Effort Reporting Regulations
Objectives

- Receive a broad understanding of what Effort Reporting is
- Become familiar with the federal requirements for Effort Reporting
- Know who can and cannot certify effort reports
- Appreciate the consequences of effort reporting non-compliance or false claims
What is Effort?

- Effort is the proportion of time spent on any single professional activity which is reflected as a **percentage of the total professional activity** on which an individual is employed by an institution.

- Total professional activity at UCLA may include but is not limited to teaching, clinical practice, research, preparing proposals, administrative responsibilities or any other duties performed for UCLA.
What is Effort Reporting?

- Method of certifying to the federal granting agencies that the effort required as a condition of the award has actually been completed

- UCLA’s policy requires that any individual committing effort on a federal or federal flow-through contract or grant certify that the salary charged or cost shared by the institution is reasonable in relation to the effort expended on that project

- Effort reporting is only a requirement on federal and federal flow-through contracts or grants

- 2-CFR-200.430(Uniform Guidance), sets the criteria for acceptable methods of charging salaries and wages and requires that institutions follow acceptable methods for documenting the distribution of effort for all project personnel
ERS certification forms are the primary auditable document to support salary on sponsored research awards.
Effort Reporting certification must include all personnel costs and cost sharing (if applicable).

Certification will encompass all employee activities on an integrated basis (i.e. 100% effort).

Compensation must conform to institution/federal policies and be consistently applied.
Total effort will **always** be \( 100\% \).
100% Effort Scenario 1

Dr. King works 60 hours in a week

- 20 Hours: Teaching 34%
- 5 Hours: Serving on IRB committee 8%
- 20 Hours: Research on NIH grant 33%
- 15 hours: Research on Private Grants 25%

100% Effort
100% Effort Scenario 2

Mark is hired to work part-time – 20 hours a week

- 10 hours
  - NIH grant 50%
- 4 hours
  - American Heart Assn. Grant 20%
- 3 hours
  - Teaching assistant 15%
- 3 hours
  - Office work 15%

100% effort
Is Payroll the Same as Effort?  NO!

- Payroll distributions describe the allocation of an individual’s salary.
- Effort describes the allocation of an individual’s time contributed to sponsored projects to meet effort commitments agreed to in the award, whether or not reimbursed by the federal sponsor.
- Payroll can be expressed as an estimate of actual time worked.
- Payroll is the basis for generating the effort report.
Criteria for Effort Report Generation

- Any individual who has salary paid from a federally sponsored project; this includes federal flow-through funds
  - Payroll Expense Transfer (PET)
    - Moving expenses from a non-federal fund to a federal or federal flow-through fund
  - Retroactive or Late Pay (LX)
    - Paying an employee for a past period that was not originally paid on a federal or federal flow-through fund
- For individuals with no salary paid on a Federal contract or grant, their report may not always be automatically generated. Instead, the report may need to be manually added to the Effort Reporting System
- Must have ER5-Coordinator role in DACCS in order to generate a blank report
Tolerance for difference between payroll and effort can be +/- 5%

- If an employee is unable to be precise about reporting the amount of effort expended on a specific project, policy allows for a +/- tolerance threshold

- The nationwide accepted tolerance threshold is +/- 5%
If Salary is Charged at 50% Effort the Accepted Tolerance for certifying effort is:

Percent effort as high as 55%

Percent effort as low as 45%
5% Tolerance

- The 5% tolerance does not mean that there can be a difference between the Payroll % [A] column and the Paid Effort Percent [B] column.
Committed effort begins at the proposal stage

**Pre-Award**
- Appointing Faculty & Staff
  - Employment terms are established including # months (9 or 12 mth appt). % full time, salary base
- Preparing the Proposal Budget
  - Effort is proposed, a commitment is made to the sponsor
- Charging Salary
  - Salary is charged equal to or less than activity
    - Monitor salary distribution monthly

**Post-Award**
- Relating pay to the effort
  - Effort is certified after activity has occurred.
Committed effort equals effort worked greater than or equal to salary paid

**Committed Effort**
- Effort proposed or reported on proposals, progress reports, and prior approval requests to change effort

**Effort Worked**
- How the employee spent their time
  - Effort actually worked on the grant or project throughout the quarter
  - Percent of total time worked, not number of hours

**Salary Paid**
- How the employee was paid
  - Actual payroll charged to the grant or project
  - Must factor in salary cost transfers (UPAYs)
UCLA must report effort because of federal funds flowing through NIH.
Centers for Disease Control

American Heart Association issues an award to UCLA

UCLA must report effort because of federal funds flowing through AHA

CDC funds flow through AHA to UCLA
Federal Flow-Through on Snapshot

UCLA
University of California, Los Angeles
Award Snapshot

Section I: Award Summary

Principal Investigator:
Sponsor: JOHN WAYNE INSTITUTE FOR CANCER TREATMENT AND RESEARCH [001809]
Administering Unit: PATHOLOGY DEPARTMENT ADMINISTRATION [1625]
Project Title: [Redacted]
Current Budget Period: 9/1/2013 - 8/31/2014
Project Period: 8/15/2003 - 8/31/2014

Prime Sponsor: NIH/NATIONAL CANCER INSTITUTE [000061]
Funds Awarded this Action: [Redacted]
Total Funds Awarded to Date: [Redacted]

Sponsor is the John Wayne Institute (Private Sponsor)

Whoever the Prime Sponsor is, it is their money flowing through the Sponsor to UCLA.
Who should review the effort report?

- Effort Reports must be reviewed for accuracy before certification. If it is determined that any changes (Payroll transfers and cost sharing) need to be made, they should be made before certification.

- Designated individuals
  - ERS Coordinators
  - Fund Managers

- Principal Investigators
Who should certify the effort report?

UCLA Policy:

To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the reports will be signed by one of the following:

- Employee
- Principal investigator or
- A responsible official(s) using suitable means of verification that the work was performed
What is suitable means of verification?

- Suitable means of verification is otherwise known as *first-hand knowledge* of the work performed.

- Typically, an individual with first-hand knowledge is someone in a supervisory role who oversees the employee performing their duties.

- The individual should have some documentation of how their time was spent to support the certificate. We recommend:
  - detailed calendars
  - log books
  - project reports
  - time cards
Who should certify the effort report?

- **Principal Investigators**
  - PIs must self-certify (Highlighted in Yellow)
  - It is also recommended that PIs certify for staff that they have primary oversight of, given the fact that they have first-hand knowledge of the work performed

- **Other faculty in Professorial, Professional Research, and Management titles**
  - Recommended to self-certify because they are in the best position to understand how they are spending their time in support of the various activities in which they are engaged

- **Staff**
  - Self-certification is an option and each department sets their own policies on self-certification
  - PI can certify

If you are uncertain who should certify the effort report, please consult with your ERS Coordinator or ERS Support
Who Must Never Certify?

An individual that **does not have firsthand knowledge** of work performed

- An administrator on behalf of the PI or any academic personnel
- An ERS Coordinator or department Fund Manager
Best Practice

Sit down with the PIs (or other staff) and assist in the certifying process and provide assistance if needed. In doing this you:

- Make sure reports are certified by the right person
- Make sure PI (or other staff) understands the report
- Verify that the information to be certified is correct
Words of Wisdom from Coach Wooden apply to Certifying Effort Reports!

“If you don't have time to do it right, when will you have time to do it over?”
We Don’t Want to be on the Front Page of any Newspaper

• Impact to the Institution:
  – Susceptible to False Claims Act allegations
  – Departments may have to refund the government
  – Sponsor may reduce or eliminate future funding
  – Adverse publicity

• Impact on the Individual:
  – Susceptible to False Claims Act allegations
  – Possible criminal charges
  – May lose access to current funding
Examples of Non-Compliance

◆ Yale University (2008)

- Government alleged that Yale overcharged Federal awards through improper cost transfers used to “spend down” grant funds which resulted in inaccurate and overstated effort reports.
- Government alleged that Yale researchers inaccurately certified 100% of effort on funds, when a significant amount of work was spent on other projects.
- Government alleged that a PI did not dedicate 25% of effort on project, as proposed in subaward budget.
- $7.6 million paid to the government.
Examples Non-Compliance

Florida International University (2005)
- An audit discovered that FIU did not have proper documentation to verify that PIs spent the percent of time they had promised
- Improperly billed for time, travel, and admin expenses
- $11.5 million paid to government

Harvard University (2004)
- Harvard disclosed that it had overcharged grants by requesting reimbursement for researchers who did not work on the grant
- $3.3 million paid to government
QUIZ
1.) Who should certify effort reports?
   a) The department chair
   b) Department administrators
   c) A co-worker or colleague of the employee
   d) The PI, employee or someone if a supervisory role who has firsthand knowledge of the work performed
ERS Regulations Quiz

2.) Who should always self-certify?
   
   a) All employees should self-certify
   b) The PI only
   c) All faculty in professional research and management titles
   d) Nobody
ERS Regulations Quiz

3.) Which awards require Effort Reporting?
   a) All awards
   b) Federal and Federal-Flow through awards
   c) Federal but not Federal Flow-through awards
   d) Private awards
   e) State awards
4.) When does Committed Effort begin?
   a) At the proposal stage
   b) When the work of performed
   c) When the effort reports are generated
   d) When the salary is charged
ERS Regulations Quiz

5.) Total effort will always be_____?
    
    a) The percentage the employee has committed to Federal Grants
    b) Equal to the percentages of their appointment
    c) 100%, but only if they are a full time employee
    d) 100%
ERS Regulations Quiz

6.) What is the Golden Rule of Effort Reporting?
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Answer: Committed Effort = Effort Worked $\geq$ salary charged to award
Q&A