

## Division Policy on Effort Reporting

The Office of Management and Budgets' (OMB) Uniform Guidance: *Cost Principles, Audit, and Administrative Requirements for Federal Awards* includes regulatory requirements for certifying effort expended on sponsored awards with which the UADA must comply. Effort directly charged to sponsored projects and any committed cost shared effort (i.e., committed effort that is not directly charged to the award) must be identified in the UADA's effort distribution/reporting system.

The principles that govern how the UADA must document time and effort on federal awards are in OMB Uniform Guidance which requires each grantee to maintain a system of distributing salary charges to federal awards that results in a reasonable allocation of salary charges to each award. The salary distribution system also must include a periodic review to confirm the reasonableness of salary charges to the federal projects.

UADA employs an *After-the-Fact* effort reporting system that provides the principal means for certifying that the salaries charged to sponsored projects are reasonable and consistent with the portion of total professional activity committed to the projects.

The following categories of UADA employees are certified on generated effort reports:

1. All faculty, graduate students, and administrative and professional employees with salary charged to sponsored projects;
2. All non-exempt support staff, undergraduate students, and limited duration employees paid on sponsored projects.

### *UADA's Position on Implementing – Effort Reporting Policy*

The UADA receives significant funding for sponsored projects from federal and state governments, private foundations, organizations, and industry. There must be accurate effort planning and confirmation when these funds are expended for salaries and wages. To comply with grantor regulatory requirements UADA has implemented a system for certifying the allocation of salaries and wages associated with all sponsored funding.

### *Purpose of Policy*

The purpose of effort reporting is to provide a reasonable basis for distributing salary charges among direct activities (e.g., sponsored projects) and non-sponsored activities (such as instruction and administration). OMB Uniform Guidance requires that the University document the distribution of activity to each individual sponsored project, including any cost shared effort (i.e., committed effort that is not directly charged to the award).

### *Method of Reporting*

1. At the beginning of each fiscal year and/or budget year salaries and wages are planned and distributed to various activities based on an individual's expected effort (i.e., effort commitment proposed in sponsored project budget). Effort

distributions are accomplished via payroll costing allocations in Workday and should be reasonable estimates of activities, recognizing that research, instruction, and other sponsored activities are often inextricably intertwined and estimates will be necessary in most cases.

2. This effort distribution is normally accomplished by departmental financial or administrative support, in consultation with the Principal Investigator. The effort distribution must be adjusted in a timely fashion for significant changes in effort when they become known. If you have any questions please call the appropriate Sponsored Programs or Grants Office for assistance.
3. The effort planning and confirmation system must only reflect the activity (research, teaching, administration, and any other activity) for which the investigator or employee is compensated by UADA. External activities such as consulting or non-UADA (professional) committees are **not** to be included.
4. UADA is allowed to record effort as a percentage of total activities (i.e. teaching, research, administrative, including chairmanships and committee work, based on appointment or role at UADA and compensated by UADA, etc.) not as hours worked. Therefore, all of an employee's compensated activities must be reported in percentages of 100% regardless of the appointment full-time equivalent.
5. Effort certification and payroll costing allocations are not the same thing.
  1. Payroll Costing Allocations (based on compensation) represents an initial estimate of how effort is expended and serves as a convenient document in support of activities on which the individual worked.
  2. The effort certification process is a method for confirming that charges made to sponsored awards are reasonable in relation to the work performed. This is done by reviewing, updating and preparing salary reallocations, and, if necessary, making appropriate changes to the effort reports, and certifying effort reports.
6. If actual effort on a grant is greater than salary charged, and it is committed cost sharing, that cost shared effort must be captured within the Workday (WD) Effort Reporting system via the use of matching grant and designated worktags.

#### *Who is Required to Complete Effort Certifications*

Individual effort reports are required for all faculty, graduate students, administrative and professional employees, undergraduate students, non-exempt and limited duration employees with effort allocated to sponsored projects.

1. An effort report for all faculty, graduate students, and exempt employees is required to be completed for the quarter (July-September), (October-December), (January-March) and (April-June) in which a portion of their effort is allocated to a sponsored project.

2. The effort report must represent, in percentages totaling 100%, a reasonable estimate of an employee's Division compensated effort for the period.

### *Verification & Sign-Off*

All faculty certify their own effort except in limited circumstances. Exceptions to this practice require documented approval by the appropriate SAVP and corresponding SP/Grants Office. In addition, all student and temporary staff effort is certified by the Principal Investigator(s) on the assigned project(s) where the individual's effort is allocated. For all other employees, effort certification reports must be self-certified by the individual employee, or by a responsible supervisory official having suitable means of verification or **firsthand knowledge** of all the activities performed by the employee.

### *Effort Reporting Procedures*

An individual, based on worker category and payroll distribution will complete effort certification after the close of each quarter during each fiscal year.

*\*\*Note: Effort Certifications for the Workday implementation year will cover the entire fiscal year.*

The schedule for certifying effort is determined at the beginning of each calendar quarter based on payroll cutoff period. SP/Grants Office will provide advance notice to departments prior to running quarterly effort reports.

Departments and Principal Investigators are responsible for periodically reviewing effort distribution for appropriateness and accuracy of effort expended on all projects.

All costing allocations against grants and contracts should be reviewed to ensure alignment with effort commitments made in the award agreement. It is recommended that the review be done monthly or no less frequently than quarterly.

- OMB Uniform Guidance requires adjustments to salary allocations (reallocations) in response to significant changes in work activity. Reallocations are considered cost transfers and must be timely and reasonable.
- Failure to adjust salary allocations in a timely manner will result in errors to salary charges to grants, leading to over/under recovery of salaries. This is an audit exposure which potentially risks UADA's ability to receive external funding.

### *Effort Reporting Process*

Effort certification reports are generated on the schedule assigned to the worker category and will route first to Effort Reporting Reviewers. Automated email notifications from Workday provide an alert that effort reports have been generated for the period. Effort Reviewers are to review the effort reports they receive for accuracy as soon as possible after the reports have been generated and have routed to their Workday inbox.

During the review process and prior to certification by the worker, costed (reallocations of pay) changes can be made within the effort report by the Effort Certification Reviewer. In this case, the Effort Certification Reviewer would change the effort on the report via the “Change Effort” option on the report. Changes to the report will **require** a reason for the change (Change Reason Code) as well as an adjustment to the percentage effort allocated to the funding source. Regardless of the changes in distribution of effort, the total effort in an effort report must always equal 100%.

#### *Changes to Effort Certification Percentages*

After the Effort Certification Review has been completed and any necessary changes have been made if applicable, the Effort Certification Reviewer submits the report to the appropriate worker who has been designated to certify the report.

The worker who certifies the report will review the effort report for accuracy. If the report is true to the certifier’s knowledge, the worker will select to certify and submit the report. If the report requires further editing because it is inconsistent with the actual effort expended, the certifier should return the report to the Effort Certifier Reviewer with comments regarding the changes that are needed. The Effort Certification Reviewer will review the comments and make any necessary adjustments and return to the certifier for review and certification to complete the process.

If changes have been made to the effort report during the certification process, a payroll accounting adjustment (PAA) will originate from the effort report after it has been certified such that the payroll information for the worker can be corrected in Workday to accurately reflect the information contained within the effort report.

***Please Note:*** *Changes to Effort Report Percentages should only be made by the Effort Report Reviewer. Effort Certifiers can Request changes by entering a Comment specifying changes needed and Sending Back the effort report to Reviewer who will make the changes to the report as well as initiate the Payroll Adjustment in Workday.*

#### *Effort Report Re-certifications*

Once an Effort Report has been certified in Workday, no further adjustments to that individual’s distribution of effort are allowed unless approved by the appropriate SAVP and corresponding SP/Grants Office. Changes to previously certified effort erode the credibility of the certifier as well as the entire effort certification process.

Changes to a certified effort form (re-certifications) are not allowed except in limited circumstances. Sufficient documentation must be provided that supports allowability and allocability and must explain why the effort was originally certified incorrectly. An effort re-certification requires the approval of the appropriate SAVP and corresponding SP/Grants Office.

#### *Terminating Worker Effort Reporting Process*

If a grant-funded worker subject to effort reporting terminates before effort is certified,

the effort for terminated employee must be certified by the Principal Investigator or other individual with suitable means of verifying effort or firsthand knowledge of the work performed from a supervisory perspective because the worker is no longer available to certify.

#### *Report Distribution/Follow-Up/Filing & Archiving*

SP/Grants Office is responsible for the electronic distribution, collection and retention of all effort reports. Certifications will be made available by SP/Grants Office to authorized auditors.

The initial review by the Effort Reviewer must be completed within **one week** of the Workday notification to ensure Effort Certifiers adequate time to certify. The initial certification by the **Effort Certifier must be completed within two weeks** of the Workday notification. Any subsequent Workday notifications related to this process must be completed **within two days**.

To ensure timeliness of certifications by workers in compliance with UADA guidelines, effort reviewers should utilize the Workday Effort Work Area Summary Report to proactively manage the effort reporting process within their area. This report should be reviewed on a weekly basis to determine what reports may still be outstanding in the department and in need of certification. Effort Reviewers should continue to follow up with certifiers who remain on the report in an “in progress” status as the respective effort reporting deadline approaches to facilitate resolution of such reports.

Be advised that excessive disregard of the policy could lead to disallowed costs on sponsored projects, which could then be transferred by SP/Grants Office to a departmental account.

#### *Reminder Notices*

Workday reminder alerts will be sent periodically during the 30 day period after certification reports have been generated for the previous quarter.

#### *Record Keeping Requirement For Effort Certification Reports*

All Electronic Certification Reports are kept online within the Workday Effort Certification System, which is the official system of record at UADA. Therefore all Effort Certification Reports are discoverable documents by both internal and external auditors.

#### *Roles and Responsibilities*

The major responsibilities each party has in connection with UADA’s Effort Reporting Policy are as follows:

##### **Effort Certification Reviewer:**

1. Responsible for reviewing, changing (if necessary) and submitting electronic effort certification reports.
2. Maintain effective processes and controls to ensure compliance with this policy.

3. Ensure accurate costing allocations and appropriate payroll adjustments for confirmation of effort within the accounting system, including cost sharing.
4. Ensure payroll is in line with certified effort by completing salary reallocations; updating WD with a worker's costing information, and documenting cost sharing.
5. Actively track certification progress each effort reporting period and follow up directly with certifiers to ensure completion.

**Principal Investigator and Certifiers:**

1. Ensure appropriateness and accuracy of effort expended on sponsored projects.
2. Provide updates to effort distributions and communicate to departmental financial or administrative support staff as changes become known.
3. Review, send back (if necessary), and certify effort reports.
4. Request sponsor approval for any effort reductions of 25% or more, paid or unpaid, on a federal grant or contract. If the PI or key personnel reduce paid effort, s/he/they may choose to document cost-sharing so that the total effort does not decrease.

**SP/Grants Office:**

1. Develop and implement effort reporting policies, procedures, and training in accordance with the regulations set forth in OMB Uniform Guidance.
2. Develop and deliver appropriate effort reporting training sessions.
3. Electronically generate/distribute effort certification reports for all employees identified as expending effort on sponsored projects.
4. Reconcile costed changes made to effort certification reports to Payroll (adjustments).
5. Monitor the effort planning and confirmation process to ensure compliance with the Division's Effort Reporting Policy.
6. Review effort reports to ensure reports are reviewed and accurately completed and returned to SP/Grants Office on a timely basis.
7. Report questionable practices and recurring problems to the Associate VP for Finance and Administration.
8. Work with external auditors as they monitor the Division's compliance with effort reporting regulations.

## FAQs

### **What is effort?**

Effort is the portion of time spent on a given professional activity and expressed as a percentage of the total professional activity for which an individual is employed by UADA.

Effort considers all professional activities related to the individual's appointment (teaching, research, and administration). Total effort must always equal 100%, regardless of appointment (whether part-time or full-time equivalent) and without regard to the number of hours worked in a week.

### **Why is effort reporting important?**

Effort reporting is required by federal regulation as outlined in [OMB Uniform Guidance](#), and is a process by which the salary charged to a sponsored project is reflected as commensurate to the effort contributed on that project. The federal government requires certification of effort expended by all employees whose salaries are charged to federal and federal flow-through funds, as well as for reporting committed cost sharing. Effort reporting ensures government funds are being spent responsibly and in accordance with the commitments as specified in the grant proposal.

### **Who should review effort reporting?**

- Effort Certification Reviewers perform the administrative review of effort certifications for faculty, staff, and graduate students.
- Principal Investigators (PIs) perform a secondary review of certifications for graduate students and temporary employees with salary allocated to their grants.

### **Who should certify effort reporting?**

Effort reports should be certified by responsible persons with suitable means of verification that the work was performed.

- Faculty must certify their own effort.
- Principal investigators must certify student and temporary employee's effort.
- For all other employees, effort reports must be self-certified by the individual employee.

### **Do certifiers receive notifications regarding effort reporting?**

Yes, when the effort report is submitted (approved) by the Effort Certification Reviewer for certification, the certifier receives an automated Workday notification.