



# Effort Reporting Fundamentals

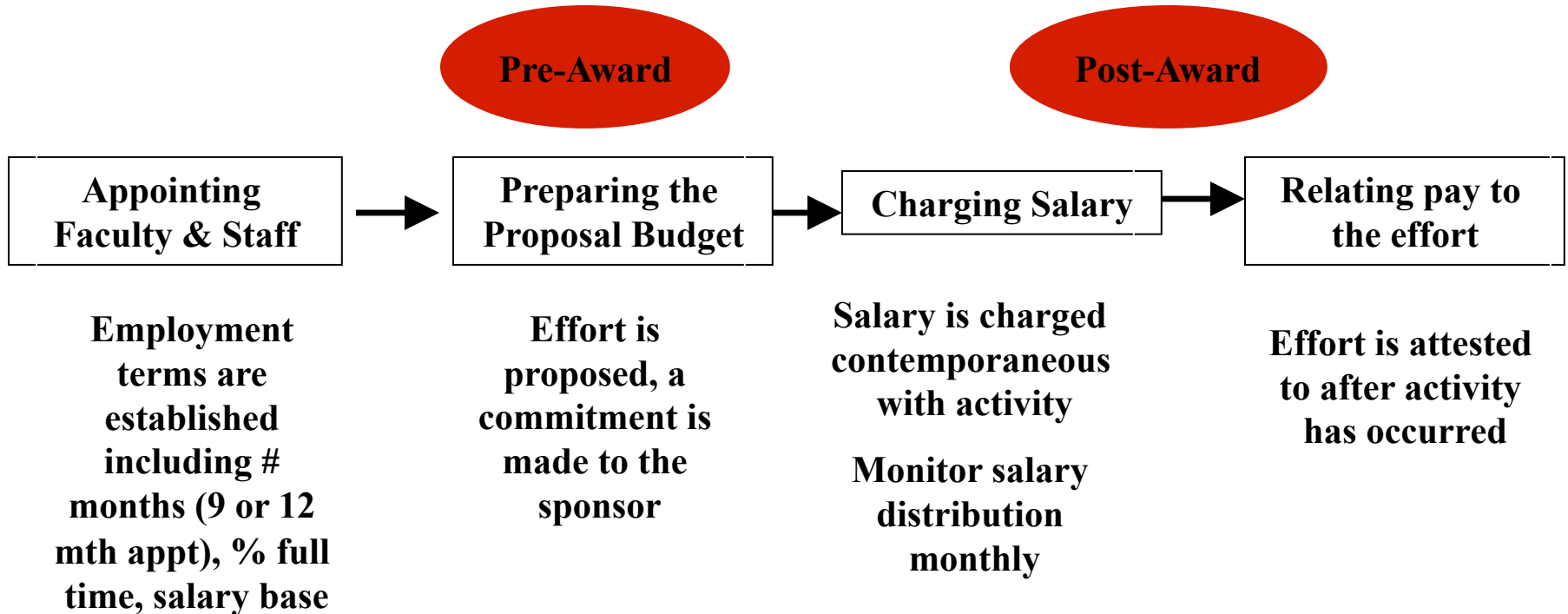
Welcome to an introduction to the fundamental concepts and requirements involved in Effort Reporting. We hope this tutorial provides the information needed to effectively utilize the University's Effort Reporting System, ERS.

# Why Effort Reporting?

- Salary charges to federal awards are required to:
  - Be reasonable for the services rendered,
  - Conform to the terms of the individual's appointment and the University's written policies, and
  - Be supported by documentation that meets federal standards for personnel expenses.

*Federal and other audit personnel rely on the documentation from processes such as effort reporting to evaluate whether the salary charged to an award is reasonable and properly allocated.*

# The effort process begins well before the effort report is generated.





# Standards for Documentation

- Based on records that accurately reflect the work performed:
  - The University's payroll system is used to charge salaries to grants and contracts.
  - The distribution of salaries reflected in the ERS is derived from payroll data.
  - These systems and the processes related to them include internal controls that assure charges are accurate, allowable, and properly allocated.



# Standards for Documentation

- The ERS:
  - Provides documentation that reasonably reflects all the activity for which an individual is compensated through UA payroll.
  - Includes after-the-fact confirmation to ensure that salary charges initially based on budgets are accurate, allowable, and properly allocated.
  - Includes confirmation by the individual (PI or other faculty or staff) paid from the sponsored project(s) or a responsible individual who uses a suitable means of verification that the work was performed (e.g. PI confirmation of graduate student activity).



# Total University Effort

- 100% Effort = Total time estimated for **all** University Activities, i.e. those activities compensated through UA payroll from all funding sources.
  - Excluded from effort reporting is any compensation:
    - Received directly from sources other than the University, such as compensation from outside consulting work permitted by the University
    - In excess of base salary for cross department, intra-University consulting (must meet strict requirements found in [OSP policies and procedures](#))
- 100% Effort  $\neq$  40 hours  $\neq$  60 hours  $\neq$  10 hours, etc.
  - No fixed work week for faculty and other monthly paid (exempt) staff



# Activities Included in Effort Reports

- Sponsored Projects Activities:
  - Includes effort devoted to grants, contracts and cooperative agreements sponsored by non-University entities, i.e., state, local, federal governments, foundations, corporations, etc., for purposes of training, public service, clinical trials, and research.
  - Includes mandatory and voluntary committed cost sharing (i.e. effort commitments made in proposal but funded by the University rather than by the sponsor).



# Activities Included in Effort Reports

- Non-Sponsored Activities: Includes Administration, Instruction and Un-sponsored Scholarly Activity such as:
  - Departmental business activities, serving on committees and supervising administrative staff.
  - Curriculum development and teaching and training activities where the employee is the instructor.
  - Research, development and scholarly activities that are not paid for by an external organization, including Voluntary Uncommitted Cost Share.
    - Voluntary Uncommitted Cost Share = University faculty (including senior researchers) effort that is over and above that which is committed and budgeted for in a sponsored agreement.





# Activities Included in Effort Reports

- Non-Sponsored Projects Activities:
  - 2 CFR §200.460 Proposal costs.
    - Proposal costs are the costs of preparing bids, proposals, or applications on potential Federal and non-Federal awards or projects, including the development of data necessary to support the non-Federal entity's bids or proposals. **Proposal costs** of the current accounting period of both successful and unsuccessful bids and proposals normally **should be treated as indirect (F&A) costs** and allocated currently to all activities of the non-Federal entity.

# Total University Effort

Army Grant



NSF Grant



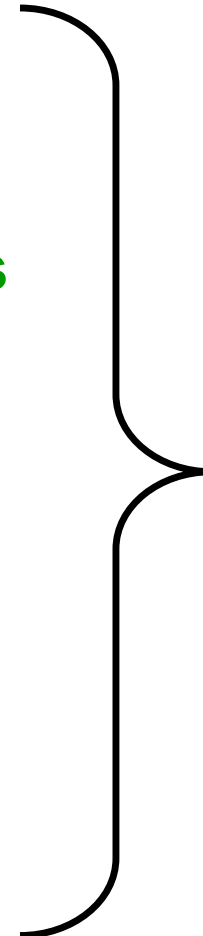
NIH Grant



## Sponsored Projects Activities

**Non-Sponsored Project University  
Activities (Teaching, Administration,  
Committee Service, Clinical  
Activities, Writing New Proposals,  
Voluntary Uncommitted Cost Share,  
etc.)**

**Consulting & Other Externally  
Compensated, or Uncompensated,  
Activities**





# Essential Concepts

- Effort and payroll distribution are related but are not the same thing
  - Payroll distributions are used to make initial salaries charges to sponsored projects and other activities based on plans and estimates.
  - Salary charges **must** be adjusted when the distribution of effort to a sponsored project is materially less than the distribution of salary to that project. Appropriate salary reallocations must be made in a timely manner.
  - The effort reporting process provides for a final review of salary charges, an opportunity to identify any needed correction and to certify that salary charges made to sponsored awards are appropriate.



# Questions?

- For more information:
  - Effort Reporting Home:
    - <http://osp.ua.edu/effortreporting.html>
  - Effort Reporting System Guide:
    - [http://osp.ua.edu/ERS\\_20032216.pdf](http://osp.ua.edu/ERS_20032216.pdf)
  - UA Effort Policies and Procedures:
    - [http://osp.ua.edu/Effort\\_Policy030116.pdf](http://osp.ua.edu/Effort_Policy030116.pdf)
  - OSP Policies and Procedures:
    - [http://osp.ua.edu/policy\\_procedures.html](http://osp.ua.edu/policy_procedures.html)