



MIDWESTERN UNIVERSITY
STANDARD POLICY

Subject: Effort Reporting		Policy No: 271
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Division: All University		
Campus: All University		
Approved By: Kathleen H. Goepfinger, Ph.D., President and CEO		

PURPOSE:

This policy establishes institutional requirements for reporting effort on sponsored projects. Effort reporting is a required process by the federal government. The purpose of this policy is to ensure that effort reporting completed in connection with University sponsored projects complies with all requirements, and that the effort reported is accurate, allowable, properly allocated, complies with sponsor requirements and reasonably reflects the actual level of effort expended on a sponsored project.

As a condition of receiving sponsored awards, Midwestern University (the University) must assure sponsors that the effort expended on the sponsored projects justifies the salary charged to those projects. In addition, MWU must assure sponsors that the commitment indicated (including mandatory and voluntary committed cost sharing) in the proposal and subsequent award is met in accordance with the sponsor's terms and conditions. MWU provides this assurance by requiring periodic effort reports for each individual who devotes effort to the project whether or not salary is charged to one or more sponsored projects.

All individuals who devote effort to sponsored projects and complete effort reports are responsible for understanding the principles of accurate and timely effort reporting. Any significant changes in the level of effort on a sponsored project must be communicated to the Office of Research and Sponsored Programs (ORSP) in a timely manner.

Financial penalties and harm to Midwestern University's reputation could result from failure to provide accurate effort reports or failure to comply with the University's effort reporting requirements. All individuals involved in the effort reporting process must abide by the provisions of this policy.

DEFINITION:

"Significant Changes" on a sponsored project are defined as a reduction of 25% or more in the level of effort from what was approved by the agency or an absence of effort for more than three months.

Institutional Base Salary (IBS) is defined as the annual compensation paid by the University, whether that individual's time is spent on research, instruction, administration or other activities as defined in the employee's Faculty Development Plan, appointment letter, contract or as established in the appointment process. The Institutional Base Salary excludes any income that an individual earns outside of their compensated responsibilities to the University including recaptured salary and dollars received for proctoring, review course payment, honorariums and bonuses.

POLICY:

Federal regulations require the University to document the time and effort that faculty and staff devote to federal grants and contracts for services rendered during the period of performance under the federal award (federal awards with a start date on or after December 26, 2014 are subject to 2 CFR Part 200). In particular, effort reports must be generated for all individuals who devote effort to a federal grant or contract.

A. Effort reporting system:

The effort reporting system is an "After-the-Fact" reporting system, in which the distribution of salaries and wages by MWU will

be supported by effort reports as described below:

1. Effort reports will reasonably reflect the percentage distribution of efforts expended by individuals for services rendered and is consistently applied to both federal and non-federal funded grants and contracts. Effort reports must account for 100% of an individual's total university effort. Total university effort includes research, teaching, administration, clinical activity and any other activity for which an individual receives compensation or salary from MWU. If a grant or contract is audited and effort reports are not on file or do not agree with the approved budget, the sponsor may demand that MWU return all or part of the funds.
2. An effort report will be generated for each individual working on a federally funded project, provided that the approved grant or contract commits university personnel time to the project, regardless whether such time is paid by external funds or is an unpaid contribution, i.e., cost-sharing. In no case can the percentage of an individual's salary charged to a sponsored project exceed the percentage of the individual's total effort that is expended on the project during an effort reporting period. If the percentage of total effort expended in a given effort reporting period is less than the percentage of salary charged to the sponsored project during the period, the salary charges must be reduced to reflect actual effort. All necessary adjustments must be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated.
3. The effort report will be certified by the individual devoting effort to the project. Signing confirms that the effort allocation as reported reasonably represents the actual effort expended by the individual. Significant changes in the corresponding work activity are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation of effort need not be considered as long as the distribution of salaries is reasonable over the grant funding period.
4. The ORSP in working with Business Services will generate effort reports that will be e-mailed to each faculty, staff, and student by the fourth week in January, April, July and October to document the percentage distribution of effort expended during the previous quarter for those devoting committed effort to a federally-funded project.
5. Charges for work performed on federal awards by faculty or staff are allowable at the IBS rate. In no event will charges to federal awards exceed the proportionate share of the IBS for that period. In the event work is performed by a faculty member that is in addition to his or her regular responsibilities, any charges for such work representing additional compensation above the IBS are allowable provided that such consulting arrangements are specifically provided for in the federal award or approved in writing by the federal awarding agency. Charges to federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animal, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students and attending meetings and conferences.
6. Charges to federal awards for salaries and wages are based on records that accurately reflect the work performed. These records encompass both federally assisted and all other activities compensated by the University on an integrated basis but may include the use of subsidiary records as a suitable means of verification in support of work performed. Some examples of subsidiary records might include: calendars, teaching schedules, logbooks and e-mails. These records will support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award, or a federal award and non-federal award.

B. Roles and Responsibilities:

1. **Principal Investigator** - responsible for understanding the Time and Effort Reporting Policy; fulfilling committed and contributed effort requirements of the funding sponsor; certifying his/her own effort report, as well as that of students and staff devoting effort to his/her project; notifying the ORSP of any inaccuracies on the effort report or significant reductions of effort and performing the timely completion of the effort report.
2. **Faculty serving as investigator, staff and students** - responsible for certifying his/her own effort report, notifying the PI of any inaccuracies on the effort report and performing the timely completion of the effort report.
3. **Business Services** - responsible for creating the effort report and performing any necessary journal entries to correct payroll entries.
4. **Office of Research & Sponsored Programs** - responsible for implementing the training program, assisting with questions regarding effort reporting and/or the process, reviewing effort reports, monitoring compliance to the Time and Effort Reporting Policy, retaining support documentation related to salary and effort distributions and requesting sponsor approval for significant reductions of PI effort.

PROCEDURE

1. When a PI is awarded a federal grant, he/she and anyone devoting effort to the grant must receive effort report training through the ORSP before grant funds can be expended. Training will include the principal concepts of effort reporting and the effort reporting processes.
2. The PI will prepare a projected distribution of effort for the duration of the grant that will be based on the budget proposed to the sponsor along with committed cost sharing, and this information will be provided to the ORSP. The ORSP will provide the projected distribution levels to Business Services who will create the effort report document.
3. Effort reports will be distributed quarterly (January, April, July, and October) by the ORSP to faculty, staff and students devoting effort on a sponsored project. Each employee and student receiving this report will have 15 days to review and verify their effort report.
4. Employees and students are expected to review the distribution percentages on the report form and determine whether those percentages reasonably correspond to the percentages of their actual effort on each project or activity. If salary percentages reflect the actual effort, the individual should sign the effort report form. If the individual is a staff member or a student, the effort report will also require the signature of the project PI. Signed forms will be returned to the ORSP. The ORSP will review the time and effort report for correctness and the document will be then be kept as part of the official records in the ORSP.
5. If the salary allocation percentages on the form do not correspond with the percentages of an individual's actual effort on the listed project, the PI must notify the ORSP within 15 days of receiving the effort report. In this instance, a corrected effort report will be generated for signature by the individual, and Business Services will perform the respective salary adjustment.
6. In the event of extraordinary circumstances where an individual is unavailable to certify his/her effort report, the immediate supervisor will be notified by the ORSP and the immediate supervisor will determine the appropriate steps to take to achieve a meaningful effort report.
7. Once certification of salary has been completed, only in rare circumstances will subsequent salary adjustments be permitted. If it is necessary to adjust the salary charges for a previously certified effort period, documentation must be submitted by the PI to the ORSP detailing the need for the salary adjustment and subsequent recertification. This salary adjustment must be approved by the Associate Director of the ORSP. If approved, a certification of the effort period and an appropriate salary reallocation performed by Business Services is then required.
8. Failure to follow the provision of this effort reporting policy may subject the individual responsible for the violation to administrative and/or disciplinary actions in accordance with MWU disciplinary procedures. Specifically, certification of effort reports that are known to be materially inaccurate or are chronically late in being submitted past the 15-day deadline may expose the individual who completed the reports to personal disciplinary action.
9. Effort reports shall be retained for a period of three years from the date of submission of the final expenditure report submitted to the funding sponsor.