

ARKANSAS STATE UNIVERSITY

GOVERNING PRINCIPLES FOR EFFORT REPORTING

1.0 INTRODUCTION

Universities that apply for and accept federally-sponsored research funding are required to report and certify its faculty and staff effort in accordance with the Office of Management Budget's Circular A-21.

2.0 PURPOSE

The purpose of this document is to account for the time that Arkansas State University's faculty, students, and staff spend on research and other University activities and to comply with federal effort reporting requirements as specified in Office of Management and Budget Circular A-21.

3.0 DEFINITIONS

Certifier. The person who certifies the effort report. In most cases, a full-time employee should certify his/her own time. The principal investigator/project director (hereafter referred to as PI) of the project is responsible for certifying for part-time staff and students.

Alternate Certifier. A person other than the employee who is allowed to certify the effort report. The PI can certify any employee effort tied to his/her project. The department chair and/or dean may be additional alternate certifiers. This individual must have suitable means of verification for the employee's reported time.

Effort Reporting. Mandated by the federal government, effort reporting ensures that labor charged to federally-sponsored agreements is reasonable and reflects actual work performed. In most cases, the certification corresponds to salaries charged to the project; however, in some cases, it reflects the University-funded mandatory or voluntary cost sharing commitments. Effort reporting is also required for the appropriate calculation of the University's negotiated Facilities and Administrative (F&A) rates with the federal government.

Effort reporting categories include:

- Organized research and development activities for which separate budgeting and accounting is required including: 1) *Research Grants and/or Agreements*, activities sponsored by either federal or non-federal agencies and organizations; and 2) *Mandatory or Voluntary Committed Cost Share*, cash and/or in-kind contributions that are required by the sponsoring agency or volunteered by the awardee.
- University sponsored activities including teaching, research, service and administration. Grant proposal preparation should be included in this category.

Institutional Base Salary. The institutional base salary is the amount that the University has agreed to pay the employee for his/her contract period, including any buyouts that have been

negotiated. The institutional base salary does not include overload assignments, Pay received outside the contract period (e.g., summer salary) is not included in the institutional base salary but must be reported.

Labor Distribution. Allocation of funding sources by activity. For example, if an external funding entity pays for 25% of a faculty member's time, the University's records will reflect that commitment of time.

Labor Redistribution. If a faculty member's contribution to a project exceeds 5% of estimated effort, or is 5% lower than anticipated effort, his/her effort should be redistributed.

4.0 APPLICABILITY

This policy is applicable to all University employees who apply for or receive grant or contract funding from external sponsors.

5.0 REGULATIONS

Office of Management and Budget (OMB) Circular A-21

6.0 GOVERNING PRINCIPLES

University employees who work on or receive a portion of their salaries from externally-funded projects must estimate their "after-the-fact" effort on a semesterly basis in the University-approved format.

6.1 After-the-Fact Effort Reporting

ASU uses the "after-the-fact activity" method to meet A-21 requirements for effort reporting and requires employees to certify their actual efforts on a monthly basis. This certification is accomplished through the completion of an Effort Reporting Form.

Circular A-21 standards for a plan-confirmation system include the following:

- Reports must reflect after-the-fact accounting of the percentage distribution of employee activities. Charges may be made initially on the basis of estimates made before the services are performed, provided that such charges are promptly adjusted if significant differences are indicated by activity records.
- Reports will reflect the activities for which employees are compensated by the institution. To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the reports are signed by the employee, principal investigator, or responsible official(s).
- The system identifies activities that are correlated to the calculation of F&A costs.

6.2 Estimating Effort

In documenting and certifying effort on University activities, the following guidelines must be followed:

- An individual’s effort distribution should reflect the percentage of actual time spent on various activities expressed as **a percentage of total effort, not hours**.
- In all but a very few circumstances, total effort may not exceed 100% and must only include activities for which the individual receives compensation from the University (including salary charged to sponsored agreements, but excluding incentive pay). If total effort is expected to exceed 100%, the individual must IMMEDIATELY notify his/her Chairperson, Dean, and the Office of Sponsored Programs.
- Sponsored effort may not exceed 90% of total effort unless pre-approved by the Associate Vice Chancellor for Research.
- The amount of effort identified as organized research must include cost share and voluntary match.
- The individual’s Effort Reporting Form must be modified immediately when there is a five percent (5%) or greater change in the distribution of activities. If a larger variance occurs, the certifier should request a salary reallocation to reflect the actual level of effort. An email should be sent to Sponsored Programs Accounting requesting the reallocation, with a copy to the PI (if certifier is not the PI), Department Chair, and Dean. With Chair and Dean approval, SPA will request the Budget Office to process the labor redistribution and update the effort certification. The certifier(s) will be notified when the updated effort report is available.
- When an individual who receives salary from a sponsored program is scheduled to leave the University, an effort report must be completed at the time of separation.

6.3 Timeline

Effort certification will occur each semester via the Self-Service Banner system, with the following timeline for each certification period:

Semester	Certification Period	Certification Completion
Spring	January 1-May 15	June 1-30
Summer	May 16-August 15	September 1-30
Fall	August 16-December 31	February 1 – March 2

E-mail notifications will be sent when the records are available for review and will be sent on a daily basis to the certifiers until the records are locked. A reminder email will be sent to the alternate certifier at the end of the second, third, and fourth weeks after the period is open if the employee has not certified. The deans will receive email notifications after the third and fourth weeks with an attached spreadsheet of employees who have not certified within their colleges. The FYI reviewers will also receive an email notification after the fourth week with an attached spreadsheet of all employees who have not certified. Certifiers will have the option to request a labor redistribution when necessary.

6.4 Sanctions.

Effort certifications must be completed in a timely manner. If not completed within the allotted four week certification period, the Dean and Chair of the affected department and the Associate Vice Chancellor for Research will be notified. If the effort has not been filed within ten (10) business days of such notification, salary and fringe benefit expenditures associated with the project in question will be reallocated to the principal investigator's department. In addition, further project expenditures will be disallowed until certification has been completed.

Failure to comply with the requirements of these principles or applicable standards may also result in University disciplinary action, loss of privileges to conduct research or use University facilities and equipment, loss of grant funding, and civil or criminal penalties imposed under federal or state laws.

7.0 RESPONSIBILITIES

Employees

All employees who work on externally-funded projects are required to report their effort. Full-time employees should certify their own effort whenever possible and request a labor redistribution from Sponsored Programs Accounting if reported effort exceeds or is less than estimated effort, provided, however, that up to a 5% variance from estimated effort is allowed.

Principal Investigators

The principal investigator is required to certify his/her effort and the effort of students and part-time employees. Additionally, if a full-time employee is prevented from certifying for circumstances beyond his/her control, the principal investigator can certify on his/her behalf. If a situation arises which prevents a full-time employee from certifying, the principal investigator can certify on the employee's behalf.

Chairs, Deans, Directors of Institutes, or Equivalent Administrators

Department chairs or deans may function as alternate certifiers in some circumstances, but such certification should only occur if the alternate certifier has first-hand knowledge of actual effort. Chairs, Deans, Institute Directors, or equivalent administrators will be provided with reports at reasonable intervals to ensure that the employees under their supervision complete their monthly effort certifications in a timely manner.

Office of Sponsored Programs

The Office of Sponsored Programs is responsible for administering the Effort Reporting Program and for working collaboratively with the Office of Research and Technology Transfer to develop reports that are suitable for management purposes.