



WPI

Title: Effort Reporting Frequently Asked Questions (FAQs)

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1. What is effort and effort reporting?

Effort is the proportion of compensated time devoted toward any University activity; it is expressed as a percentage of the total institutional activities of the employee. OMB regulations require Universities have internal controls to verify effort recorded to federally funded awards is reasonable and reflects actual work performed. Effort reporting provides a means of verifying that both:

- Effort compensated by a sponsored project has been devoted, as promised (direct charge)
- Effort expended on a sponsored project, but compensated by the University (cost sharing), has been devoted, as promised.

Effort reports, or personnel activity reports, must account for all effort for which the University compensates the individual. This includes all effort expended on sponsored projects, administration, business development, instruction and non-sponsored scholarly activity, clinical activity, and other activity. It does not include effort for which the employee receives compensation directly from another entity (i.e., independent consulting work). It is important to consider that effort is not calculated on either a 37.5 or 40 hour workweek or other University approved standard workweek. Thus, even when the number of hours of effort the employee expends during the period reported substantially exceeds the "normal" workweek of 37.5 or 40 hours, the total effort expended by the employee must account for all the work performed by the employee and cannot exceed 100%.

Example: If the employee worked 40 hours in one week on a sponsored project and 20 hours in the same week on an unrelated University project, then the employee's effort report should show 67% effort devoted to the sponsored project (40 hours divided by 60 total-effort hours) and 33% on the unrelated University project -- regardless of the fact that the employee's normal work week might be 40 hours. Effort is expressed as a percentage based on the total number of hours worked by the individual and is not reflected as hours. The total effort expended cannot be more than – or less than – 100%.

2. Why is effort reporting important?

Certified effort reports provide auditable documentation to confirm that WPI personnel did, in fact, commit the level of effort described in a proposal as awarded to the University. Both direct (salary and fringe benefits) and indirect costs may be disallowed and penalties imposed if the federal government finds such documentation to be inadequate. In addition, individuals may be subject to criminal penalties for knowingly falsifying the certification of effort on a report. Finally, audit findings can and often do make headlines, which the University must avoid.

3. Who is subject to effort certification requirements?

Any individual, who works any portion of his or her time on sponsored projects or activities whether compensated or uncompensated by that project, is required to certify effort in accordance with the procedures in the WPI Effort Reporting Policy. WPI faculty and professional staff will certify their effort on sponsored activities two times per year (July – December and January - June). WPI personnel paid via timecards will continue to provide the required certification of their effort through completion and approval of timecards, which require supervisor and/or department head signature and approval. Approved timecards provide auditable documentation of an employee's certified effort.

4. Is it necessary to certify effort associated with other compensation?

When an employee receives compensation directly from another entity (i.e., outside consulting work), this effort need not be considered.

5. Who should certify effort reports?

Either the individual or someone having first-hand knowledge of the activities performed by the employee must certify effort reports. The person signing the effort report must have suitable means of verification that the work was performed. In most cases, this will be the employee performing the work. In the employee's absence, the principal investigator or other staff member with first-hand knowledge of the work may also certify the effort report. *The certifier must be able to verify that persons listed on sponsored projects performed the work.*

6. How often do I need to certify effort?

For faculty members and professional staff, effort certification is required two times per year (July – December and January – June). Other employees will use time cards to document effort on a bi-weekly basis.

7. When is it necessary to make adjustments to effort or payroll distribution?

Anytime that payroll does not reasonably reflect how the employee spent his/her time on the certified effort report by a margin of +/- 5%, a retroactive adjustment to effort and payroll distribution is necessary. OMB recognizes that activities that comprise an individual's total effort (teaching, research, service, administration, etc) are often difficult to separate and an exact assessment of factors that contribute to costs is not always feasible, nor is it expected. Certification must rely on a reasonable estimate of effort during a specified time period, and when estimating, a degree of tolerance is acceptable and appropriate. *WPI recognizes this degree of tolerance to be no more than +/- 5%.*

8. How do I determine if my effort is a direct charge or cost sharing?

Cost sharing is a commitment of institutional funding or resources for which the University is not reimbursed by the sponsor. As a general rule, anytime an individual's level of effort exceeds the amount of equivalent payroll distributed as a direct charge to a sponsored project, the result is cost sharing (i.e., when effort exceeds pay, the University must pay for the difference out of its own funds) because this cost is not paid by the sponsor. There are two types of cost sharing (committed has two components):

- Committed Cost Sharing
 - Mandatory Committed - This type of cost sharing is required by a sponsor as a condition of award. Mandatory cost sharing results either from statutory requirements or from agency policy requirements.
 - Voluntary Committed - This type of cost sharing is not required by the sponsor, but is offered by an institution as a demonstration of its commitment to the project. When voluntary cost sharing is included in a proposal, it becomes committed cost sharing once the award has been made.
- Uncommitted Cost Sharing - This type of cost sharing results from contributions made toward a sponsored program above the amount committed for in an award. Uncommitted cost sharing does not have to be tracked, documented, or reported to federal sponsors, and is not included on effort reports. This type of cost sharing occurs when effort exceeds compensation.

9. My sponsoring agency requires that I express my effort in terms of person-months, but I must certify my effort in terms of % effort. How do I convert person-months to % effort?

To convert person-months to % effort, divide the number of person-months by the total number of months in the period.

Example:

1.5 person-months in the summer:

$1.5 \text{ (person-months)} / 6 \text{ (total number of months in the July – Dec. effort period)} = 25\% \text{ effort}$

3.5 person-months in the second half of the semester:

$3.5 \text{ (person-months)} / 6 \text{ (total number of months in the Jan. to June effort period)} = 58.33\% \text{ effort}$

10. If a 9-month employee is awarded salary for 100% of their effort during the summer term, as approved in advance by the Provost, can they still participate in non-grant related activities during the summer term? Take a vacation? Write and submit proposals?

No. If an employee has been awarded 3-months (i.e., 100%) of their summer salary by an extramural agency, the agency expects that individual to devote 100% of her/his effort on the funded project(s). This means that normal academic year activities (i.e., teaching, advising, committee service, proposal writing, etc.) should be discontinued during the summer months. This also means that vacation time off is not allowed during the summer months.

11. If I am the PI on a grant that pays 100% of my summer effort, can I direct students working on my research?

Yes. To the extent that effort associated with directing the research of students working on the PI's research is required to complete an approved scope of work, it is an allowable activity.