

Effort Reporting: The Bare Essentials for Faculty and Staff

1. The principal investigator (PI) is responsible and accountable for compliance with all federal regulations associated with sponsored projects awarded under his or her supervision. ([see Note 1](#)) **Effort certification is a compliance requirement of accepting federal awards.** ([see Note 2](#))
2. Effort is not based on a 40-hour work week, nor is it based on full time equivalent (FTE). Effort is an employee's total activity within her or his College appointment and includes all research, teaching, and administrative duties. Effort is comprised of all elements for which an employee is compensated by Macalester. This excludes any income that an individual is permitted to earn outside of duties for Macalester. Effort is expressed in percentage terms and must total 100%. ([see Note 3](#))
3. The individual signing an effort report confirms that the percentage distribution of activity on the report represents a reasonable estimate of the work performed by the listed employee for the documented period.
4. In preparing effort reports, employees are encouraged to refresh their memories by consulting available resources documenting their activities during the period. These documents may include leave reports for the period, calendars, schedules, correspondence, telephone logs, meeting documentation, journals, etc. They are also resources that external auditors or other reviewers may consult to help resolve effort report questions, if they arise.
5. Federal regulations require the individual who certifies effort to have first-hand knowledge of the employee's activities ([see Note 4](#)). This requirement is met by requiring that the employee sign his or her own effort report, except in pre-approved and clearly documented circumstances that warrant a departure from the standard procedure, e.g. the individual is on leave of absence.
6. Timely certification and return of effort reports by College-established deadlines is a federal compliance requirement.
7. Sometimes there are legitimate reasons to modify the effort on a project subsequent to certification. These modifications are referred to as retroactive adjustments. Legitimate reasons DO NOT include manipulating funds for budget purposes or to charge one grant or contract to cover work activity actually expended for another project or work related duty.
8. Any request for a retroactive adjustment requires a Letter of Justification (LOJ) that clearly sets forth why previous effort was erroneously certified, and why the requested change is more appropriate within the context of law, federal requirements, or College policies and procedures. LOJs are submitted to the Provost, with copies to Corporate & Foundation Relations and Business Services. Retroactive adjustments requested via a LOJ must occur within 90 days of recording the expenditure for which a reclassification is requested.
9. Federal requirements generally allow up to 90 days after the project period end date for final reporting. Final effort reporting and any retroactive adjustments must be completed before the final reporting deadline.
10. Remember, whether or not you agree philosophically with this structure for effort reporting, it is a federal requirement and a current focus of federal auditing programs. Recent non-compliance findings have resulted in multimillion dollar fines at major, respected research institutions.

Note 1: Principal Investigator (PI)

Definition: The individual designated by the grantee, and approved by NSF, who will be responsible for the scientific or technical direction of the project. (Source: [NSF website](#))

Responsibility: The PI (also referred to as Program/Project Director) is the individual, designated by the grantee, responsible for the scientific or technical aspects of the grant and for day-to-day management of the project or program. The PI is not required to be an employee of the grantee. However, because the grant, if awarded, is made to the organization, the applicant organization must have a formal written agreement with the PI that specifies an official relationship between the parties even if the relationship does not involve a salary or other form of remuneration.

The PI is a member of the grantee team responsible for ensuring compliance with the financial and administrative aspects of the award. This individual works closely with designated officials within the grantee organization to create and maintain necessary documentation, including both technical and administrative reports; prepare justifications; appropriately acknowledge Federal support of research findings in publications, announcements, news programs, and other media; and ensure compliance with other Federal and organizational requirements. (Source: [NIH website](#))

Note 2: Effort Certification

Amounts charged to grant-supported projects for personal services must be based on an adequate payroll distribution system. Standards for payroll distribution systems are contained in the applicable cost principles. Examples of acceptable methods for payroll distribution are as follows:

- A plan confirmation system for professorial or professional staff based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution.
 - Activity records system reflecting an after-the-fact reporting of the percentage distribution of activity of employees. For professorial and professional staff, the reports will be prepared each academic term, but no less frequently than every 6 months. For other employees, unless alternative arrangements are agreed to, the reports will be prepared no less frequently than monthly and will coincide with one or more pay periods.
 - Multiple confirmation records system for professorial and professional staff, prepared each academic term, but no less frequently than every 6 months.
 - By mutual agreement, any other method meeting the criteria specified in paragraph J.10.b.(2) of OMB Circular A-21.
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Note 3: Effort Must total 100%

Macalester has elected to use a system of after-the-fact confirmation reports to document wages, as required by Section J10 of [Federal OMB Circular A-21](#). These reports must account for 100% of each individual's effort.

Note 4: Signature Certifications

To confirm that distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the record for each employee must include the signature of the employee or of a person having direct knowledge of the work, confirming that the record of activities allocable as direct costs of each sponsored agreement is appropriate.

(Source: [OMB website](#))

5 Key Points about Effort Reporting

1. A 40-hour work week is NOT the basis for “100% effort”.

- Under federal regulations on effort reporting, 100% effort is an employee’s total hours actually spent on work within the scope of his or her employment regardless of how many or how few hours an employee works and regardless of the percent FTE listed on the appointment.
- Effort certification must reflect actual work performed and cannot be budget driven.
- Just as an employee’s total effort is not defined by regular business hours of the employer or by the percent FTE of the appointment, research effort does not necessarily take place only in the research facility/lab or only on university premises. Research effort can occur at home, at a conference or in off-site research-related meetings, etc. If these types of hours are included in calculating research effort, they must also be included in the calculation of total effort.

2. Federal auditors are looking for the following patterns that suggest that an effort certification is formulated by factors other than actual effort on the project:

- Patterns of retroactive adjustments to effort certifications or retroactive cost transfers. (Is there reasonable justification or does there appear to be a desire to “mop up” or transfer unused grant funds?)
- Very small effort percentages on many grants. (Is it the actual research project contribution or just salary support?)
- Research effort certifications that appear not to include accounting for actual administrative and/or teaching as part of total effort. If you certify research effort for your research grants totaling 95%, that leaves only 5% for all other work. If you are teaching two classes that each meet for three hours a week, classroom time alone equals six hours per week. For 6 hours to be 5% or less of your total effort – leaving at least 95% to meet your certified research effort – you need to be prepared to document the claim that your workweek is 120 hours or more.

3. What if one or more of the patterns listed in item number 2 exist in my effort reporting but are legitimate reflections of my actual effort?

- Maintain documentation that supports your research contribution - in research content and in time/percentage of effort (calendars, correspondence, work products, etc.)
- A request for retroactive adjustment to an effort certification requires a Letter of Justification.
- If an adjustment is needed, do not delay - 90 days is the limit for accepting a retroactive adjustment.

4. What if I disagree with this effort reporting approach?

- If you accept federal funds, you accept this obligation as a condition of taking the funds.
- If you are skeptical about the magnitude and likelihood of serious jeopardy regarding noncompliance in effort reporting, please call the individuals below to get more information.

5. What if I have questions related to effort certification?

- For technical questions about effort certification processes and paperwork, contact:

Dorothy Johnson
Business Services - grant accounting
651-696-6354

Michelle Epp
Corporate & Foundation Relations
651-696-6062