

Policy on Effort Reporting

RESEARCH

Effective Date: May 2009

Date Revised: December 26, 2014

Supersedes: N/A

Related Policies: N/A

Responsible

Office/Department: Office of Research Administration and Finance

Keywords: Effort Certification; salary certification; salary charges; actual effort; effort documentation; effort monitoring; effort distribution

I. Purpose and Scope

Federal regulations require that compensation and effort devoted to sponsored projects is appropriately documented and must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. This policy defines and establishes University practices for effort reporting and assures those sponsors that salary and wages are properly accounted for. Accordingly, it is University policy that while salary charges to sponsored projects are made initially based upon the planned or estimated workload of faculty and others, the actual effort of each individual working on sponsored projects must be monitored, with charges modified as necessary based on variances between the estimated and actual effort.

II. Definitions

For purposes of this policy,

Effort means the amount of time required to fulfill an individual's employment obligation to the University. This effort is usually expressed as a percentage of the total that a faculty member or other employee spends on a project.

- University effort – may include both sponsored and non-sponsored activity; does not include incidental activities for which no additional compensation is received.
- Incidental effort – is in addition to University effort, for which it is customary to accept extra compensation
- Non-Institutional effort – is performed outside the context of the individual's University employment contract.

100% Effort refers to the total time estimated for ALL University activities compensated through HR/Payroll from ALL funding sources. 100% Effort is NOT equal to labor hours i.e. 60, 40, 20, 10 hours (no fixed work week for faculty and other exempt staff). Total effort may not exceed 100% and should include only those activities for which an individual receives University compensation, including work performed on sponsored projects, whether

reimbursed by a sponsor or University funded.

Effort Reporting is the method of certifying to the granting agencies that the effort required as a condition of the award has actually been completed. According to the OMB Uniform Guidance, charges to federal awards for salaries and wages must be based on records that accurately reflect work performed.

Payroll vs. Effort Distribution: A payroll distribution reflects the **activities** to which salary is charged in the payroll system. An effort distribution should reflect an **individual's** activity regardless of where the salary is charged. Effort reporting relies on actual payroll charges as the basis for the certification. Individuals completing the certification must report actual effort, regardless of where the salary was charged in the payroll system.

Payroll Distribution Change Form: Every month budget administrators are expected to reconcile their budgets. This requires budget administrators to review their monthly payroll distribution for accuracy. Should an individual be charged either to the incorrect account or incorrect object code a Payroll Distribution Change Form will need to be submitted in order to make the correction.

III. Policy

Government agencies, private foundations and industry and other sponsors provide significant funding to enable Northeastern University to conduct research, public service, and training projects. A primary use of such funds is to support the salaries of faculty and staff engaged in those activities. The University's effort reporting system provides the principal means for certifying that the salaries and wages charged or contributed to those projects are reasonable and consistent with the portion of total professional activity devoted to the projects. While salary charges to sponsored projects are made initially based upon the planned or estimated workload of faculty and others, the actual effort of each individual working on sponsored projects must be monitored by the PI, with charges modified as necessary based on variances between the estimated and actual effort. Effort documentation must be reflected in the institutional record either to an award or associated cost share account.

Effort is the proportion of time spent on any activity, expressed as a percentage of the total professional activity for which an individual is employed by Northeastern University. Effort reporting is a means of verifying that the salary charged to the project is reasonable in relation to the effort expended on the project. The process of completing the Effort Certification Report also affords an opportunity to consider whether the effort expended in support of a project is consistent with the effort required by the sponsor or voluntarily committed by the Principal Investigator. The required annual effort certification report must be signed by either the individual him/herself, or by a responsible official who has exercised suitable means of verification of the activities of the individual(s) for whom he or she is certifying.

The annual Effort Certification Report summarizes the proportion of work time devoted to sponsored projects, teaching, and other activities, expressed as a percentage of total university

effort funded by base salary (see later discussion of “base salary”). “Total university effort” is measured in terms of actual effort funded by base salary. It is not measured on the basis of a standard number of hours in a week, month, or year. The University does not account for time in hours.

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 distributions reflect the allocation of an individual’s effort to individual projects “independent of salary.”

Northeastern’s effort reporting process relies on payroll distributions to provide information regarding the projects to which an individual’s salary was provisionally charged during the effort certification period. As previously indicated, University policy requires that such provisional charges must be monitored by the PI on a regular basis, with adjustments processed on a timely basis to reflect significant variations in effort. It is important, therefore, that changes in effort are routinely communicated and recorded on the University’s financial records during the course of the fiscal year, and are generally not first reflected at the time the Effort Certification Report is prepared.

Nevertheless, the provisional salary allocation information as reflected on the Effort Certification Report may not in all cases be consistent with the percentage of effort expended on various activities. For example, a recent change in effort may not as yet have been communicated and/or reflected in the accounting system at the time that report is generated. It is the responsibility of individuals completing the annual Effort Certification Report (PI) to report actual effort percentages, whether or not those percentages agree with the salary allocation percentages pre-printed on the Report, and to insure that any necessary corrections are recorded in the University’s accounting system. When such corrections result in the need to reduce the charge to a sponsored project, they are mandatory, and therefore always permissible. Corrections which have the effect of increasing the charge to a sponsored project are subject to review by the Office of Research Administration & Finance.

Under certain circumstances, the percentage of total effort devoted to a sponsored project may exceed the percentage of salary provisionally charged to the project. This may occur, for example, where there is a commitment of cost sharing, whether mandated by the sponsor or voluntarily committed by the Principal Investigator; please refer to the University Policy on Cost Sharing (forthcoming) for guidance. It may also occur where there are limitations on the rate of salary that may be charged to a project, as in the case of the NIH salary cap.

Those who complete effort reports (PI) need to be aware of these conditions, and ensure that the certification reflects actual effort expended, whether or not the percentage of effort corresponds with the provisional allocation of salary.

The completed Effort Certification Report should reflect all activities, including any administrative or other responsibilities of the individual, conducted under the terms of an individual’s employment by Northeastern and for which he/she receives compensation in the

form of base salary (including the guaranteed portion of private practice compensation).

Among those other responsibilities is the time devoted to the preparation of competitive grant and contract proposals, which may not be charged to sponsored projects.

It is important to recognize that in allocating salaries to sponsored programs and other activities, precision is not expected. Federal regulations provide that "In the use of any methods for apportioning salaries, it is recognized that, in an academic setting, teaching, research, service and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate."

IV. Additional Information

Responsibilities:

Office of Research Administration & Finance

- Distributes Monthly Effort Verification Reports via E-print.
- Distributes annual Effort Certification Reports in hard copy.
- Monitors Northeastern's compliance with effort reporting requirements.
- Develops and monitors all policies, procedures and training materials for effort reporting.
- Supports audit and other inquiries regarding the University's effort reporting process.

Principal Investigators

- Are accountable to certify their own effort and that of others working on their sponsored projects.
- Notify Departmental and/or other administrators of significant changes in effort throughout the year.
- Review appropriate documentation to insure that charges to Sponsored Projects are consistent with the effort devoted to those projects.

Department Chairs and/or Administrators

- Coordinate the monitoring of all effort forms for individuals within their department.
- Assist in ensuring that effort certifications are completed in a timely manner.
- Ensure that the University's accounting records are consistent with certified effort by completing cost transfers and documenting cost sharing.
- Certify effort, where appropriate, using suitable means of verification.

Exceptions to this policy may be made with the prior approval of the Senior Vice Provost for Research (or their designate the Associate Vice Provost for Research Administration), who will designate an appropriate structure for administrative support and oversight for any non-faculty Principal Investigators. Requests for exceptions may only be referred to the Senior Vice Provost

for Research (on their designate the Associate Vice Provost for Research Administration), by the Dean of the College in which an award will be housed.

V. Contact Information

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