

The Basics of Effort Reporting

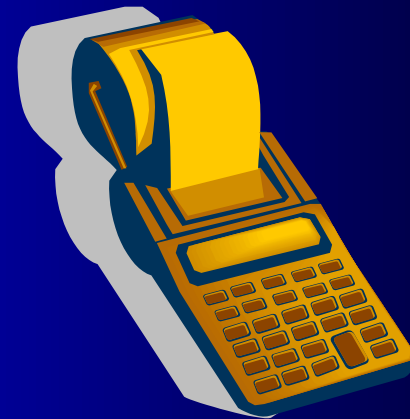
Hagerstown Community College



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Introduction

- Purpose of Effort Reporting
- Responsibilities pertaining to Effort Reporting
 - HCC supply the policies and tools
 - Individual faculty and staff must plan, review, and certify effort
 - Goals for Today
 - Effort Reporting Scenarios
 - Policy and Forms



The Principles of Effort Reporting

Effort Certification

- What is it?
 - *Total effort is defined as whatever amount of time a person devotes to fulfilling his/her responsibilities. 2 CFR 220 (A-21)*
- Effort supported (paid) by a grant project has been performed as promised
- Reported retrospectively or “after the fact”

Principles of Effort Reporting

- Reflected in percentages of total HCC time (100%) regardless of number of hours.
- Includes all effort expended to meet commitments as an HCC faculty or staff member (hours will vary from person to person!)



Effort Certification

- **Why is it important?**
- Required by Federal Regulation 2 CR 220 (A-21) documents that effort commitments have been met
- Signed efforts are considered legal documents in which an individual attests to the accuracy of the effort spend on grants
- Erroneously certifying effort reports can be viewed as fraud
- We are obliged by federal regulations to exercise good stewardship of those funds

Significant Risks of Non-Compliance

- Impact on the **College**:
 - The College may owe direct cost refunds and payment of fines
 - Affect future funding with sponsors
 - Bad Publicity
- Impact on the **individual**:
 - Possible criminal and civil charges
 - Payment of fines



Examples of Fines

- **Northwestern University - \$5.5 million (2003)**
- **Johns Hopkins University - \$2.6 million (2004)**
- **East Carolina University - \$2.4 million (2004)**
- **Harvard University/Beth Israel Deaconess Medical Center - \$3.25 million (2000 & 2004)**
- **Dartmouth - \$37,780 (2005)**
- **University of Connecticut - \$2.5 million (2006)**

National Conference on College Cost Accounting
www.costaccounting.org

HCC's Effort Certification Process

- Effort Certification Reports must be completed by all monthly paid employees for whom any portion of their salary was charged to a grant, at any time within the monthly certification period.
- Effort Certification Reports must be signed by the employee (staff or faculty member must personally sign his or her own report).
- Project directors must have their personal time and effort reports signed by their supervisor

HCC's Effort Certification Process (Continued)

- Project Directors (PD) should also review and approve effort certification forms with their signature and date, as the PD is responsible for all activity on his/her grant.
- Only if the PD or employee is no longer available should a department chair or other supervisory employee having direct knowledge of the unavailable employee's total effort during the certification period approval the effort certification report.

Example of Sponsored Program Activities – included in 100% effort

- Effort on Federal grants or contracts (i.e. NSF, Perkins, USDOE)
- Regular Full-Time Faculty, during academic year
- Usually works a 40-hour week, 8 hours M – F
- Works 2 hours per day on grant activities
- 100% Professional Effort is 40 hours
- Grant may be charged 10/40, or 25% time

Example

If you work 60 hours a week, 30 hours represents 50% effort

If a graduate student works 20 hours a week, 20 hours represents 100% effort



Reporting Cost Matching

- If a staff or faculty member expends effort on a grant but does not charge the project for his or her salary for the effort, the effort expended (aka match effort) must be allocated to the project on the effort report and monthly timesheets.
- For timesheets, you must record the cost center on which you are reporting cost matching.

Pay sources should reasonably reflect activity

- Distribution of effort should represent a reasonable estimation of the actual effort expended during the term being certified

2 CFR 220 (A-21)



Can the Total Effort listed on the Effort Report be less or Greater than 100%

- No
- The effort percentages on the Effort Report must total 100%
- All HCC compensated effort (base salary) must be accounted for
- Regardless of the total number of hours worked in a week, 10 or 60, the total effort is still 100%

Activities NOT included in 100% Effort

- Extended Contracts for work in excess of regular work load (Faculty Alternative Assignment)
- Worked performed on Alternative Assignments are required to be certified separately from the regular workload



Helpful Hints to Determine a Reasonable Estimate of Actual Effort

- A variety of resources may be useful in jogging one's memory
 - Time reports and schedules
 - Teaching schedules
 - Outside activity forms
 - “Other support” forms
 - Leave reports
 - Calendars
 - Correspondence



HCC's OMB Circular A-133 Single Audit Experience

- What is the A-133 Audit: A required audit performed annually by an external audit firm (in our case ACMI), and submitted to the federal government
 - Transactional Testing
 - Salaries/Wages, Equipment, Subcontracts, Indirect Costs, Financial Reporting, Financial Aid, Controls, **Effort Reporting**

Example of A-133 Audit Finding

- George Washington University
 - FY 1999: Auditors published finding related to Effort Reporting
 - Low percentage of reports certified and returned
 - University Management Response
 - Changed Report Structure
 - Established Monitoring Mechanisms
 - FY 2000 – 2003: No published findings related to Effort Reporting

GWU's OMB Circular A-133 Audit Experience

- Questions asked by external auditors
 - How was actual time tracked for different activities? (research, teaching, training, administration)?
 - What was the specific procedure when a change in effort/salary distribution was needed?
 - What is the actual process of reviewing effort certification reports?
 - Has anyone questioned your report once it was signed and returned?

NSF Audit Findings

- **Virginia Tech** (\$1.6 million between 2010-2012)
“In addition to the \$1.6 million in questioned costs, most of which related to senior personnel salaries, auditors also recommended that Virginia Tech strengthen its administrative and management internal controls.”
- **NYU** (\$72.6 million in direct costs between (2009-2012)
Some of the unallowable costs included travel, equipment purchases, conference/meal expenses and alcohol expenses (NSF has strict guidelines for allowable food/hospitality expenses. Alcohol is not a reimbursable cost allowed)

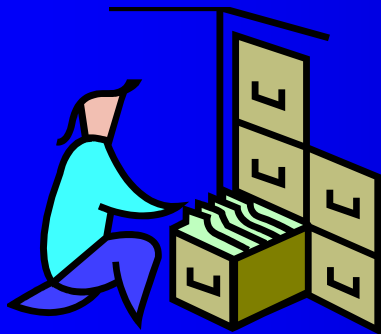
Federal Grants News – September 2014

Published by Atlantic Information Services – www.AISEducation.com

What does this all mean?

Bottom Line:

Effort reporting is a hot issue with Federal investigators (is on DHHS Audit Work Plan), and in the future external auditors will be performing a more in-depth review of colleges practices and records.



HCC's Effort Certification Report

- One form will be completed for each grant that employee works on
- Complete top portion of form (name, grant name, account number, etc.)
- Individual verifies reasonable estimate of actual effort worked for each category
- List broad categories of activities performed during the period for the grant reporting on
- Complete lower section of form if applicable


When Do I Submit My Time and Effort Reports?

HCC uses after-the-fact certification

Therefore submit your Time and Effort reports . . .

- Faculty and Professional Staff – after each academic term (no later than 15 days after the close of the academic term). For 10 month faculty, please make sure this is completed and submitted before your summer break
- All other employees – Monthly (no more than 15 days after the close of each month and not prior)

Non Faculty Effort Certification Report



HAGERSTOWN COMMUNITY COLLEGE
EFFORT DOCUMENTATION FORM
 Non-Faculty

Employee Name: _____
 Name of Grant: _____
 Grant Account Number: _____
 Month: JULY AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN
(circle reporting month)
 Fiscal Year: _____
(select from drop down)

_____% of my effort (or _____ workload hours of my total _____ workload hours) devoted to the _____ grant activities
a

(broad categories of activities performed during the reporting period identified above)

- _____
- _____
- _____
- _____
- _____

*Note: % of effort cannot exceed time authorized by the grant

I certify to the best of my knowledge that this is a reasonable distribution of effort contributed to this program for this employee for the period indicated.

 Project Director's (PD's) signature Date
or Supervisor if form is completed by PD

Additional required information, if applicable.

_____% of my effort (or _____ workload hours) devoted to regularly assigned HCC-funded duties

_____% of my effort (or _____ workload hours) devoted to other grants: (list only effort and name of grant)

_____% (or _____ workload hours) _____

_____% (or _____ workload hours) _____

100% Total (% of effort must add to 100%)

I confirm that this is an accurate distribution of my effort/work for the period indicated.

 Employee's signature Date


Original: Grants Accounting Office (Finance) ASA 300
 Copy: Grant Project Director
 Due Date: **NO LATER THAN 15 WORKING DAYS AFTER THE REPORTING MONTH**

For Grants Accounting Office Use Only

Status (check one): _____ paid by grant funds Directly Charged to Grant _____ Journal Entry: _____
 _____ released by grant funds
 _____ required match for grant

20101001_GAO_Faculty_Effort Rev. A.

Faculty Effort Certification Report



HAGERSTOWN COMMUNITY COLLEGE
EFFORT DOCUMENTATION FORM
 Faculty for Regular Workload

Employee Name: _____
 Name of Grant: _____
 Grant Account Number: _____

Semester: _____
 Fiscal Year: _____

_____% of my effort (or _____ workload hours of my total _____ workload hours) devoted to the _____ grant activities
* (broad categories of activities performed during the reporting period identified above)

- _____
- _____
- _____
- _____
- _____

** Note: % of effort cannot exceed time authorized by the grant*

I certify to the best of my knowledge that this is a reasonable distribution of effort contributed to this program for this employee for the period indicated.

 Project Director's (PD's) signature Date
 or Supervisor if form is completed by PD

Additional required information, if applicable.

_____% of my effort (or _____ workload hours) devoted to regularly assigned HCC-funded duties

_____% of my effort (or _____ workload hours) devoted to other grants: (list only effort and name of grant)

_____% (or _____ workload hours) _____

_____% (or _____ workload hours) _____

100% Total (% of effort must add to 100%)

I confirm that this is an accurate distribution of my effort/work for the period indicated.

 Employee's signature Date

Original: Grants Accounting Office (Finance) ASA 300
 Copy: Grant Project Director
 Due Date: **NO LATER THAN 15 WORKING DAYS AFTER THE END OF EACH SEMESTER**

For Grants Accounting Office Use Only

Status (check one): _____ paid by grant funds Directly Charged to Grant _____ Journal Entry: _____
 _____ released by grant funds
 _____ required match for grant

20101021_GAO_Faculty_Effort_Rev-A

Who Certifies My Time & Effort

- Each individual is responsible for the certification of his/her own Time & Effort Report
- Federal requirements are that anyone certifying effort for another individual must credibly have first hand knowledge of the individual's actual effort
- HCC requires Time and Effort Reports to have 2 signatures
 - The individual performing the work
 - And the project director
- ➔ *The project director must get his/her own Time and Effort report certified by his/her direct supervisor (e.g. department chair, dean)*

Things To Watch Out For

- Late or missing effort reports
- Effort certified by someone without first-hand knowledge
- Percentage left outside of sponsored project % not credibly sufficient to cover teaching, clinical, administrative or other college work

OMB Circular No A133 Section_.525(d)(1)

More Things To Watch Out For

- Many post certification revisions
- Significant data inconsistency between effort report and other documentation such as:

- ❖ Time Sheets
- ❖ Outside activity forms
- ❖ Other support forms
- ❖ Leave reports



OMB Circular No A133 Section_.525(d)(1)

Things to Remember

- The compliance environment has become more stringent...and that is not like going to change in the foreseeable future
- The individual is responsible for certifying his/her own effort
- The % is NOT based on a 40 hour work week. It is based on the individual's own work week
- Effort reporting tracks the reasonable approximation of actual activity on projects and should not simply mimic budgeting amounts

Reference Materials

- OMB Circulars

- ❑ Educational Institutions follow:
 - ❑ A-21 for cost principals, Relocated to 2 CVR, Part 220
 - ❑ A-110 for administrative requirements, Relocated to 2 CFR, Part 215
 - ❑ Federal Grants News for Colleges & Universities
 - ❑ A-133 for audit requirements



Questions and Answers

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