Understanding Time and Effort Reporting

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What is Effort?

- Total effort is defined as whatever amount of time a person devotes to fulfilling his/her university responsibilities.

OMB Circular No A21 J10c(2)(a)-(f)
Effort Reporting is…

- A way for an employee to certify that

1.) Effort supported (paid) by a federally sponsored project has been performed as promised.

2.) Effort expended in support of a federally sponsored project but not paid by the project has been performed as promised

*OMB Circular No A21 J10c(2)(a)-(f)*

Effort Reporting…

- Is required by federal regulation and university policy for all individuals working on federally funded sponsored projects

- Makes salary sources for the period congruent with effort spent for the period

OMB Circular No A21 J10a-b

Why Should We Care?

- Signed effort reports are considered legal documents in which an individual attests to the accuracy of the effort spent on sponsored projects.
- Erroneously certifying effort reports can be viewed as fraud.
- We are obliged by federal regulations to exercise good stewardship of those funds.
  1. Effort is a part of that stewardship.
  2. Personnel costs are the majority of research costs.

*False Claims Act, 31 U.S.C., sections 3729 & 3721*
Fines Levied and Recent Audits

- Northwestern University - $5.5 million (2003)
- Johns Hopkins University – $2.6 million (2004)
- East Carolina University - $2.4 million (2004)
- Harvard University/Beth Israel Deaconess Medical Center - $3.25 million (2000 & 2004)
- Dartmouth - $37,780 (2005)
- University of Connecticut $2.5 million (2006)

National Conference on College Cost Accounting
www.costaccounting.org
And Again

Why Should We Care?

- A lack of good understanding may leave project directors at risk for making decisions that increase effort reporting compliance risk.

*OMB Circular No A-133 Section_.525(d)(1)*
How is Faculty Effort Determined

NOT based on 40 hour work week
Based on 100% of faculty activities
- Sponsored project activities
- Non-sponsored project activities
  ► Administration (including duties as chair, dean, etc)
  ► Instruction
  ► Clinical activities
  ► Research w/o external funding

OMB Circular No A122 8m(2)(b)
OMB Circular No A21 B1a-b

http://www.whitehouse.gov/omb/circulars
For Example:

- If you work 60 hours a week, 30 hours represents 50% effort.

- If a graduate student works 20 hours a week, 20 hours represents 100% effort.
For Example (continued):

Estimate of weekly hours spent on sponsored project

\[ \frac{\text{Estimate of weekly hours spent on sponsored project}}{\text{Total hours in an average work week}} \] = \% Effort on Sponsored Project
Components of 100% Effort

Examples: Sponsored Project Activities

- Effort on Federal grants or contracts (e.g. NIH, NSF, DOD)
- Effort on non-federal research projects (e.g. a foundation grant or industry sponsored award)
- Effort for a specific funded sponsored project:
  - Writing progress reports; holding a meeting with lab staff; presenting research results at a conference; reading journals to keep up to date with the latest advances in the project topic area
  - Even if the project work is not completely paid for by sponsor (e.g. salary cost sharing)

*OMB Circular No A21 B1b(1)*
*OMB Circular No A21 B1c*
Components of 100% Effort
Examples: Non-Sponsored Project Activities

- Attending general departmental faculty meetings
- Serving on the university committees
- Serving on an NIH Study Section or NSF Peer Review Panel

*OMB Circular No A21 B1a-d*
Activities NOT Included in 100% Effort

- For example, consulting for pay through a nonUniversity consulting agreement
- If you have any questions about whether an activity is or is not part of the 100%, check with the Office of Grants and Contracts

*OMB Circular No A21 J10e*

Can The Total Effort Listed on the Effort Report Be Less or Greater than 100%

- **NO**
- The effort percentages on the Effort Report must total 100%.
- All KSU compensated effort (base salary) must be accounted for.
- Regardless of the total number of hours worked in a week, 10 or 60, the total effort is still 100%

*OMB Circular No A21 J10(a)*

Pay sources should reasonably reflect activity.

- OMB Circular A21 J10b(1)(c)
  “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.”

Distribution of effort should represent a reasonable estimation of the actual effort expended during the term being certified.

*OMB Circular No A21 J10b(1)*©
Helpful Hints to Determine a Reasonable Estimate of Actual Effort

- A variety of resources may be useful in jogging one’s memory
  - clinical time reports and schedules
  - teaching schedules
  - outside activity forms
  - “other support” forms
  - leave reports
  - calendars
  - correspondence
When Do I Submit My Time and Effort Reports?

Kennesaw State University uses after-the-fact certification

Therefore submit your Time and Effort Reports…

- Faculty and Professional Staff - after each academic term (no later than 15 days after the close of the academic term)
- All Other Employees - Monthly (no more than 15 days after the close of each month)

*OMB Circular No A21 J10c(2)(e)*

Who Certifies My Time and Effort

- Each individual is responsible for the certification of his/her own Time and Effort Report.
- Federal requirements are that anyone certifying effort for another individual must credibly have first hand knowledge of the individual’s actual effort.
- KSU requires Time and Effort Reports to have 2 signatures:
  - The individual performing the work
  - And the project director

- The project director must get his/her own Time and Effort report certified by his/her direct supervisor (e.g. department chair, dean)

*OMB Circular No A21 J10c(2)*©
Red Flag Issues

- Late effort reports
- Effort certified by someone without first-hand knowledge
- Percentage left outside of sponsored project % not credibly sufficient to cover teaching, clinical, administrative or other university work.

*OMB Circular No A133 Section_.525(d)(1)*
Red Flag Issues (continued)

- Revisions to Time and Effort Reports
- Significant data inconsistency between effort report and other documentation such as:
  - Clinical time reports
  - Outside activity forms
  - Other support forms
  - Leave reports

*OMB Circular No A133 Section .525(d)(1)*
Points to Remember

- The compliance environment has become more stringent...and that is not likely going to change in the foreseeable future.
- The individual is responsible for certifying his/her own effort.
- The % is NOT based on a 40 hour work week. It is based on the individual’s own work week.
- Effort reporting tracks the reasonable approximation of actual activity on projects and should not simply mimic budgeting amounts.
Valuable Web Sites

- OMB Circulars
  http://www.whitehouse.gov/omb/circulars/
- NIH Grants Policy Statement
- NSF Proposal Guide
- Federal Demonstration Partnership
  http://thefdp.org/
Help is Available

- Your departmental resources
  - Business Affairs Manager
  - Department Chair

- The Office of Grants and Contracts
  - Anna McCoy ext 6984
  - Shannon Kinman ext 3377

http://www.kennesaw.edu/budgets/grants/GOS.HTM
Reference Materials

  http://www.kennesaw.edu/budgets/grants/ppm-050526-revised.doc

- Time and Effort Form
  http://www.kennesaw.edu/budgets/grants/pagf-Time%20and%20Effort%20Form.xls
Any Questions?