted effort is not considered *cost shared effort*. However, the uncommitted effort percentage must be accounted for and documented as part of one's 100% 'University effort' on the periodic effort report.

- For other contributing personnel, uncommitted effort is considered cost shared effort and must be documented as such in Section I on the periodic effort report.

Sponsored Activities: Externally funded programs under which the University is obligated to perform a defined scope of work according to specific terms and conditions and within budgetary limitations. These programs are to be budgeted and accounted for separately from other activities. Sponsored activities include grants, contracts, cooperative agreements, clinical trial agreements, Intergovernmental Personnel Agreements and other awarding instruments supporting research, instruction, public service, and clinical trials..

Sponsor Salary Caps/National Institutes of Health (NIH): Salary caps are limitations, sponsor-imposed ceilings, on the amount of an individual's salary that a sponsor will directly support. When an employee's institutional base salary (IBS) exceeds the effective salary cap the University must fund the difference from non-federal sources. This difference is considered *cost sharing* thus the associated effort is expected to be captured on the effort report for certification purposes. .

PROCESS & PROCEDURES

Guidelines

In accordance with 2 CFR 200 -Subpart E Cost Principles, general provisions for selected items of cost set forth at: **200.430** Compensation –Personal Services and **200.431** Compensation Fringe Benefits, the institution must have a system in place to document personnel expenses. This system must meet the following standards:

- Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. Accordingly the records must:
- Be supported by a system of internal control which provides reasonable assurance that salary and fringe benefit charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-Federal entity;
- Reasonably reflect the total activity for which the employee is compensated, such compensation may not exceed 100%;
- Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- Comply with Augusta University's established accounting policies and practices used to support the distribution of the employee's salary or wages among specific activities or cost objectives;
- The system must be incorporated into the official records of the institution, reasonably reflect the activity for which the employee is compensated, and encompass both sponsored and all other activities on an integrated basis;
- The system must recognize the principle of after-the-fact confirmation or determination that costs distributed represent actual costs;
- The system will reflect activity applicable to each sponsored agreement and to each category (instruction, research and other sponsored activity) needed to identify F & A and the functions to which they are allocable);

- The system will reflect categories of activities expressed as a percentage distribution of total activities;
- The system will provide for modification of an individual's salary distribution commensurate with any significant change in work activity. Short-term (one or two pay periods) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term, such as an academic period or budget period;
- Documentation using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges and to F & A cost or other categories are reasonable in relation to work performed;
- The system will provide for independent internal evaluations to ensure the system's effectiveness and compliance with the standards; and

For systems that meet these standards, the institution will not be required to provide additional support or documentation for the effort actually performed.

Requirements

Level of Support from Federally Funded Sponsored Activities: In addition to sponsored program activity, full time faculty, as part of their 'University effort,' generally have responsibilities for other University activities such as non-sponsored research, instruction, administration, advising students, University service or clinical activity that would generally preclude their devoting 100% effort solely to federally sponsored activities. Proposal preparation for future funding (competitive, new, renewal sponsored funds) also precludes full time faculty from committing 100% effort to federally sponsored activities. Salary support for these other University activities, including competitive proposal preparations, must come from non-federal Augusta University sources, except when the sponsored project is specifically awarded for those purposes. It may be appropriate for certain research faculty to be supported at 100% solely from federally sponsored activities in cases where other such responsibilities do not exist. Incidental work and *de minimis* activities, over and above or separate from those duties assigned to a faculty member, are not included as part of one's 100% 'University effort' (e.g., on occasion teaching a continuing education course; rare, non-routine time spent in advising students).

Government sponsors expect to pay only for those portions of employee effort that are actually devoted to their projects. Augusta University is subject to audit to enforce this expectation. Employees should understand how their salary charges are distributed, and should verify for themselves that there is a reasonably close relationship between the charges and the effort devoted to the project. For research assistants and support staff, the allocation decisions are often made by the Principal Investigators, who are assumed to be most knowledgeable about the relationship between effort devoted and benefit received. It is therefore appropriate for the Principal Investigator to certify the Effort Report for these individuals. In the event that the effort expended is substantially different than the payroll distribution, a journal entry will be generated to correct the payroll distribution. Effort Report must be submitted on timely basis so that necessary corrections to the payroll system can be made. Effort Reports should reflect only the activity for which the faculty member is compensated by the institution (IBS).

Proposals should accurately represent the amount of time that key personnel are committing to the project. Administrative management of the project and administrative activities such as bid and proposal preparation should not be considered as direct project research. Total effort cannot exceed 100% and should include only those activities for which the individual receives compensation from the institution.

When cost-sharing commitment consists of direct effort on a sponsored project, federal regulations require that this effort be accounted for in the same manner as the direct effort that is reimbursed by the sponsor under the agreement.

Roles and Responsibilities

Each individual with responsibilities in University time and effort certification practices must thoroughly understand the proper method of reviewing, completing and certifying the effort reports to ensure that documented effort percentages reasonably reflect effort expended toward individual sponsored activities and to clinical activities during the report period. The following offices and positions have roles and responsibilities in the effort reporting process.

Principal Investigators/Faculty/Certifiers are responsible for:

- Understanding and employing the principles, policies and procedures related to accurate and timely certification of effort reports;
- Communicating with school/departmental administrators in the establishment of accurate and timely to ensure appropriate allocations of salary costs across various sponsored and non-sponsored activities;
- Ensuring that all effort commitments are accurately reflected on the effort reports;
- Ensuring that his/her own effort and that of other individuals working on sponsored activities under their direction is certified accurately and in a timely manner;
- Complying with Sponsor requirements regarding any significant reductions (normally >25%) in effort commitments on funded sponsored activities;
- Reacting to and correcting any inaccuracies or omissions on the distributed effort reports to accurately reflect effort commitments toward sponsored activities;
- Identifying and communicating to the College/Department situations where effort adjustments are necessary given a level of certification different from the corresponding *'payroll'* percentage;and
- Responding to any questions posed by DSPA regarding effort reports.

School/Departmental Effort Reporting Coordinators are responsible for:

- Understanding and employing the principles, policies and procedures related to accurate and timely submission of effort reports;
- Establishing effective processes to assist with compliance with policies and associated procedures;
- Moving effort reports forward via the system for certification in a timely manner;
- Reassigning effort reports, when necessary, to an appropriate person for verification/confirmation in a timely manner;

- Assisting and providing guidance to Principal Investigators/Faculty pertaining to the accurate and timely certification of their effort reports;
- Acting promptly to coordinate/process effort report adjustments based upon the reports filed by the Principal Investigator/faculty member/staff member; and
- Taking prompt action to correct payroll distribution in a timely manner, as related to any necessary distribution adjustments.

Sanctions: If the periodic effort reports are not certified timely and properly, the Division of Sponsored Programs Administration will take actions to assist with compliance with federal requirements.

These actions may include, but are not limited to:

- withholding submission of proposals, other project applications or other documents; placing active projects/awards 'on hold;' and/or
- moving salary and the associated fringe benefits to non-sponsored accounts.

Non-compliance with this policy and related procedures may result in penalties levied against the departments, Colleges and/or the University. Individuals with roles and responsibilities in the certification process are held responsible for any instances of non-compliance.

Department Chairs/Division Heads are responsible for:

- Understanding and employing the principles, policies and procedures related to accurate and timely review and submission of effort reports;
- Maintaining effective processes to assist with compliance with policies and associated procedures;
- Maintaining effective practices to assist with proper and timely scheduling of payroll distribution to ensure appropriate allocations of salary costs across various sponsored and non-sponsored activities; and
- Taking corrective action when notified of delinquent effort reports.

The Division of Sponsored Program Administration Post-Award Services is responsible for:

- Establishing and communicating policies and procedures related to time and effort certification which are consistent with the requirements of 2 CFR 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- Providing education to and heightening the awareness of those involved in the effort reporting process;
- Reviewing the methodology for data included on periodic effort reports for accuracy and completeness;
- Generating and distributing the periodic effort reports in a timely manner;
- Facilitating follow-up actions in instances of non-compliance in accordance with this policy;
- Maintaining effort reports as required by record retention policy; and
- Assisting individuals involved in the process.

REFERENCES & SUPPORTING DOCUMENTS

RELATED POLICIES

Cost-sharing or Matching Policy

Cost Transfer Policy

Direct Charging Policy

Institutional Base Salary and Fringe Benefit Charges Made to Sponsored Projects

Management and Administration of Sponsored Programs

APPROVED BY:

President, Augusta University and CEO, AU Health System Date: 06/16/2017