

**Effort Reporting System Management Group
Meeting Notes**

July 15, 2004 - Revised , 2004 - Reviewed and Accepted , 2004

Attendees: Sue Abeles , John Ellis, Jon Good, Jorge Ohy, Joyce Freedman, Karen Rust, Mike Allred, Karl Heins, Pixie Ogren - Joining by conference call: Don Larson, Eric Vermillion

Discussion Topics

Review and Acceptance of Meeting Notes -- The meeting notes for the May 11th and June 3rd meetings were reviewed and accepted.

Who Decides What is Considered Cost Sharing? - Sue Abeles sent out, in advance of the July 15 meeting, a Cost Sharing White Paper which was prepared by Ann Pollack, Assistant Vice Chancellor Research at UCLA. The paper defines cost sharing, outlines the various types of cost sharing and describes the need to monitor and account for cost sharing. Of the three types described, all agreed that mandatory and voluntary committed cost sharing needed to be documented in the Effort Reporting System. A third category--voluntary but not offered in proposal--was the subject of further discussion. There was general agreement that effort which was expended in excess of the percent of effort specified in the proposal need not and probably should not be recorded as cost sharing. However, the group failed to reach agreement on how to handle a situation where a percent of effort was specified in the proposal with no mention of cost sharing, but less than that percent was actually charged to the sponsored project. In this case, the University would be required to certify the percent of effort indicated in the proposal and since it was not directly charged to the sponsored project it would, by default, be cost sharing. Most group members felt that in this situation the PI should request permission from the sponsoring agency to change the percent of effort (so that they could certify to the lesser percent) and that this should probably be done even for Federal Demonstration Project funds. The group still needs to reach agreement on this point, or if agreement cannot be reached, a statement should be written to clarify that campuses may handle the reporting of cost sharing differently.

Clinical Trials - The issue of clinical trials was discussed, primarily because of the delay in payment for faculty participants. The group concluded that clinical trials had no significant impact on effort reporting since any offset to effort for clinical trials would be to non-federal funds. In no case would federal sponsored projects be paying for the effort which would later be charged to the clinical trials fund source.

Maximum Percent of Effort Charged to Sponsored Projects - The group agreed that each campus is responsible for determining the maximum percent of effort which can be charged or contributed to sponsored projects. The Effort Reporting System should provide an exception report to identify employees whose percent of effort devoted to

sponsored projects exceeds the percent of effort maximum established by the campus. The system should allow for the maximum to be specified not only at the campus level but at a lower level defined within the organizational hierarchy. For example, a school of medicine department responsible for teaching and patient care might have a different maximum than a department with no patient care responsibilities.

Policy to Regulate Revisions of Previously Certified Effort Reports - Sue Abeles provided a discussion paper highlighting policies concerning justification, documentation, and timeliness of cost transfers. Those policies indicate that cost transfers should occur within 120 days of the original recording of charges, and that any cost transfers occurring after that time will be subjected to additional "facts and circumstances review" and will be allowed only with adequate justification. Similarly, effort reports may be recertified only if the cost transfers resulting in changes to percents of effort meet the same 120 day limitation and justification requirements. The recommendation contained in the discussion paper states:

If the PAR adjustment is the result of a cost transfer, the PAR revision should occur within the same 120 day window for such transfers. Cost transfers and resultant PAR adjustments beyond 120 days should be subject to additional scrutiny and "facts and circumstances" review. If the PAR adjustment is not the result of a cost transfer, requests for PAR revisions should be subject to additional review and approval based on documented business justification. Adequate justification might include verifiable administrative or clerical error, NIH salary cap adjustment, failure to include cost sharing activities, etc. To meet the timeliness standards espoused in federal regulation and University policy, these revisions should be done within the same timeframe as any cost transfer adjustments (i.e. 120 days), however, based on the nature of the adjustment it may be necessary to allow a late adjustment to move unallowable charges off the award. The number of times a revision can be made on an individual award should be subject to the "facts and circumstances" test, however, data should be collected on the number of revisions by PI and department to determine if there is a pattern of abuse or carelessness requiring other corrective action.

The group agreed with this recommendation.

The system must provide various reports to enable campuses to monitor compliance with policies concerning timeliness and justification of cost transfers, and certification of effort reports. The system should provide the following reports:

- Transfers of Expense which are processed more than 120 days after the recording of the original charge
- Recertified effort reports by various sorts such as department or PI
- Recertified effort reports on which the cost sharing amount was changed

The system must also provide the user with the ability to request that new effort reports be issued for a previously certified report so that reports can be changed and recertified in cases where changes are to cost sharing information and not to charges to sponsored projects.

Frequency of Effort Reporting - The group agreed that campuses should continue to use

academic term as the reporting period. That means that all campuses will retain the same reporting period as is currently used. There is one possible change to reporting period. Berkeley Currently has "Professional" staff reporting by semester and "Non Professional" staff reporting quarterly. They intend to explore the possibility of using one method. for both. Although all campuses intend to use the academic term as the reporting period, there may be reasons to change in the future and the system should provide for alternative reporting periods as well.

Who Should Certify Effort Reports? - The group agreed that certain individuals should be required to certify their own effort reports. Those individuals include PI's, faculty members and professional staff. The details of how to specify those individuals within the system still need to be worked out. Effort reports for other individuals such as lab staff or graduate students may be certified by supervisors or PI's. The system must also provide an override capability so that effort reports for PI's and faculty members who would normally be required to certify their own but cannot (out of the country, terminated, etc.) can be certified by someone else. The system must recognize that:

- Every employee can certify their own effort report
- Some employees must certify their own effort report
- Overrides to the "must certify" rule will be required

Is the 5% Tolerance Still Valid? - The group agreed that it is valid for an employee to certify their effort within +/- 5%, understanding that it is not always possible to determine time spent on any project with absolute certainty. However, if an employee makes changes to the percent of effort on the effort report, then the percent of effort entered must be accounted for exactly. For example, an employee receives an effort report indicating 25% effort charged to a sponsored project. The employee knows that he/she spent between 20% and 30% time on the project and certifies the report as is at 25%. In this case the 5% tolerance rule applies. A second example is different. An employee receives an effort report indicating 25% effort charged to a sponsored project. The employee changes the 25% to 22% and certifies the report. Since the employee knew exactly how much time was devoted to the project a transfer of expense for 3% is required. In this case, the 5% tolerance does not apply.

Who is the Office of Record? - The Office of Record is the "system owner", the department responsible for ensuring the proper functioning of the system and the availability and security of the data. This is not the department who may know whether a particular individual certified their effort correctly, nor is it the IT department responsible for the actual system maintenance. Rather, it is the central functional department, such as the Campus Controller or Research Administration. It is the department that controls the timing and running of effort reports, reviews and monitors campus compliance, and to whom auditors would turn for records for multiple departments and questions about report content, etc.