Time and Effort Basics

OFFICE OF RESEARCH COMPLIANCE

Make sure you complete the Quiz at the end of the presentation to receive your completion certificate!

Purpose

The purpose of this workshop presentation is to familiarize faculty and their administrative support staff with the University's effort reporting system, in order to comply with Federal regulations and AAMU policies and procedures that govern effort on sponsored projects

Goals

► Explain the requirements for effort reporting and certification

► Provide guidance on effort reporting and certification

► Walk through effort reporting training scenarios

Outline

▶ Effort Reporting Overview (*why are we doing this?*)

▶ Time and Effort Basics *(Top 10)*

▶ Case Studies

▶ Responsibilities

Time & Effort Basics

❖ *Top 10 Things You Should Know*

1

Effort is your *work* on an activity.

Total effort (100%) is your work on *all* of your total institutional activities (*Related to your IBS*).

2

Effort is *not* based on a standard 40-hour work week.

Effort ≠ buyout

3

▶ A commitment of effort on a sponsored project should be based on a *good faith estimate* of the amount of time you plan to devote to complete the project.

4

When you write yourself into a grant proposal, you are *committing* your effort to the sponsor.

Committed Effort = Paid Effort + Contributed (or Cost Shared) Effort

5

▶ Many activities *cannot* be charged to a federal sponsored project:

- ❖ Writing a proposal
- ❖ Serving on a committee
- ❖ Teaching
- ❖ Work on any other project(s)
- ❖ Etc.,

6

In most cases, effort should *reasonably* align with salary.

7

Sponsors award projects under the expectation that effort committed will be *expended* to complete the project.

Commitments are obligations, but there is *flexibility*.

8

Effort reporting is a federal requirement.

Effort must be certified by someone with the *best firsthand knowledge* and *suitable means of verifying* that the work was performed.

9

Certifying *effort* is not the same as certifying *payroll.*

10

Effort reporting and certification is *not* an exact science. Reliance is placed on *justifiable* estimates.

There's more to it than this,

but…

These ten concepts are a strong foundation for everything else.

Effort Commitments

Making a Commitment of Effort

A commitment is the amount of effort proposed in a grant proposal or other project application, and that the sponsor accepts – regardless of whether you request salary support for the effort.

✓ **A commitment is an obligation that AAMU must fulfill.**

✓ **Commitments are specific and quantified, and they generally are expressed in terms of % of your work time over a given project period.**

✓ **Commitments may be adjusted with the approval of the sponsoring agency.**

Effort Commitments on Sponsored Projects

Often, the sponsor pays all of the costs associated with a sponsored project. But sometimes AAMU bears a portion of the costs.

1) **Paid effort** is work for which the sponsor provides salary support.

2) **Contributed (or cost-shared) effort** is any work on a sponsored project for which the university, rather than the sponsor, provides salary support.

Both types of effort are important in the effort certification process.

Tracking Effort Commitments

Commitments are recognized and must be tracked for:

▶ the Principal Investigator/Director (PI/PD)

▶ all co-investigators

▶ all persons identified as senior/key personnel in the grant proposal.

When the proposal does not explicitly list key persons, the university defines **key personnel for the purpose of effort reporting as the PI and all co- investigators.**

Must I include effort on a grant?

▶ PIs have to commit at least **a minimum level of effort** to a sponsored project, whether it is directly or indirectly charged to the grant.

▶ Exceptions:

✓ Equipment and instrumentation grants
✓ Dissertation support, training grants or other awards intended as "student augmentation"

✓ Limited-purpose awards, such as travel grants, conference support, etc.

Is there a maximum commitment level?

- Primary Individuals must consider academic and non-sponsored duties when committing effort.

Is there a maximum commitment level?

- **100%** effort is allowable over the summer provided that the individual cannot perform other activities during that period (e.g. serving on institutional committees, writing proposals, etc.) whose costs are not allowable under federal guidelines.

- Individuals tasked as Supporting Individuals or Key Personnel or those with research appointments (e.g. research technicians, research postdoctoral positions or research associates) may be allowed a one hundred percent (100%) appointment on a sponsored program with a similar level of effort.

Is there a minimum commitment level?

The **1**% rule? Or the 0% rule?

► The PI or Co-PI must report a minimum of **1**% per year on any active grant if no other project personnel has submitted any T&E report for any of the quarters.

► For Grants with no Personnel Salaries (Equipment grant or Student Support), the PI must submitted the first T&E report indicating that there is no salary requests on project for the duration of the grant.

► An individual can not submit more than one T&E Report in a quarter— Unless there are some corrections being effected.

  ➢ Any corrections must be certified by the employee and the immediate supervisor with a detailed explanation.

► 100% charge on a Grant should be justified for individuals performing other university responsibilities (such as teaching, administration, student advising) during the report period.

RED FLAG

A. I had an interview with PI who reported 100% effort on a grant but when discussing his activities the PI noted that they were asked to participate in Department recruitment activities, and also served as advisor for the student club.
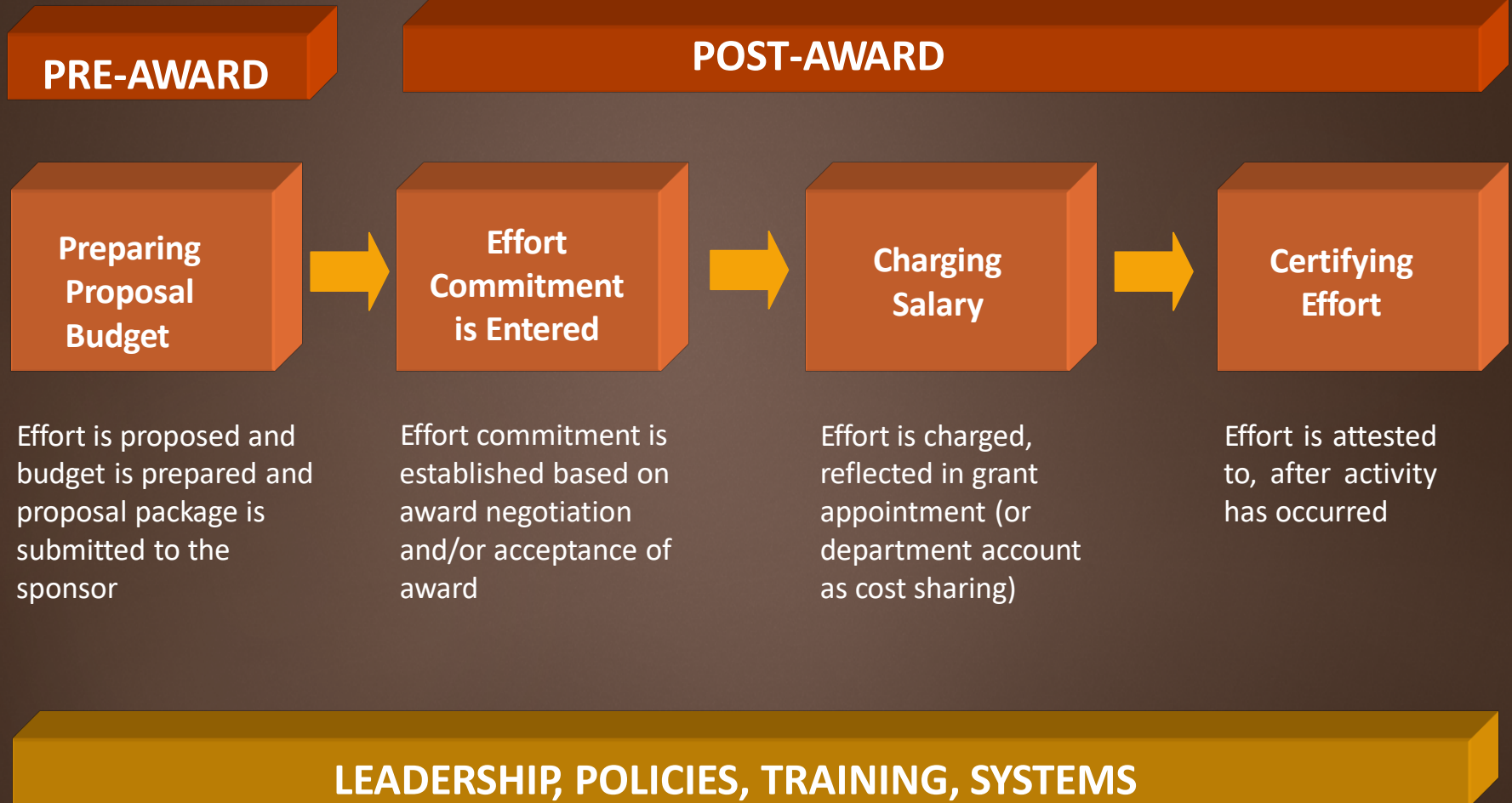
B. I was reviewing a report for a PI who reported 100% research (Research Professor) on their T&E. The T&E report was signed by his immediate supervisor (Dept. Chair). However, upon reviewing the letter that the Dept. Chair wrote in support of the PI's promotion application, *the Chair noted that despite being a fulltime research faculty, the PI had played a major role in the Department's student recruitment activities during the past three years*.

NOTE: If a Research Faculty is appointed to serve on the Dept. committee(s), s/he must be given at least 3-5% release time to account for the time they are spending on such University related activities and or service.

Effort Reporting Overview

When should I think about effort?

PRE-AWARD

POST-AWARD

Preparing Proposal Budget → **Effort Commitment is Entered** → **Charging Salary** → **Certifying Effort**

Effort is proposed and budget is prepared and proposal package is submitted to the sponsor

Effort commitment is established based on award negotiation and/or acceptance of award

Effort is charged, reflected in grant appointment (or department account as cost sharing)

Effort is attested to, after activity has occurred

LEADERSHIP, POLICIES, TRAINING, SYSTEMS

Effort Reporting and Compliance

Extramural funding for sponsored programs often times comes with strings attached

▶ Accepting federal funds means

  ❑ **compliance** with applicable cost principles

  ❑ Universities receiving sponsored research dollars should have appropriate systems, policies and procedures in place to properly document all commitments, including effort

Effort Reporting and Compliance

Effort Reporting has come under increased scrutiny

- ▶ Focus of Federal review and enforcement activity

- ▶ Several multi-million dollar False Claims Act settlements

- ▶ NSF/OIG audits (recent and ongoing)

Why is there so much emphasis on effort reporting?

Areas of government focus in audits/ investigations related to effort reporting:

- ▶ Salary charges

- ▶ Over-commitments

- ▶ Salary cost transfers and cost sharing

- ▶ Integration with systems that report time or effort

- ▶ Roles and responsibilities
  - ▶ *Who ensures appropriate salary is charged?*
  - ▶ *Who ensures level of commitment is reasonable?*
  - ▶ *Who signs the reports?*
  - ▶ *Who independently monitors to evaluate system's effectiveness?*

Importance of accurate effort reporting at AAMU.

▶ Approximately **two-thirds** of extramural funding supports salaries of faculty and staff engaged in these sponsored program activities.

▶ Through effort reporting, the university assures sponsoring agencies that the salaries charged are reasonable

Am I alone in effort reporting?

- No.

Who is responsible for accurate T&E reporting?

Effort Reporting at AAMU is a **SHARED** responsibility.

- ▶ Faculty Principal Investigators (PIs)
- ▶ Dept. Administrative and Support Staff
- ▶ Department Chairs & College Deans
- ▶ Office of Research & Sponsored Programs
- ▶ Office of Research Compliance
- ▶ VP for Research and Econ. Development

Why do we report effort?

OMB 2 CFR 200 requires that the University document the distribution of activity to each individual sponsored project

The method for documenting must:

▶ Reasonably reflect the activity for which an individual is paid by the University

▶ Reflect all of these activities performed by the individual

▶ Include after-the-fact confirmation to ensure that initial salary charges reasonably approximate actual effort

▶ Be performed by the individual or a responsible individual who has a "suitable means of verification that the work was performed"

Why do we have to report effort?

▶ Federal audit personnel rely on effort reporting to evaluate whether the salary paid on an award is reasonably relative to the effort expended on the award

▶ Principal Investigators and the University are ultimately responsible for ensuring that all charges to an award are appropriate, *including salary charges*

How do we report effort?

- Federal agencies are accountable to Congress and to the public for the use of these funds

- Salary and wages typically represent more than half of all direct costs

- Effort reports document and account for the use of those funds

Effort Reporting @ AAMU

▶ Effort reports are required for all individuals working on sponsored projects

▶ When effort reports are made available, they include the current payroll distribution *as a starting point*

▶ *Visit the website for the Office of Research Compliance for the Time and Effort Policy*

Effort Reporting @ AAMU

▶ There is a general presumption that the individual is paid based on their distribution of activities, but in some cases:

  ✓ Appointments may not have been done on time
  ✓ Appointments may not have been done correctly
  ✓ In many cases, work may occur differently than planned, so…
  ❖ *Salary adjustments may need to be made to reflect effort*

▶ The completed effort report must represent a reasonable approximation of how effort was devoted

Key Points in Effort Reporting

▶ The effort form must represent, in percentages totaling 100%, a reasonable estimate of an employee's University compensated effort for the period.

▶ *Faculty must certify their own individual effort.* Effort reports for other employees must be completed by the principal investigator, or a delegated/responsible official using a suitable means of verification that the reported effort was expended.

Key Points in Effort Reporting

▶ Effort distributions should be reasonable estimates of activities, recognizing that research, instruction, and service activity are often inextricably intertwined and estimates will be necessary in most cases

▶ The effort report form must account for all effort for which the University compensates the individual.
  ✓ Even where the number of hours of effort the individual expends each week substantially exceeds the "normal" workweek of 40 hours, effort percentages must be based on total effort, not hours.

Key Points in Effort Reporting

Effort and payroll distributions are <u>NOT</u> the same thing!

▶ The effort reporting process is a method for certifying charges made to sponsored awards and for certifying that the effort expended is at least equal to the salary paid.

▶ Payroll distributions are used initially as a proxy for effort distributions and serve as a convenient reminder about activities on which the individual worked.

▶ Therefore, the payroll-based effort report form should be adjusted to report effort distributions that are less than the shown payroll distributions.

▶ Appropriate salary reallocations must be made in concert with the changed effort report.

Key Points in Effort Reporting

Mandatory or voluntary committed cost sharing must be reported.

► Where some or all effort an individual expends on a specific sponsored research project is not funded by the project sponsor but is mandated by the sponsor or where the individual has clearly committed to uncompensated effort to the project in the application, that effort must be reported in a separate cost sharing account on the effort statement.

► This can be done before (preferably) or during the effort reporting process: communicate with ORC if cost shared effort is not shown on the effort reporting form.

Key Points in Effort Reporting

▶ Faculty and Principal investigators are required to complete appropriately certified effort report forms within 30 working days of the start of the effort certification period.

▶ Consequences of Non-Compliance:

   ▶ 30-45-60 days and escalation of communication to administrative supervisors

   ▶ Cost disallowances on sponsored projects and account suspension

Roles and Responsibilities

Principal Investigator Tasks

Tasks to be performed **during the certification period:**

▶ Review and Certify Your Effort on the T&E forms or in **Banner Self Service**

▶ Review and Certify Effort for Your Support Staff

▶ Continue communication if Effort require further action items (e.g., cost transfers, corrections, re-certification).

Principal Investigator Tasks

Tasks to be performed throughout the year:

▶ Review your own Effort and Effort for your support staff

▶ Promptly report and regularly communicate with departments and ORC/Time and Effort Coordinator to ensure that salary is charged correctly (IBS)

▶ Promptly inform Time and Effort Coordinator if effort does not accurately reflect all activities

▶ For PIs and project directors, contact ORC/Time and Effort Coordinator if actual effort will be significantly reduced (i.e. 25% or more) from effort committed in proposal

▶ Work with Time and Effort Coordinator to verify accuracy of cost sharing information reflected on Effort

Administrative Staff Tasks

Tasks to be performed **during the certification period:**

- Assist PIs in the Review of their Effort Statements
- Communicate with ORC regarding necessary adjustments

Tasks to be performed **throughout the year:**

- Review appointment information as necessary
- Communicate with ORC regarding any needed adjustments

Research Administrator Tasks

Tasks to be performed throughout the year *(similar to PIs…)*

▶ Review Effort statements for your PIs/group

▶ Promptly report and regularly communicate with PIs and ORC/Time and Effort Coordinator to ensure that salary is charged correctly

▶ Promptly inform Time and Effort Coordinator if effort statement does not accurately reflect all activities

▶ For PIs and project directors, contact ORC/Time and Effort Coordinator if actual effort will be significantly reduced (i.e. 25% or more) from effort committed in proposal

▶ Work with Time and Effort Coordinator to verify accuracy of cost sharing information reflected on Effort

Research Administrators are Critical

▶ Review the effort report to:

- ▶ Ensure mathematical accuracy

- ▶ Ensure that payroll distributions are correctly established, reviewed regularly, and adjusted as necessary

- ▶ Ensure that mandatory & voluntary committed salary cost sharing obligations are met

- ▶ Assist the certifier to meet his/her commitment to the sponsor

Case Studies and Q&A

Case Study

Dr. Spruce spends the vast majority of time on research with some time spent teaching. She teaches one course in her department to graduate students. She also has three awards which take up 75% of her time and her effort is distributed evenly among the awards (25% on each). The remaining 25% of her effort covers the time spent teaching her course.

Dr. Spruce has been asked to work 4 nights a week teaching departmental courses to students. She will be spending the same amount of time on her other obligations (the three awards and the course for graduate students).

Q: Does her effort report need to change? ❑ Yes ❑ No

Case Study - Analysis

▶ **YES**

▶ Because Dr. Spruce expanded her time on non-sponsored project activities, proportionately her effort on sponsored research projects was reduced.

▶ Therefore, she must reduce the % effort shown on the effort report as devoted to her sponsored projects.

Question

▶ If a PI is paid from non-federal awards and University funds, he or she is not required to complete an effort form.

❑True

❑False

Answer

▶ If a PI is paid from non-federal awards and University funds, he or she is not required to complete an effort form.

   ❏True

   ☒False

Explanation: Anytime a faculty member is paid from a sponsored project s/he is required to complete an effort form.

Question

▶ Only Faculty members are required to report effort expended in support of sponsored projects.

❑True

❑False

Answer

- Only Faculty members are required to report effort expended in support of sponsored projects.

    □ True

    ⊞ False

Explanation: Effort forms must also be certified by all personnel – including hourly and monthly paid staff – charged to sponsored projects. An administrator may help review effort and pay distributions but generally is not the appropriate person to certify effort.

Question

▶ Who is the most appropriate individual to complete and certify an effort report?

❑ The Departmental Research Administrator

❑ The Chair of the Department

❑ The Principal Investigator

Answer

▶ Who is the most appropriate individual to complete and certify an effort report?

 ❑ The Departmental Research Administrator

 ❑ The Chair of the Department

 ✖❑ The Principal Investigator

Explanation: The effort report must be completed by the individual whose effort is being reported or by a responsible person using a suitable means of verification that the work was performed. Ordinarily the individual must sign his/her own effort form. *Faculty must certify their own forms.*

Thank You

Click here to take the Quiz to get your completion certificate