**Eastern Illinois University**

**Policy on Effort Reporting**

As a recipient of external funding, Eastern Illinois University must assure federal and other sponsors that the assignment of effort and associated salary and fringe benefit costs to projects they sponsor is fair, consistent, and timely. Award of a grant or contract is based on commitments made by the principal investigator (PI), co-investigators, and associates to spend specific amounts of time on the project. The sponsor (government or other) considers this commitment a legal obligation. Failure to abide by this commitment or document the committed effort could be viewed as a failure to perform under the terms and conditions of the agreement with the granting agency.

The Federal requirement for effort certification is detailed by OMB Circular A-21, Cost Principles for Educational Institutions. Section J8a of this circular states that compensation for personal services is allowable under two conditions: (1) The “total compensation to individual employees conforms to the established policies of the institution, consistently applied…” (2) Any “charges for work performed directly on sponsored agreements and for other work allocable as facilities and administrative (F&A) costs are determined and supported” by an effort reporting system*.* Hence, an effort reporting system is required for anyone who receives compensation with federal funds. In order to meet the Federal standard of consistency (like costs treated the same in like circumstances) – all sponsored agreements are subject to effort reporting regardless of source of funds.

**Who is subject to Effort Reporting?**

Any employee that has regular or additional salary charged to a federal, federal flowthrough, or non-federal sponsored award is subject to effort reporting.

**Effort** is the proportion of time spent on professional/project activities such as research, teaching, or administration for which an individual is employed by Eastern Illinois University. Effort does not include activities such as consulting that are conducted outside the terms of employment at Eastern.

**Total institutional effort** is the time spent on all activities for which the employee is *compensated by the institution*. It includes teaching or other scholarly activities, research, administrative activities, mentoring graduate students, service on committees or panels, and work on sponsored projects. Separately compensated outside consulting and other outside professional activities should **not** be included when assessing total institutional effort.

**Effort reporting** is a method of documenting the proportion of work time devoted to project activities as a percentage of total institutional effort.

**Payroll distribution** describes the allocation of an individual’s salary; showing how an employee’s pay is distributed from the funding sources of projects and organizations to which the employee is assigned. Eastern’s effort reporting process relies on payroll distributions to provide a general reference of the projects on which an individual’s salary was charged during the certification period. This assists in development of effort distribution, which is utilized in effort reporting.

**Effort distribution** describes the allocation of an employee’s activity to individual projects. It differs from payroll distributions in that it involves the amount of *time* an employee spends on projects independent of salary. Effort distribution calculated as the percentage of an employee’s total institutional effort that he or she spends on individual projects. Effort reporting is an account of effort distribution.

**The Effort Reporting Process**

The **Effort Certification Form**is the document Eastern uses to officially confirm the effort devoted to externally sponsored projects. Signed Effort Certification Forms are considered legal documents in which an individual attests to the accuracy of the effort spent on sponsored projects.

The Payroll department generates Effort Certification Forms complete with effort distributions and salary distributions that are stored in the payroll system. The Office of Research and Sponsored Programs is responsible for distributing Effort Certification Forms to professorial and professional employees after the conclusion of the semester for which reporting is required. Non-exempt staff paid via sponsored grant or contract funds will receive a monthly “Compensated Activity Report” or “Activity Record” along with a copy of their bi-monthly payroll certification.

The response deadline is 2 weeks after distribution of the report. Failure to return an Effort Certification Form in a timely manner may result in suspension of a grant account.

Effort Certification Forms and non-exempt staff activity record forms include a notation reflecting compliance with OMB Circular A-21:

*I confirm that I have first-hand knowledge of all the work performed by the above employee(s) and that the above distribution of activities represents a reasonable estimate of work performed for the period indicated. The signature of the supervisor and/or individual who has first-hand knowledge of the effort performed on the sponsored project along with their title and the date is required. These reports are to be certified by signature of the fiscal officer of the grant and by the employee(s) receiving compensation from the grant/contract.*

Completing the Effort Certification Form:

To ensure accuracy in reporting, the person completing the Effort Certification Form must be a person with first-hand knowledge of the effort expended. In general, the individual named on the Effort Certification Form should be the one to sign/certify his or her effort. The principal investigator will also certify the effort of co-investigators, other faculty or professional staff, and other personnel (e.g., graduate students or research assistants) whose effort is devoted to the sponsored project.

Principal investigators are required to review, modify as necessary, and certify that the effort percentages for themselves and their key personnel are reasonable estimates of the actual work performed. Federal guidelines and Eastern policy recognize that the activities that constitute effort are often difficult to separate. Effort certification must often rely on a reasonable estimate of effort, and when estimating, a degree of tolerance of ± 5% is appropriate.

Supporting evidence for the Effort Certification Form:

Examples of documents that could support the Effort Certification Form include the semiannual faculty activity summary, personal schedule, or workload document. These supporting documents should be kept for a period of three years from the close-out of the project (i.e., for as long as the Effort Certification Form is kept).

Total Institutional Effort:

**Total institutional effort must always equal 100%**. All effort conducted on behalf of the University must be accounted for and the sum of individual effort categories cannot be greater or less than 100%. The fact that an individual may work more than a normal 35- or 40-hour week does not alter this rule. One hundred percent effort is not defined as a single, standard number of hours or days per week, since it will likely be different for each person and may vary during the year. The number of hours implicit in an individual’s 100% effort must be reasonable and supportable to department, school, university and external reviewers.

For example, an individual who spends 40 hours a week teaching and 40 hours a week conducting research should report an effort percentage of 50 percent for each category, totaling 100 percent for the report period.

Total institutional effortmust “reasonably reflect the activity for which the employee is compensated by the institution.” This means that all of the researcher’s effort in teaching, research, service, and administrative activities must be included.

Individuals completing effort reports are required to identify other areas where they provided effort with no salary support and to ultimately report the appropriate distribution of effort over all activities. Time spent on grants or contracts must be included in effort reports, regardless of whether the sponsor pays for the time or the cost is shared by the University.

Common Effort Reporting Mistakes:

Some common potential misunderstandings of effort reporting should be avoided:

Reporting effort based on a 40-hour work week, rather than on the *actual* hours worked:
If a researcher spends 20 hours per week on a project and reports 50% effort (based on a 40-hour work week), but actually worked 50 hours, that researcher is improperly reporting effort. The researcher must account for **all** hours worked (total institutional effort), therefore, the effort reported on the project should be 40%.

Failing to factor unpaid time into total institutional effort:
A researcher who has spent many hours mentoring a promising graduate student may fall into the error of thinking “I do that on my own time.” However, because the work is part of the total institutional effort, it must be factored.

Not counting project time in total institutional effort:
If a researcher spends 10 hours per week on a project and 30 hours per week on all other institutional activity, then total institutional effort is 40 hours. The 10 hours spent on the project is a percentage of that total effort (in this case, 25%).

These examples illustrate failure to measure effort on a federally sponsored project against “total institutional effort.” These discrepancies are not likely to withstand scrutiny in a federal audit or a claim under the False Claims Act.

Material inaccuracies in Effort Certification Forms can result in the misallocation of costs to sponsored projects. An improper allocation of costs reported by internal, external or federal auditors may result in disallowance of the costs. In such cases, the federal government may declare the contract or grant void and seek recovery of those salaries, wages and (possibly) other costs from Eastern.

Reporting Cost Sharing of Effort:

Time spent on grants or contracts must be documented, regardless of whether the sponsor pays for the time or the cost is shared by Eastern. For example, if a faculty member expends effort on a sponsored research project but does not charge the project for all (or any) of his or her salary for that effort, the entire effort must still be allocated to that project. Any and all matching, in the form of salaries and wages, that is proposed to an agency on the budget or in the proposal narrative, must be documented on the Effort Certification Form. Unfunded effort must be recorded in the cost-sharing column next to the listing of the specific sponsored research project on the Effort Certification Form. As an example, if a faculty member expends 75% of his or her total effort on a sponsored project, but the sponsor is charged for only 50% of his or her salary, the 50% is entered on the Effort Certification Form in the column marked “Payroll” and the 25% is entered in the column marked “Cost-sharing”. It is important to understand that this rule applies only to effort specifically expended on a sponsored project. A full description of Eastern’s cost sharing policy is found in a separate document.

**Retention of Records**

The Office of Research and Sponsored Programs is responsible for retaining original signed/certified Effort Certification Forms (either hardcopy or electronically signed versions), based on federal record retention guidelines. The Office of Research and Sponsored Programs is responsible for returning to Payroll a copy of any Effort Certification Form which indicates that a retroactive salary adjustment is necessary. The Payroll department is responsible for making any retroactive salary adjustments. *The Office of Research and Sponsored Programs strongly recommends that departments retain copies of signed/certified Effort Certification Forms and any supporting documents for a period of three years from the close-out of the project.*

**Retroactive Changes to Effort Report Forms**

Certified effort forms assert that the information represented is to the best of the certifier’s knowledge, accurate and complete. Changes to previously certified effort erode the credibility of the certifier as well as the entire effort certification process. For these reasons, retroactive changes to a certified effort form are not allowed except in limited circumstances, which require extensive documentation as to why the effort was originally certified incorrectly.

Retroactive changes in distribution may be warranted in the following exceptional situations:

* When necessary to correct clerical and data entry errors.
* When subsequent information is received indicating an incorrect original entry
* When charges applicable to a continuing project have been charged to the old account number because the new account number was not established when the expense was incurred.
* When a sponsor specifically authorizes in writing the charge of pre-award costs to a new project.
* When closely related work is supported by more than one funding source, costs may be transferred from the originally charged account to another account, provided the cost is a proper and allowable charge to the receiving account and the inter-relationship between the accounts is fully explained in the request. If an over-expenditure is being transferred to another project, especially strong supporting evidence is required for approval.

The following retroactive changes and transfers will **not** be approved:

* When insufficient reasons and explanation are provided.
* When the change is merely for the purpose of utilizing unexpended funds of a sponsored project.
* When the change is to circumvent award restrictions or avoid a cost overrun by charging another unrelated project.
* When a change unrelated to a sponsored project applies to a closed fiscal year. Any request for a retroactive adjustment requires a Letter of Justification (LOJ) that clearly sets forth why previous effort was erroneously certified and why the requested change is appropriate within the context of federal requirements and/or university policy. Letters of Justification are submitted to the Director of Compliance in the Office of Research and Sponsored Programs.

**Frequently Asked Questions:**

**Are there some sponsored projects for which I can report 0% effort?**

Individuals are expected to commit some level of effort (>0%) on sponsored projects on which they are listed as a principal investigator or key personnel with the exception of equipment and instrumentation grants.

**How often are Effort Certification Forms completed?**

Professorial and professional employees file an Effort Certification Form three times per year—at the end of the fall semester, the spring semester, and the summer (in which all summer terms are considered one semester). Non-exempt staff paid via sponsored grant or contract funds will receive a monthly Effort Certification Form.

Employees may file an Effort Certification Form more frequently provided that the following conditions are met: (1) All employees in a given unit report consistently at the same interval. (2) More frequent reporting is consistent with the nature of the work done by the employees.

**What if my effort on an externally sponsored project changes?**

A change in effort noted on the effort certification form (regardless of how small the change is) must always be accompanied by a change in the payroll or cost sharing. Any significant increase or decrease to the level of effort should be addressed as the changes would clearly have an impact on the scope of work of the project. In those instances, the funding agency should receive prior notification of significant change in effort with justification and may require agency approval before effort is changed.

**Would I ever file an effort report more than once a semester?**

Employees may file an Effort Certification Form more frequently provided that the following conditions are met:

1. All employees in a given unit report consistently at the same interval.
2. More frequent reporting is consistent with the nature of the work done by the employees.

**How is effort calculated?**

An individual’s effort on a particular project is reported as a percentage of his/her total institutional effort during the relevant time frame. This percentage is derived in the following manner:

* The numerator is the employee’s time spent on the project
* The denominator is the employee’s total institutional effort (all activities in a workweek, including those of the project).