

Effort Reporting

Background

As a recipient of federal funding Hawai'i Pacific University (HPU) is required to comply with the Office of Management and Budget Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") as well as other federal requirements for certifying effort expended on sponsored awards. HPU requires all individuals who receive federal sponsored funding to comply with University policies and sponsoring agency regulations regarding the proposing, charging, and reporting of effort on those awards.

University faculty and staff are expected to charge their time to sponsored awards commensurate with the committed effort expended on all activities they perform. Payroll charges to sponsored awards, and cost sharing recorded for faculty and staff, serve as the initial data points for the University's effort reporting system.

Understanding of Effort

Effort is measured as a percent of the individual's total university employment obligation. Percent effort represents the proportion of time an individual spends on each university activity and is expressed as a percent of the individual's total university activity. Total university activity = 100% effort. The percent effort is not based on a typical 40-hour workweek. Total university effort is 100% whether a typical work week is 20 or 60 hours. Total effort may not exceed 100% and should include only those activities for which an individual receives university compensation, including work performed on sponsored projects, whether reimbursed by a sponsor or university funded.

Purpose of Policy

The Uniform Guidance Subpart E §200.430 contains the federal regulatory requirements for internal controls over certifying time expended on sponsored projects. The University's practice is to utilize an after-the-fact effort reporting system to certify that salaries charged, or cost shared to sponsored awards, are reasonable and consistent with the work performed. The individual's effort is first assigned to specific awards in the payroll system based on anticipated activities. Actual effort expended on each project is certified by a responsible person with suitable means of verification that the work was performed, generally the principal investigator, at the end of specified reporting periods. The effort certification should be a reasonable estimate of how time was expended. Section §200.430(c) states, "*It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs [Institutions of Higher Education] a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.*"

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).

It is the university's policy to comply with Uniform Guidance requirements for certifying time spent working on sponsored projects. All individuals involved with the administration and conduct of federally sponsored award activities, including central and departmental sponsored project administrators, principal investigators, and other research personnel must comply with this policy. The University 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.

HPU employees classified as exempt must report and certify their effort on sponsored projects using the university's Time and Effort Report (TER). The exempt employee's effort must be reflected as a percentage of the employee's total HPU effort. The TERs are generated at the end of each reporting period and distributed to the exempt employees for certification.

HPU employees classified as nonexempt must report and certify the time spent on sponsored projects through the university's Electronic Personnel Action Form (EPAF) bi-weekly timecard system rather than through the TER.

This policy provides requirements and guidelines for time and effort reporting and management of effort commitments for all sponsored programs, federal, state, and private, at HPU.

Policy

The university policy requires a Time and Effort Report to be completed by each individual (faculty, professional staff, or graduate assistant) who has been involved with an externally sponsored program during the certification period, and each report should account for 100% of a person's effort. Each department has primary responsibility for compliance with this standard. PIs and other department personnel are responsible for ensuring salaries charge appropriately and that the TER form reasonably reflects the percentage distribution of efforts expended by faculty and professional staff involved in federally-funded and state-funded grants, contracts, and cooperative agreements.

University Payroll System and Effort Reporting

An effective effort reporting process is closely tied to an effective salary distribution process. In order for grants and contracts to be properly costed, salary distribution to and among sponsored projects and non-sponsored activities must remain consistent with effort reporting. Payroll must be set up in a timely manner according to planned effort driven by effort commitments on sponsored projects and non-sponsored activities. Additionally, if after-the-fact effort certifications disclose that actual effort was different than planned, then salary distributions should be reconciled in a timely manner to the after-the fact effort certifications.

Payroll and effort distributions are not the same thing; payroll distributions describe the allocation of an individual salary, while effort distributions describe the allocation of an individual's activity to individual projects independent of salary. HPU's effort certification process relies on payroll distributions to provide a general reminder of the projects on which an individual's salary was charged during the certification period. Individuals completing effort reports are required to identify other areas where they provided effort with no salary support (cost sharing) and to ultimately report the appropriate distribution of effort over all activities.

Frequency of Certification

On a regular basis (i.e., every six-months and separately for nine-month faculty with summer compensation), a time and effort report form will be generated by the OSP for faculty and for managerial and professional, clerical, and technical staff whose compensation was charged in whole or in part to a sponsored project during the respective effort period. These effort report forms must be completed, certified, and submitted within a defined deadline. Nonexempt employees certify the time spent on sponsored projects through the university's EPAF bi-weekly timecard system.

Who Should Sign the Certification Report?

The certification report be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed.

Effort certification reports are signed by the employee and the principal investigator or other responsible official to confirm that all activities (sponsored and non-sponsored) are reported correctly and that the distribution of effort shown on the certification report reflects a reasonable estimate of the percentage of total effort that was spent on each activity.

Signing the report confirms that effort, as certified, reasonably represents the effort expended during the period. The report must be completed and returned within the defined deadline.

Changes to Time and Effort Reports during Certification

- If, at the end of a certification period, the effort percentage reflected on the certification is not a reasonable estimate of the employee's effort, the percentage should be crossed out in ink with the correct percentage written in the margin.
- OSP will adjust salary charges accordingly where the certified time and effort differs significantly from the payroll distribution.
- Salary charged to a sponsored project must never exceed the amount of actual time and effort devoted to that project.
- If a change in time and effort indicated on the Time and Effort Report requires approval by the sponsor based on the terms and conditions of the agreement, OSP will contact the PI.

Responsibilities

Payroll

- Responsible for processing any applicable Labor/Salary redistributions or corrections.

Office of Sponsored Projects

- Calculates percent effort by category based on payroll information and enters on TER
- Distributes TER to principal investigator for all exempt personnel on their sponsored project
- Review certified TER for a significant change in effort. Reconcile costed changes made to effort certification reports to Payroll (adjustments). Ensure payroll is in line with certified effort by completing salary reallocations and sending to Payroll for processing.
- Retains all certified Time and Effort Report
- Monitors principal investigators' compliance with effort reporting requirements
- Supports audit and other inquiries regarding the university's effort reporting process

- Develops and monitors all policies, procedures, and training materials for effort reporting
- Conducts effort reporting training sessions

Principal Investigators

- Monitor their own effort and that of other key personnel listed on their awards to ensure that effort commitments are being met. Notify OSP of significant changes in effort throughout the year.
- Review appropriate documentation to insure that charges to sponsored projects are consistent with the effort devoted to those projects.
- Ensure that the university's accounting records are consistent with certified effort by completing the Salary Cost Transfer Request form (OSP 11) if there is a significant change in effort and documenting cost sharing.
- Certify their own percent effort.
- Certify other employee's effort on sponsored project, where appropriate, using suitable means of verification
- Supports and endorses cooperation with the university's compliance and monitoring efforts related to effort reporting

Deans, Department Chairs, and/or Administrators

- Reviews and certifies Time and Effort Reports for faculty who are on sabbatical or who are otherwise unavailable for signature.
- Supports and endorses cooperation with the university's compliance and monitoring efforts related to effort reporting

Key Personnel Requirements for Change in Effort

For federally sponsored grants, if the PI or key personnel specifically named in the Notice of Award will reduce time devoted to the project by 25 percent or more from the level that was approved at the time of award or will be absent for more than three consecutive months, prior approval must be obtained from the federal awarding agency. Any significant change in work activity for the PI or key personnel who are listed on the Notice of Award from the agency must be approved prior to the change and in writing by the sponsor's grants officer. It is not sufficient to simply communicate the change to the program officer. PI's should notify the OSP regarding any changes that fall under this category. OSP will maintain a log of applicable key personnel effort requirement listed on the award document.

Non-compliance

Failure to follow the provisions of this effort reporting policy may subject the individuals and departments responsible for the violation(s) to administrative and/or disciplinary actions in accordance with university disciplinary procedures and the judgment of management.

Specifically, and without limitation,

- If effort reports are not completed and returned in a timely manner, salary costs associated with uncertified grant activity may be removed and charged to a departmental account.
- OSP may suspend submission of any new proposals on behalf of a noncompliant PI, or inclusion of a noncompliant researcher in proposals, until effort reports are up to date and properly completed and certified.
- Certification of effort reports that are known to be materially inaccurate may expose the individual who completed the reports to personal disciplinary action.

Definitions:

Cost Sharing: Mandatory or voluntary effort expended on one project and paid for by another funding source. Certain sponsors require mandatory cost sharing at the time of application and this must be verified in the effort reporting system.

Effort: Work or the proportion of time spent on any activity and expressed as a percentage of total time. The effort reports are intended to record the total effort an individual expends as an employee of Hawai'i Pacific University.

Effort Reporting: Effort reporting encompasses a number of processes including committing effort, tracking effort applied to the various activities performed, adjusting effort based upon actual time spent, and certifying that the effort is accurate and reflects the work actually performed on the projects during the reporting period.

Institutional Base Salary (IBS): The annual compensation paid by Hawai'i Pacific University for an employee's appointment, whether that individual's time is spent on research, teaching, patient care, or other activities. IBS excludes any income that an individual earns outside of duties performed for Hawai'i Pacific University. Unless there is prior approval by the Federal awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.

NIH Salary Cap: A salary limitation established by NIH in its Annual Appropriations Act. NIH will not reimburse grantees for salaries at a rate in excess of the level specified in the appropriation language.

Supplemental/Summer Salary: Faculty compensated for nine-month academic appointments are permitted to earn up to an additional three months of supplemental/summer paid compensation on one or more sponsored and/or non-sponsored activities. Individuals can earn up to the equivalent of three months of additional salary for that effort, subject to the college and sponsor policies and the appropriate college level approval. Charges for work performed by faculty members on Federal awards during periods not included in the base salary period will be at a rate not in excess of the IBS.

Voluntary Committed Cost Sharing: Represents effort that was committed to the sponsor above the percent of payroll charged to the project. This must be verified during the effort certification process.

Voluntary Uncommitted Cost Sharing: Represents effort expended above any commitments to the sponsor and is not required to be certified in the effort reporting system.