Objectives

• Receive a broad understanding of what Effort Reporting is
• Be familiar with the federal requirements for Effort Reporting
• Have been introduced to the concept of “100% effort” and the “5% tolerance”
• 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 and is reflected as a **percentage of the total professional activity** for 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.

• Federal regulations require 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.

• 2 CFR 220 (formerly Circular A-21, Section J.10), 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.
2 CFR 220 (formerly OMB Circular A-21) requires an effort reporting system (ERS) be incorporated into the University official records and provide:

- “After the fact Activity Records: Under this system the distribution of salaries and wages by the institution will be supported by activity reports as prescribed below.
  (a) Activity reports will reflect the distribution of activity expended by employees covered by the system...
  
  (b) These reports will reflect an after the fact reporting of the percentage distribution of activity of employees. Charges may be made initially on the basis of estimates made before the services are performed, provided that such charges are promptly adjusted if significant differences are indicated by activity records.”
The Certification Forms are auditable

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 encompasses all employee activities on an integrated basis (i.e. 100% effort)
• Compensation must conform to institution/federal policies and be consistently applied
Sponsored Projects

Grants, contracts and cooperative agreements sponsored by the federal government for purposes of training, public service, clinical trials and research including federal flow-through.

- NIH, NSF, DOD, DOE, etc.

Other Sponsored Projects

Grants, contracts and cooperative agreements sponsored by non-federal entities, i.e., state, local, foundations, corporations, etc., for purposes of training, public service, clinical trials, and research

- American Heart Association, State of California, Boeing, Baxter Pharmaceuticals

Non-Sponsored Activities

- University administration, committee service
- Curriculum development and teaching and training activities where the employee is the instructor
- Preparing new proposals
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 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.
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

Post-Award
- Charging Salary
  - Salary is charged equal to or less than activity
  - Monitor salary distribution monthly
- 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 Worked ≥ 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)
Committed
(Reported on Proposals, Progress reports, prior approval requests to change effort.)

I will devote 20% of my time to this project

Thus, committed effort is 20%

Effort Worked

Actually spent 20% time on the project

Salary Paid

Worked and paid for 20% effort

Committed effort is what is reported
Tolerance for difference between payroll and effort

- 2 CFR 220: “In the use of any methods for apportioning salaries, it is recognized that, in an academic setting, teaching, research, service, and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate.”
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%
Criteria for Effort Report Generation

• Any individual who has committed effort on a Federally sponsored project whether compensated by the sponsor or not (cost-shared activities)

• Although effort reports are split into quarters, they are issued on a semiannual basis (two quarters at a time)
  • For individuals with no salary paid on a Federal grant or contract, their report may not always be automatically generated. Instead, the report may need to be manually added to the Effort Reporting System

• Includes federal flow-through funding
NIH must report effort because of federal funds flowing through NIH.
American Heart Association issues an award to UCLA

UCLA must report effort because of federal funds flowing through AHA
Federal Flow-Through on Synopsis

Sponsor is AHA

Whoever the Prime Sponsor is, it is their money flowing through the Sponsor to UCLA.
Pay Periods
Non-Academic and 11/12 Academics

➢ **Winter**: January, February, and March
➢ **Spring**: April, May, and June
➢ **Summer**: July, August, and September
➢ **Fall**: October, November, and December
Pay Periods

9/12 Academics (employees that work 9 months out of the year, but paid over 12 months)

- **Winter**: November, December, January, and February
- **Spring**: March, April, May, and June
- **Fall**: July, August, September, and October
- **Summer**: June, July, August, and September

(only additional compensation DOS codes)

Additional Compensation Dos Codes

- (ACA) Additional Compensation – Administrative
- (ACR) Additional Comp - Research
- (ACS) Additional Comp - Self Support
- (ACS) Additional Comp - Teaching
- (ACU) Additional Comp - UNEX
Certification Periods

11/12 Academics and Non-Academics
- **Fall/Winter**: October-March
  *(Fall and Winter Pay Periods)*
- **Spring/Summer**: April-September
  *(Spring and Summer Pay Periods)*

9/12 Academics
- **Fall/Winter**: July-February
  *(Fall and Winter Pay Periods)*
- **Spring/Summer**: March-September
  *(Spring and Summer Pay Periods)*
Release Dates

UCLA releases Effort Reports on a semi-annual basis (two Pay Periods at a time) on or around:

- ~April 15th - Fall/Winter Certification Periods
- ~October 15th - Spring/Summer Certification Periods
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
  o ERS Coordinators
  o Fund Managers

• Principal Investigators
Who should certify the effort report?

• Per 2 CFR 220:
  “...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 the employee, principal investigator, or 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 certification
  • detailed calendars
  • log books
  • project reports
  • time cards
Who should certify the effort report?

- **Per UC**
  - PIs must self-certify
  - It is also recommended that PI’s 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**
  - Required 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)
  o An audit discovered that FIU did not have proper documentation to verify that PI’s spent the percent of time they had promised
  o Improperly billed for time, travel, and admin expenses
    o $11.5 million paid to government

• Harvard University (2004)
  o Harvard disclosed that it had overcharged grants by requesting reimbursement for researchers who did not work on the grant
    o $3.3 million paid to government
ERS Resources and Information

Effort Reporting Website
http://ora.research.ucla.edu/EFM/Pages/EffortReporting.aspx

The Effort Reporting System (ERS)
https://ers.ais.ucla.edu/

ERS FAQ
http://ora.research.ucla.edu/EFM/Pages/ERSFAQ.aspx

ERS Help Desk
ershelp@research.ucla.edu
Effort Reporting Notifications

• To receive Effort Reporting notifications you can subscribe to the mailing list found here: http://ora.research.ucla.edu/EFM/Pages/ERSHelp.aspx

• If you are interested in setting up a meeting with EFM regarding Effort Reporting, please email ershelp@research.ucla.edu

• Future Assistance: Effort Report Open Houses may be held. These will be scheduled times for Departments to bring effort reports with which they need assistance. EFM experts will be on hand to answer questions and troubleshoot ERS.