



★ Effort Reporting Policy and Compliance



Introduction

Welcome to the Effort Reporting Policy and Compliance module. In this module you will learn about Federal regulations regarding effort reporting as well as UC interpretation, policies and guidelines.

Let's review.

Federal Guidelines and Regulations



Office of Management and Budget Circular A-21, *Cost Principles for Higher Educational Institutions*, is the authoritative source regarding what costs are allowable and allocable to federal grants and other “assistance” agreements.

[OMB Circular A21](#) and [other OMB guidance](#) specify what effort must be certified and who must certify that effort.

UC Effort Reporting Policy and Guidelines

UC interpretation of federal Effort Reporting regulations is discussed in the following policy and guidelines statements in the remainder of this module:

- What is Effort Reporting?
- What effort must be certified?
- Who certifies effort?
- Fund sources subject to effort reporting
- Effort included on the UC Effort Report
- Cost Sharing and Effort Reporting
- How often must effort be certified?
- Tolerance level for accuracy
- Maximum % effort

Overview: Effort Reporting

The University of California receives substantial funding for contracts and grants sponsored by the federal government. Federal regulations require that any entity receiving federal funding must certify effort, including committed cost sharing effort, expended on federally sponsored projects.

Incomplete or improper reporting of effort is a compliance violation that could result in audit disallowances and/or withholding of federal research funding.

What is Effort Reporting?

Effort is defined as the amount of time spent on a particular activity.

Individual effort is expressed as a percentage of the total amount of time spent on work-related activities (instruction, research, patient care, administration, etc.) for which the University compensates the individual.

Effort reporting is the method the University uses to certify to federal sponsors that the effort spent on a project is equal to the salaries actually charged to the project plus the committed cost sharing.

What Effort Must Be Certified?

Effort that has been **directly charged to the federal or federal flow-through fund** must be certified.

Committed Cost Sharing (i.e., mandatory and voluntary committed cost sharing) must also be substantiated by effort certification.

Who Certifies Effort?

Principal Investigators, faculty and professional staff must certify their own Effort Reports.

Employees who have direct knowledge of or a suitable means of verifying that work was performed on projects may certify for another employee. This would generally be done for student employees or non-professional staff, who may not have sufficient knowledge of which project their work is benefitting.

What Effort Is Included on the UC Effort Report?

Consistent with OMB Circular A-21, UC includes in its Effort Reports only the effort related to **institutional base salary** *paid by the university* and **committed cost sharing** (i.e., mandatory or voluntary committed cost sharing quantified in the proposal).

Institutional Base Salary

Consistent with the recent guidance published by the National Institutes of Health **K awards** are included in Effort Reports.

Committed Cost Sharing

Effort expended at VA or affiliated hospitals, non-UC professional effort, or uncommitted cost sharing is not included in UC Effort Reports.

What Effort Is Included on the UC Effort Report? (cont'd)

Institutional Base Salary is used as the basis for the calculation of effort.

Institutional Base Salary is the annual compensation paid by the University for an employee's appointment, whether that individual's time is spent on research, teaching, patient care, or other activities.

The total effort associated with Institutional Base Salary is defined as 100% effort.

All employees paid from designated funds, including hourly employees, are included in the effort reporting process.

Cost Sharing and Effort Reporting

Cost sharing represents that portion of the total project costs of a sponsored agreement that are not borne by the sponsor or sponsors of the project. These costs are borne by the University or other fund sources, rather than by the sponsor.

Cost sharing may have both effort-based (compensation) and non-effort based (equipment or other expenses) components. In the context of effort reporting, the term cost sharing refers only to the compensation or effort-based cost sharing component. Non-effort based items are not included since the purpose of ERS is to certify effort.

Cost Sharing and Effort Reporting (cont'd)

There are two major categories of cost sharing:

- **committed cost sharing**
- **uncommitted cost sharing**

Cost Sharing and Effort Reporting (cont'd)

Committed cost sharing represents effort or other costs related to the sponsored award that are quantified in the proposal budget or narrative but are not paid by the sponsor. Committed cost sharing is either **mandatory** (required by the sponsor as a condition of the award) or **voluntary** (not required by the sponsor but offered in the proposal budget).

Uncommitted cost sharing, sometimes referred to as **voluntary uncommitted cost sharing**, refers to any donated effort beyond that which is identified and committed to in the proposal or award.

Cost Sharing and Effort Reporting (cont'd)

Federal regulations require that **only committed cost sharing be certified.**

Committed Cost Sharing: Effort Reporting Requirements		
Mandatory Cost Sharing		Report and certify
Voluntary Committed Cost Sharing		Report and certify
Uncommitted Cost Sharing		Not reported or certified

How Often Must Effort Be Certified?

Effort Reports will be issued within 45 days of the end of the reporting period.

Effort Reports should be certified within 30 days of their issuance.

What if a Certified Effort Report Requires Re-certification?

The Certifier must document the business justification for the re-certification. Adequate justification might include verifiable administrative or clerical error, failure to include cost sharing activities, and any other justification deemed appropriate by campuses.

In general, re-certification of previously certified reports should be on an exceptional basis.

Tolerance Level for Accuracy on Effort Reporting

It is not always possible to determine time spent on any project with absolute certainty.

OMB Circular A21 recognizes this fact and states: “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.*” (Click [here](#) for complete text.)

The [current practice](#) in the University of California is to [certify effort within +/- 5 percentage points](#).

Maximum Percent of Effort

Each campus is responsible for determining the maximum percent of effort that can be charged or contributed to sponsored projects and how they will enforce that maximum.

Compliance Monitoring Using ERS

Details on using ERS to support compliance monitoring can be found in the “Compliance Monitoring Using ERS” and “How to Handle Report Lists” modules.

Conclusion

This concludes the module on Effort Reporting Policy and Compliance.

In this module you learned about the federal regulations and UC policy and guidelines that govern Effort Reporting.*

*For a complete list of UC policies regarding Effort Reporting click [here](#).