Effort Reporting FAQ

Definition

Effort Reporting is the method of certifying to the federal granting agencies that the **effort** (the amount of time spent on a particular activity) required as a condition of the award has actually been completed.

Below are Frequently Asked Questions in Effort Reporting

1. **Why do we have to certify effort?**

   OMB's Uniform Guidance requires that institutions receiving federal awards maintain systems and procedures documenting the distribution of activity, and associated payroll charges, to each individual sponsored agreement. Effort Certification is our means of providing assurance to sponsors that faculty and staff have met their commitments, paid or unpaid, to sponsored projects.

2. **Why is effort reporting important to Emory?**

   Federal awards represent the majority of Emory's sponsored project grant and contract award activity. Salary expense represents the largest direct cost component included in the budgets of sponsored projects. Paying salaries with federal funds requires an institution to have a system that provides records on how individuals participating in federally funded sponsored agreements actually spend their time. It is incumbent upon institutions receiving federal funding to maintain accurate and auditable systems and records. In recent years, the federal government has become very active in reviewing the effort reporting requirement. It is currently a specific audit focus in federal audit plans. As evidenced below, federal audit disallowances can result in large audit disallowances and financial penalties for institutions. Additionally, criminal charges may be brought against an individual certifying to falsified effort. Some of the recent cases of audit disallowances are:

   - Columbia University paid $9 million in the settlement of a False Claims Act case in connection with federally funded grants. The key issues of the case related to effort charges and certifications.
   - Yale University paid $7.6 million related to false claims and common law allegations in the management of federally funded research grants. The settlement focused on cost transfers and effort reporting.
   - Northwestern University paid $5.5 million to settle issues related to problems with effort reporting, on a contracts and grants base of $325 million;
   - South Florida returned $4.1 million to the federal government to settle a number of charging issues, including effort reporting;
   - University of California paid a total of $2.1 million to settle an NIH salary cap limitation disallowance for the period July1, 1995 through June 30, 2002.

Documentation on how individuals spend time on federally sponsored projects is subject to audit and can result in institutional or individual disallowances. Institutional disallowances can result if:

1. Effort Report was certified by an individual other than the employee or someone who has the "first-hand" knowledge of 100 percent of the employee's time;
2. Effort Report does not encompass all of the activities as described in OMB's Uniform Guidance performed by the employee under the terms of their employment;
3. Levels of effort reported do not appear reasonable, given the responsibilities of the individual.

Individual disallowances can result if:
1. Effort certified on the Effort Report by the individual is found to be falsified;
2. Levels of effort reported do not appear reasonable.

3. **Who should certify effort forms?**
   Effort should be certified by the PI, the supervisor or by an employee who has firsthand knowledge of the time spent by the individual. The signer must understand what they are signing and "know" the effort. Business managers, administrative and accounting personnel should not certify for faculty. The certifier should be as close as possible to the work performed.

4. **How is effort determined?**
   Effort is not based on a 40 hour week. Effort is based on 100% of your activities for which you are compensated by Emory University regardless of the amount of time it takes to complete those duties.

5. **When is effort certified?**
   Effort for all eligible employees is certified on a semi-annual basis. The effort periods are as follows: September - February, and March – August. The department has 90 days from the end of the effort period to certify the online forms.

6. **How do I make adjustments if the effort is not correct?**
   If your report is not in agreement with your actual effort, either cost sharing must be recorded or an RST (Retroactive Salary Transfer) must be processed on line to adjust the distribution of payroll. These steps must be done by the Pre-reviewers prior to the certification. RSTs submitted over 90 days after the end of the effort period will not be accepted without proper approval (please refer to the OGCA Cost Transfers and Payroll Reallocation Policy for details).

7. Can I make Salary Transfers to an effort period that has not been opened yet?

You can make salary transfers before an effort period has been opened, but all RSTs must be done using the electronic RST system.

8. Can more than one person be set up as the department coordinator?

No, there can be only one department coordinator per department. However, the Division Head can also manage department issues.

9. What are the different roles in ERS?

The ERS system has the following roles available:
   a. Central Administrator
   b. Division Head
   c. Department Coordinator
   d. Sub department Coordinator
   e. Pre reviewer
   f. Certifier

10. What is the role of Central Administrator?

Central Administrator provides oversight, departmental coordinator training, and management to the ERS system, initiates effort reports, applies/processes cost adjustments, monitors for compliance and provides help desk support.

11. How can effort be split among multiple grants?

The system requires whole percentages. In case of multiple grants, effort should be split over multiple grants in whole percentages. In the event of audit, the effort over the multiple accounts is what would be the issue not the 3% on one and the 4% on a different one.

12. How do I know who is approving my RSTs?

The ERS system has a report called "Pending CT Approvals". This report lists all the pending transfers awaiting approval from the Department Heads. You can access this under "Reporting" and then choose "Ad Hoc Reporting". After you open the "Pending CT Approvals" report, simply locate the name of the employee affecting the CT. The location of this pending CT can be located under the "Division Pending Review" column. For example: Division CX stands for School of Medicine.