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?

- Allowability of salary charges to federal awards is dependent on a formal documentation process
  
  • Federal and other audit personnel rely on effort reporting to evaluate whether the salary charged to an award is reasonable
  
  • The percentage of salary charged to an award should be no more than the percentage of effort expended on the award

- Federal agencies are accountable to Congress and to the public for the use of these funds
The effort process begins well before the effort report is generated.

**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 contemporaneous with activity
- Monitor salary distribution monthly

**Post-Award**
- Relating pay to the effort
  - Effort is attested to after activity has occurred
General Requirements

- The distribution of effort is based on payroll data.
- The method for documenting must:
  - Reasonably reflect all the activity for which an individual is compensated through UA payroll.
  - Include after-the-fact confirmation to ensure that initial salary charges reasonably approximate actual effort.
General Requirements

The method for documenting must:

- Include 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” (OMB Circular A-21)
    - Auditors define “suitable means of verification” as written documentation. For example, detailed calendars, log books or other written documentation provided by the individual who actually did the work.
OMB Circular A-21 recognizes “…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…”
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 ≠ 40 hours ≠ 60 hours ≠ 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

  - OMB A-21 “…Charges to sponsored agreements may include reasonable amounts for activities contributing and intimately related to work under the agreements, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences, but **NOT writing new funding applications**…”

  - 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
  
  - **Proposal preparation**
  
  - 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
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

Total University Effort
Essential Concepts

- Effort and payroll distribution are related but are not the same thing
  - The effort reporting process is a method for certifying that the effort expended is at least equal to the salary charged to sponsored awards.
  - Payroll distributions are made based on planned effort and should be adjusted when time/effort was not or will not be spent as planned.
  - Payroll-based effort reports must be adjusted to reflect actual effort when that effort is materially less than the pay distributed to sponsored projects. Appropriate salary reallocations must be made when effort reports are adjusted.
Questions?

For more information:
- Effort Reporting Home:
  - [http://osp.ua.edu/effortreporting.html](http://osp.ua.edu/effortreporting.html)
- Effort Reporting System Guide:
  - [http://osp.ua.edu/ERS.pdf](http://osp.ua.edu/ERS.pdf)
- UA Effort Policies and Procedures:
  - [http://osp.ua.edu/Effort_Policy.pdf](http://osp.ua.edu/Effort_Policy.pdf)
- OSP Policies and Procedures:
  - [http://osp.ua.edu/policy_procedures.html](http://osp.ua.edu/policy_procedures.html)
- Institutional Base Salary for Sponsored Programs
  - [http://osp.ua.edu/Institutional_Base_Salary.pdf](http://osp.ua.edu/Institutional_Base_Salary.pdf)

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