

The Fundamentals of Effort

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RESEARCH ADMINISTRATORS

Learning Objectives

- **Effort Overview**
 - What is Effort?
- **Effort Life Cycle**
 - How do we propose effort at the pre-award stage and manage it during the post-award process?
- **Effort Reporting**
 - Effort has been committed, what happens next?

Effort Overview

WHAT IS EFFORT?

EFFORT OVERVIEW

Regulations, Statutes, & UNC Operating Standards

- Federal
 - 2 CFR Part 200 (Uniform Guidance)
- UNC-CH
 - Operating Standard 300.7 Direct Costs Personnel
 - Operating Standard 500.7 Cost Sharing
 - Operating Standard 600.5 Effort Reporting
- OSR Operating Standards and Procedures Access
 - <https://research.unc.edu/sponsored-research/operating-standards/>

EFFORT OVERVIEW

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 the University. (Total professional activity includes research, teaching, administration or other activities.)

- **Calculating Effort:**
 - A reasonable estimate
 - Total Effort Must Equal 100%
 - Not based on a standard 40 hour work week (proportion of all hours worked)
 - Based on UNC definition of effort. Main exclusion is outside activities (e.g., external consulting)

EFFORT OVERVIEW

Effort vs. Salary/Payroll

- Effort is not simply a verification of salary or payroll distribution. Effort and payroll distribution are not the same thing.
- Payroll is the distribution of an individual's salary
- Effort describes the allocation of an individual's time and effort spent for specific projects, ***whether or not reimbursed by the sponsor.***

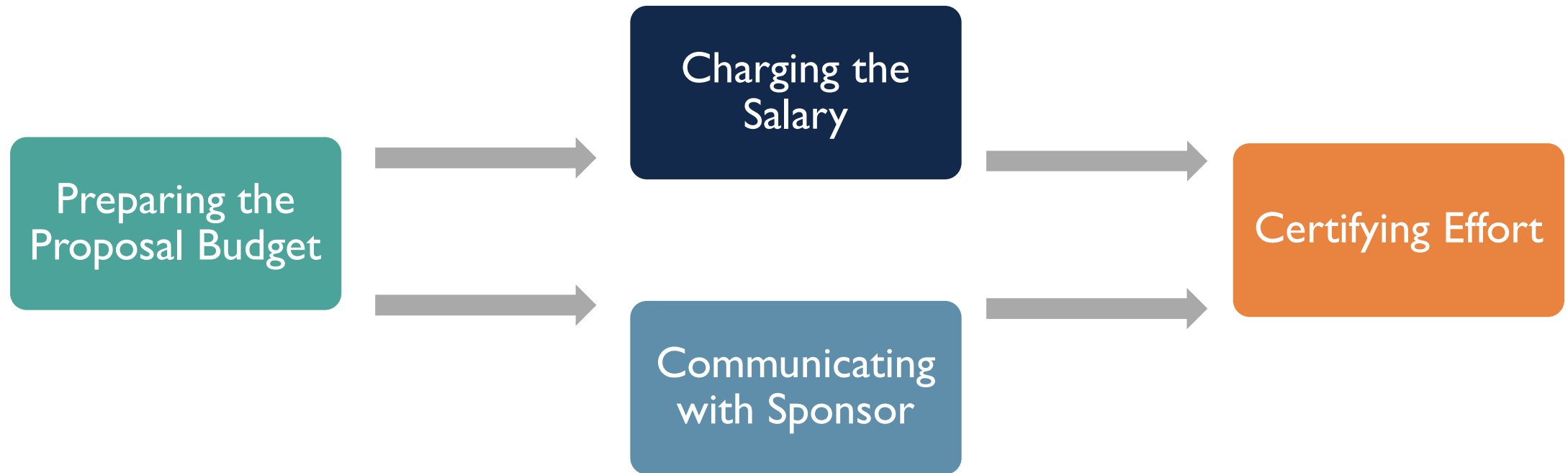


Effort Life Cycle

**HOW DO WE PROPOSE EFFORT AT THE
PRE-AWARD STAGE AND MANAGE EFFORT
DURING THE POST-AWARD PROCESS**

EFFORT LIFE CYCLE

Overview



EFFORT LIFE CYCLE

Effort During the Proposal/Pre-Award Stage

- Effort Levels Proposed Should:
 - be consistent with the actual effort each individual is expected to expend on the sponsored project during the relevant project period.
 - for Principal Investigators (PI) and key personnel be sufficient to ensure oversight of financial, scientific and compliance aspects of a sponsored project.
 - reflect a commitment from the PI to expend at minimum 1% effort during at least one effort reporting period of performance to accurately reflect their leadership of the project.

EFFORT LIFE CYCLE

Effort During the Proposal/Pre-Award Stage

- Institutional Base Salary (IBS)
 - Amount of salary support requested for a sponsored project should be determined using the individual's IBS.
 - The IBS includes all amounts paid to the individual by the University as compensation for services rendered
 - The IBS includes supplements for administrative activities (Department Chair, Institute Director) but does not include consulting and other outside compensated professional work.

EFFORT LIFE CYCLE

Cost Sharing

- The portion of project costs not paid by sponsored funds.
- The University discourages voluntary cost share and expects the sponsor to bear the full cost of the sponsored agreement.
- Committed Cost Share – When approved, the effort associated with committed cost share will be included in the proposal and shall be considered part of the commitment of effort on a sponsored project.
- Uncommitted Cost Share – Not considered part of the commitment of time on a sponsored project and does not have to be included in the proposal.

EFFORT LIFE CYCLE

Cost Sharing – Salary Cap

- The effort associated with any salary above a sponsor-imposed salary cap shall be considered effort (cost share) and considered part of the individual's 100% effort.
- NIH Salary Cap – currently \$197,300 as of January 5, 2020
- To ensure that salary related cost share expenditures are appropriately identified to the correct award and captured as effort for the individual, the project ID should be added to the non-sponsored chartfield string.

EFFORT LIFE CYCLE

Effort During the Post Award Process

- At the time the University receives a Notice of Grant Award all estimated effort levels proposed at the pre-award stage become commitments that the sponsor expects to be fulfilled.
- Effort commitment to the project should be monitored periodically throughout the post-award administration process to ensure that the salary being charged to the project reflects the actual amount of effort committed.
- If actual effort levels are inconsistent with the salary being billed to the project updates to the salary distribution must be completed.

EFFORT LIFE CYCLE

Effort During the Post Award Process

- Adjusting salary levels to reflect committed effort:
 - Electronic Payroll Action Requests (ePARs) are used to adjust salary levels
 - Funding Swaps
 - Payroll Accounting Adjustment Tool (PAATs)
 - Lump Sum Payments
 - Job Changes
 - Position Changes
 - New Hires
- All ePARs are subject to review and approval at the department and central office level.

EFFORT LIFE CYCLE

Effort During the Post Award Process

- During the life cycle of a sponsored award, when required by sponsor policies, it is the PI's responsibility to obtain University and sponsor approvals for:
 - Absences for a continuous period of 3 months or more
 - A significant reduction (25% or more from the level of effort approved at the time of award) of the PI's and/or key personnel specifically named in the award requires the prior approval of most sponsors
 - Same rules apply for No Cost Extensions – most sponsors expect that the PI and key personnel will continue to devote the same level of effort during the no cost extension period as during the original award period

Effort Reporting

**EFFORT HAS BEEN COMMITTED, WHAT
HAPPENS NEXT?**

EFFORT REPORTING

What is Effort Reporting?

- Effort reporting is the process by which the **salary charged** to a sponsored project is **reviewed after-the-fact to assure** that the salary charged was **reasonable in relation to the effort expended** on that project.
- Effort reporting provides assurance to sponsors that salary charges are justified and that researchers devoted the effort that was promised in the proposal and agreed upon at the time of the award.

EFFORT REPORTING

Why Effort Reporting is Important

- Labor expenses typically represent the majority of the direct costs of sponsored research.
- Labor distribution is set up prospectively, based on how a certifier plans to expend his/her effort for a specified time frame.
- Effort Certification is a retrospective review and attestation of how salary and cost share were expended during the Period of Performance.
- Effort Reporting provides an internal control mechanism for UNC certifiers and administrative staff to review salary charges.

EFFORT REPORTING

Why Effort Reporting is Important

- Ultimately, Effort Reporting provides a mechanism of internal control by which UNC certifiers and external auditors evaluate effort systems and the actual time devoted to sponsored projects.
- Effort Reporting summarizes the entire effort life cycle so that each activity is represented in a way that can be easily reviewed and approved or questioned by those internal and external to the University.

EFFORT REPORTING

The Effort Reporting Process

- Proper “Effort Reporting” encompasses much more than certification, and includes:
 - Definitions, operating standards, procedures, forms, data, and systems
 - Faculty and staff appointments
 - Tracking institutional effort commitments (both direct and cost shared)
 - Payroll distribution
 - Effort certification
 - Communication and training on all aspects of system.

EFFORT REPORTING

The Effort Reporting Process

- Effort Reporting is not an exact science.
- Federal guidance states, “...it is recognized that, in an academic setting, research, teaching, service and administration are often inextricably intermingled.
- Reasonable estimates are expected and acceptable.

EFFORT REPORTING

The Effort Reporting Process – Effort Certification

- All individuals paid from or with effort committed to a sponsored project (including clinical trials) are required to complete an effort report.
- The University uses the Effort Certification and Reporting Technology (ecrt) system to accomplish effort certification.
- Certification occurs biannually for the effort certification periods of performance January-June and July-December.
 - Certification consists of:
 - 14 day pre-review period
 - Certification Period of 60 days
 - Escalation of uncertified effort statements
 - An additional 30 day period to submit adjustments to true-up effort statements

EFFORT REPORTING

The Effort Reporting Process – Effort Certification

- Central Administration Responsibilities:
 - Manage the effort reporting system (ecrt).
 - Notify campus of the effort certification schedule.
 - Assist with questions regarding effort reporting policies and/or process. Inquiries can be emailed to OSR Effort Reporting ecrt_help@unc.edu.
 - Monitor effort reporting process.
 - Review effort reports for compliance.
 - Provide University leadership with information regarding individuals with uncertified effort statements.

EFFORT REPORTING

The Effort Reporting Process – Effort Certification

- **Certifier's Responsibilities:**
 - Review activities listed on the effort report and the proportion of salary charged to each.
 - If the information is accurate, read certification and certify the form.
 - **If not accurate**, add any missing activities and/or correct percentages.
 - **Communicate** any changes to effort statement to his/her Departmental Effort Coordinator.
 - **Ensure all salary distribution percentages match actual effort** on each activity.
 - **Sum total effort to allowable range 99-101%**.
 - Read the certification at bottom of form and certify.

EFFORT REPORTING

The Effort Reporting Process – Effort Certification

- **Effort Coordinator Pre-Review Responsibilities:**
 - Examine each effort report for accuracy and note needed modifications.
 - Compare salary distributions with effort commitments for each award and discuss with PI(s), if necessary.
 - Identify individuals who have issues with their effort statement.
- **Effort Coordinator Post-Review Responsibilities:**
 - Review the certified effort statement. If changes were made, a cost transfer may be needed to bring payroll records in line with certified effort
 - Execute cost transfers in accordance with University policy.
 - Follow-up to make sure all assigned effort statements have been certified.

EFFORT REPORTING

The Effort Reporting Process – Effort Certification

- It is important to get this right!
- Failure to certify an effort statement by the end of the 60 day certification period will result in the salary and related fringe charges being moved to a non-sponsored source.
- Effort Reporting is the #1 target area for Federal auditors.
- Many universities have paid millions in fines which can be detrimental to the research process.

CONTACT US

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