Effort Reporting – Certifying Effort on Sponsored Projects

Responsible Executive: Assistant Vice Chancellor and Controller

Responsible Office: Contracts and Grants Accounting (CGA)

Contact: Director, Contracts and Grants Accounting
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Policy Statement
The University of California, Berkeley (UC Berkeley) is committed to ensuring that effort expended on sponsored agreements is appropriately documented, that salaries and wages charged to sponsored agreements reasonably reflect the effort expended on those agreements, that effort is certified by authorized personnel in a timely manner, and that effort certifications comply with sponsor requirements and federal regulations.

Policy Scope
This policy affects all individuals involved in allocating salaries and wages to federally sponsored agreements, managing and administering federally sponsored projects, or certifying effort reports.

Why We Have This Policy
UC Berkeley receives a substantial portion of its funding from sponsored agreements, particularly in the form of contracts and grants with the federal government. As a condition of receiving this federal funding, the University agrees to follow federal policies, including Office of Management and Budget Circular No. A-21, Cost Principles for Educational Institutions (OMB Circular A-21). OMB Circular A-21 defines costs that are allowable and allocable to federal contracts and grants, and sets forth the criteria for acceptable methods of charging salaries and wages to federally sponsored agreements. Additionally, OMB Circular A-21 requires institutions follow acceptable methods for documenting the distribution of activity for all project personnel.
UC Berkeley must assure federal sponsors that the effort expended on their sponsored agreements justifies the salary and wages charged to those projects. In order to provide this assurance, UC Berkeley follows the After-the-fact Activity Reports method under OMB Circular A-21. Periodic effort reports are generated for each individual whose salary is charged to one or more federally sponsored agreements during the effort reporting period. These effort reports indicate the percentages of the individual’s total effort expended on sponsored project(s) and other University activities. To confirm that the distribution of activity represents a reasonable estimate of the work performed, the effort reports are required to be certified by the principal investigator, employee (self certifier), or responsible official(s) with first-hand knowledge or using suitable means of verification that the work was performed.

Periodically, external (including government) and internal auditors review payroll charges against sponsored agreements to assess whether the salary charged to awards is for effort that appropriately benefited those agreements over the reporting period. Financial penalties, expenditure disallowances, and harm to the campus’s reputation could result from failure to provide accurate effort certifications or to comply with effort reporting requirements, which include timely certification of effort reports.

Procedures

1. General Overview

Effort reporting is the method used to confirm to sponsors that the effort spent on a sponsored agreement reasonably reflects the salary and wages charged to that agreement. An effort report is an after-the-fact reporting of activities for which the employee was compensated by the institution. Effort reports are required for all employees paid from federally sponsored agreements. If any portion of pay was from a federally sponsored agreement during the reporting period, an effort report is required.

For the purpose of effort reporting, an individual’s effort is expressed as a percentage of the total amount of time spent on work-related activities (instruction, research, administration, etc.) for which the University compensates an individual. Effort always equals 100% regardless of the number of hours worked or the percentage of the appointment. The effort report details both the percent of effort spent on a project and the percent of salary charged to that project.

It is important to understand the distinction between payroll distributions and effort distributions. Payroll distributions reflect the allocation of an individual’s salary, while effort distribution reflects the allocation of an individual’s effort to individual projects independent of salary.

While payroll distributions to sponsored agreements may be initially based upon the planned or estimated workload, the actual effort of each individual working on sponsored agreements
must be monitored, with the distribution modified as necessary based on variances between the estimated and actual effort.

2. Effort Reporting System

The Effort Reporting System (ERS) is a web-based tool to enable the University to meet the reporting requirements of OMB Circular A-21. ERS calculates the distribution of effort for all employees paid from federal and federal flow-through funds, captures certification electronically, and provides a mechanism for processing corrections and re-certifying reports.

Sources of ERS Data

ERS is maintained by University of California, Office of the President (UCOP) and runs on UCOP servers. On a weekly basis, files are transmitted to ERS with payroll expenditure information from the Payroll/Personnel System (PPS) and award information from the Berkeley Financial System (BFS). Effort reporting calculations are based on the actual payroll expenses to sponsored agreements and other fund sources. The percent of effort is then calculated based on total expenses.

In ERS, the payroll details page, which is linked to the effort report, displays the payroll transaction detail that supports the effort report. The percent effort for each report line displayed on the effort report is based on transaction information from PPS. All information should be reviewed for completeness and accuracy.

ERS Departmental Roles

The Effort Report Coordinator (ERC) is the department’s representative for coordinating the effort report certification process. The ERCs have access to ERS, receive notifications from CGA, announce availability of reports to the unit, track completion of certification, and follow up on incomplete or late effort reports. The ERC role cannot edit or certify reports.

The Reviewer is the department’s post-award administrator and reviews effort reports before and after certification, edits effort reports, and coordinates any necessary payroll expense transfers. Reviewers cannot certify reports.

The Viewer is an optional role for unit personnel who require access to view reports. Viewers receive CGA notifications and can view effort reports before or after certification, but they cannot edit or certify reports.

The Certifier is the individual responsible for confirming that the salaries paid reasonably reflect the amount of effort expended on sponsored agreements. A certifier may be the project’s principal investigator, the employee, or other designated certifier.
Access to ERS

Principal Investigators (PIs) and employees paid from federal funds are automatically granted access to ERS. Departments can request that an individual be designated as an Other Designated Certifier by completing an Other Designated Certifier (ODC) form and submitting it to CGA for review and approval. To obtain an ODC form, contact the CGA Help Desk at 643-4246 or at efahelp@berkeley.edu.

Administrative users do not have automatic access. To gain access, department administrators are required to successfully complete the ERS final quiz through the UC Learning Center.

3. Effort Reports

Effort reports substantiate the effort expended by an employee in fulfilling the employee's obligation to the University. Effort always equals 100%, even if the appointment is less than full time. Effort is divided into two categories: (1) Federally Sponsored Projects and (2) Other Sponsored Projects and Non-Sponsored Activities. Federally Sponsored Projects cover effort spent conducting or administratively supporting federal or federal flow-through projects for research, training or public service. Other Sponsored Projects are projects funded by non-federal sponsors, such as state agencies or private organizations. Non-Sponsored Activities are funded by the University and include University-funded research as well as activities like instruction, departmental research, public service, and administration.

Generally, total effort and salary should not be assigned to sponsored projects in a given period, because many faculty, academic and staff members are engaged in teaching, public service, administrative, and other duties in addition to their work on sponsored projects. Accordingly, unless the circumstances demonstrably warrant otherwise, the total effort and salary should not reflect 100% to sponsored projects in a given period.

4. Certification of Effort Reports

For University personnel who are paid on or have commitments on federal contract and grant funds, a certification of effort must be completed by the employee or responsible official certifying the percentage of his or her total work effort applicable to sponsored research. Failure to certify effort accurately and on a timely basis may result in the charge being disallowed by the federal agency funding the research.

PIs and other faculty in Professorial, Professional Research, and Management titles are required to certify their own effort since they are in the best position to understand how they are spending their time in support of the various activities in which they are engaged. This is consistent with the OMB Circular A-21 requirement that the distribution of salaries and wages be supported by activity reports that are confirmed by a "responsible person with suitable means of verification that the work was performed."
The effort of staff employees who are paid on or have commitments to work on federal or federal flow-through funds must be certified by the PI, employee, or other designated official with suitable means of verification that the work was performed. Other designated certifiers may be a co-principal investigator, lab manager, or direct supervisor who has first-hand knowledge of the employee’s effort. Suitable means of verification includes, but is not limited to, (i) time records that include effort distribution that have been signed by the employee and/or supervisor, (ii) written documents including email messages from the principal investigator confirming the distribution of effort, or (c) department-created reports that include effort distribution and are signed by the employee, supervisor, or the principal investigator. To certify as an other designated certifier, approval must be obtained from CGA.

5. Preciseness of Certifications

OMB Circular A-21 provides for “a degree of tolerance” in the preciseness of effort reporting. UCOP has defined the preciseness tolerance at +/- 5%. Therefore, individuals may certify a level of effort for an award or activity that is within five percentage points of their best estimate of the actual effort expended during the reporting period.

6. Timeliness of Certifications

UC Berkeley is committed to ensuring that effort reports made in connection with federally sponsored agreements are accurate, timely, reasonably reflect the actual level of effort expended, and comply with all federal requirements. UC Berkeley is further committed to ensuring that effort reports are certified within 120 days of the end of the reporting period. Each department is responsible for establishing a business process to certify effort reports on a timely basis. If certification is past due, departments must follow up with their PIs and other certifiers to ensure that the delinquent effort reports are certified as quickly as possible. Effort reports that are not certified within 120 days may result in action being taken by the campus to reverse the charges on the award, may jeopardize submission of future proposals, cause a proposal to be withdrawn, and/or jeopardize the acceptance of future awards.

According to the UCOP Contract and Grant Manual, certification after 120 days may be allowed under certain circumstances, but must be fully explained and justified by the principal investigator and approved by the CGA.

CGA will provide the following notifications to PIs, departments, and executive managers, of effort reports that are out of compliance with federal regulations:

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Recipient</th>
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<tbody>
<tr>
<td>5 days past due</td>
<td>Email notification to PIs listing all outstanding open effort reports for their awards, with link to ERS system and request to certify reports as soon as</td>
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7. Reporting Schedule

Effort reporting must be completed and certified on a regular basis to comply with the requirements of OMB Circular A-21. At UC Berkeley, effort reports are generated on the following schedule:

<table>
<thead>
<tr>
<th>Semiannual Reporting Period</th>
<th>Adjustment Period</th>
<th>ERS Availability</th>
<th>ERS Certification Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Semiannual Period (January 1 – June 30)</td>
<td>July – August</td>
<td>September 1</td>
<td>October 28</td>
</tr>
<tr>
<td>2nd Semiannual Period (July 1 – December 31)</td>
<td>January – February</td>
<td>March 1</td>
<td>April 30</td>
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University policy requires effort to be certified within 120 days of the end of the reporting period. During the first 60 days after the end of the period, departments should review their payroll expenditures for accuracy and make any appropriate adjustments. Effort reports will be generated and available for departmental review 60 days after the close of the reporting period. Departments then have 60 days to review and certify the reports.

8. Treatment of Effort Reporting Revisions

Changes to previously certified effort reports should be extremely rare. However, if an effort report is determined to be in error, departments should take the appropriate action to transfer the payroll expense to the appropriate fund source consistent with the effort expended. Payroll transfers must occur within 120 days of the end of the month that the original expense was incurred. Payroll transfers that are greater than 120 days of the original charge are required to adhere to the campus’ Late Payroll Cost Transfer onto Federal Funds Exception Request Processing Procedures.
9. Cost Sharing

Cost sharing represents the portion of costs that are not borne by the sponsor but by the University or other third-party sources. Cost sharing commitments are made at the time of the proposal. If the proposal is awarded, the institution is then obligated to meet those commitments ("committed cost share"). Federal regulations require that only committed cost shared effort be certified. Uncommitted cost sharing (effort that was spent on the project but was not included as part of the proposal or award) and non-effort based commitments, such as equipment or supplies, are not part of effort certification.

The Total Effort % displayed on the Effort Report is the sum of the Adjusted Payroll % and the Adjusted Cost Share % column. When first opening an effort report, the numbers in the Adjusted Payroll % default to the same numbers as those in the Original Payroll % column. The Adjusted Cost Share % is shown as 0%. Enter the cost shared effort into the Adjusted Cost Share % column and subtract an equal amount from either the Non-Sponsored Activities or Other Sponsored Projects categories depending on who is paying for the cost sharing. The Adjusted Cost Share % column should always total 0%.

A job aid on how to enter cost share onto an effort report can be found at http://controller.berkeley.edu/sites/default/files/OtherEffortReportOptionsModule5.pdf

Responsibilities

**Principal Investigators (PIs)**
- Understand the principles of accurate and timely effort reporting.
- Know the level of effort committed to a sponsor in relation to all other professional activities included in total effort.
- Review effort reports, make necessary edits, and add comments.
- Identify any necessary corrections or modifications, and communicate timely with administrators to implement corrections.
- Certify own effort and may certify effort reports of others working on their awards (if PI has first-hand knowledge of the work performed).
- Manage work effort and assign oversight, when necessary, to a responsible official who has direct knowledge of the work performed or suitable means of verification that the salary reasonably reflects the work performed.

**Employees/Self-Certifiers**
- Understand the principles of accurate and timely effort reporting.
- Know the level of effort committed to a sponsor in relation to all other professional activities included in their total effort.
- Review their own effort reports, make necessary edits, and add comments.
- Identify any necessary corrections or modifications and communicate timely with administrators to implement corrections.
- Certify own effort when they have first-hand knowledge of the work performed and the benefitting sponsored project.
Responsible Officials/Other Designated Certifiers
- Understand the principles of accurate and timely effort reporting.
- Know the level of effort committed to a sponsor in relation to all other professional activities included in total effort.
- Review effort reports, make necessary edits, and add comments.
- Identify any necessary corrections or modification and communicate timely with administrators to implement corrections.
- Certify effort reports based on first-hand knowledge of the work performed or using other suitable means of verification.

Department Administrators
- Establish and document the department’s business process of certifying effort on sponsored projects.
- Ensure that all administrative users have completed training on effort reporting, and have been assigned appropriate user access.
- Monitor progress toward certification completion throughout the effort reporting cycle, ensuring that department’s reports comply with agency requirements and are completed before the end of the certification period.

Department Effort Report Coordinators
- Coordinate the department’s effort report process.
- Receive notifications from CGA.
- Notify department reviewers when effort reports are available.
- Track completion of department’s certification.
- Follow-up on incomplete or late reports.
- Serve as department’s subject matter expert and CGA point-of-contact.

Grant Administrators/Reviewers
- Review effort reports for accuracy before and after certification.
- Edit reports as necessary; add cost share and activate multiple certifications if required.
- Coordinate any necessary and appropriate payroll expense transfers.
- Notify and/or meet with PIs and other Self-Certifiers when reports are ready for review and certification.
- Retain supporting documentation related to the salary and effort distributions.

Contracts and Grants Accounting
- Administers the Effort Reporting System.
- Establishes campuswide effort reporting roles, responsibilities, and certification process.
- Provides training and support regarding effort reporting principles and process.
- Notifies department ERCs regarding the availability of effort reports for certification.
- Periodically monitors and reviews the effort reporting process for compliance with federal regulations, sponsor requirements, and UC Berkeley policies and procedures.
- Follows up with department administrators, chairs, dean’s offices, and/or vice chancellors to resolve delinquent effort reports.

Deans/Chairs/Directors
• Ensure units’ compliance with effort reporting regulations. Follow up on non-compliance issues and impose consequences, if necessary.

**Executive Vice Chancellor and Provost and Vice Chancellors**

• Ensure campuswide compliance with effort reporting regulations. Follow up on non-compliance issues and impose consequences, if necessary.

**Glossary**

**After-the-fact Reporting**: A method of certifying effort described in OMB A-21, providing for certification based on actual payments charged to sponsored projects.

**Certified Effort**: That effort shown on an effort report which has been certified by the employee or by a person with first-hand knowledge of the work performed. The purpose of the certification is to verify that work charged to a sponsored project was actually performed.

**Certifier**: An individual who has first-hand knowledge of work performed on specific projects, and who certifies the effort reports attesting to the fact that the work was performed.

**Cost Sharing**: The terms "cost sharing," and "in-kind" refer to that portion of the total project costs not borne by the sponsor.

• **Committed Cost Sharing**: Mandatory or voluntary cost sharing that is pledged and quantified in the proposal budget, budget justification, or stated in the award documents.

• **Mandatory Cost Sharing**: Sponsor-driven, i.e., cost sharing that is *required* by the sponsor as a condition of the award. Normally this requirement is indicated in the program announcement or request for proposal.

• **Voluntary Committed Cost Sharing**: Cost sharing funds that are *not required* by the sponsor as a condition for proposal submission, but are nevertheless committed by the investigator in the proposal document. This type of cost sharing must be properly reported and certified in the Effort Reporting System.

• **Voluntary Uncommitted Cost Sharing**: Voluntary cost sharing funds not pledged in the proposal and subsequently not stated on award documents. This type of cost sharing is above that which was agreed to as part of the award. Voluntary uncommitted effort that is unpaid by the sponsor does not need to be documented or reported in the Effort Reporting System.

**Effort**: Work or the proportion of time spent on any professional activity and expressed as a percentage of total time. Total effort for an employee must equal 100%. The appointment serves as the basis for an individual's total effort - for a 50% appointment, 100% effort represents the 50% appointment. Likewise, for a 75% appointment, 100% effort represents the 75% appointment.

**Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions**: Section J.10 provides guidance for the required documentation for the distribution of salaries, wages, and fringe benefits recognizing the principles of after-the-fact effort.

Sponsored Agreement – An externally funded activity governed by specific terms and conditions. Sponsored projects must be separately budgeted and accounted for subject to terms of the sponsoring organization. Sponsored projects may include grants, contracts, and cooperative agreements for research, training, and other public service activities.

Suitable Means of Verification – The means of verification must take into consideration and be consistent with other University documentation in existence, such as calendars, travel records, teaching schedules, contemporaneous notes from meetings, logbooks, and timesheets. The suitable means of verification need to be sufficient to support a reasonable estimate of effort expended. At a minimum, suitable means of verification should be accompanied by some form of written documentation. Oral verification from a principal investigator to an administrator will not be sufficient. The responsible official certifying an effort report using suitable means shall maintain a written description of what was used as the suitable means of verification for future audit purposes.

Related Documents

- A Quick Introduction to Effort Reporting for UC Berkeley Faculty
- Office of Management and Budget Circular A-21, “Principles for Determining Costs Applicable to Grants, Contracts and Other Agreements with Educational Institutions”
- University of California Contract and Grant Manual
- University of California White Paper – Policies Related to UC Effort Reporting (pdf)