The federal government requires an effort report when an individual is compensated by or has agreed to contribute time to a federally-sponsored project. All faculty who serve as project directors or principal investigators on sponsored agreements are personally responsible to certify the amount of effort that they and their team members spent on sponsored activities.

**Federal requirements regarding effort reporting**

The Office of Management and Budget's (OMB) Circular A-21 "Cost Principles for Educational Institutions" is the federal government's cost principles for colleges and universities. It defines what costs are allowable and allocable to federal grants and other "assistance" agreements.

OMB Circular A-21 (Section J.8) sets forth criteria for acceptable methods of charging salaries and wages to federally-sponsored projects. A-21 requires a payroll distribution system that directly charges salaries to appropriate projects.

In addition, Circular A-21 requires that institutions develop a mechanism to determine or confirm how individuals actually expend effort during a specified time period. These effort reports must be performed on a regular schedule and must be certified by individuals who have first-hand knowledge of 100 percent of the employee's compensated activities. In most cases, that would be the employee or the employee's direct supervisor.

**What is effort and effort reporting?**

Effort is defined as the amount of time spent on a particular activity. It includes the time spent working on a sponsored project in which salary is directly charged or contributed (cost-shared effort).

Individual effort is expressed as a percentage of the total amount of time spent on work-related activities -- instruction, research (including externally funded research), administration -- for which the College compensates an individual.

Effort reporting is the mandated method of certifying to the granting agencies that the effort charged or cost shared to each award has actually been completed.

**What is a percent of effort?**

Effort is measured as a percent of the individual’s total College employment obligation. Percent effort represents the proportion of time an individual spends on each College activity and is expressed as a percent of the individual’s total College activity. Total College activity = 100% effort.
The percent effort is not based on a typical 40-hour work week. Total College effort is 100% of time regardless of the number of hours worked (for example, a typical work week may be 20 hours for one individual and 60 hours for another).

Total effort may not exceed 100% and should include only those activities for which an individual receives College compensation, including work performed on sponsored projects, whether reimbursed by a sponsor or College funded.

**What is contributed or cost-shared effort?**

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 College or other non-federal third parties, rather than by the sponsor.

> Cost sharing can be required by the sponsor or volunteered by a principal investigator; regardless, any commitment of effort referenced in the project proposal or the award document must be honored, reported, and captured in an effort reporting system.

**What is the difference between effort reporting and payroll distribution?**

Payroll distributions and effort reports are not the same thing. Payroll distributions are the distribution of an individual's salary, while effort reports describe the allocation of an individual's actual time and effort spent for specific projects, whether or not reimbursed by the sponsor. Thus effort reporting is separate from and can be independent of salary charges.

Effort is not just a verification of the salary or payroll distribution. Cost-shared or contributed effort must be included in effort reports.

*Time Effort Reports ARE NOT used to determine payroll for any given period. These reports are only used to document effort performed on a grant project and for grant accounting purposes.*

**Who is subject to effort reporting?**

Faculty and staff will complete an effort certification if they perform work on sponsored projects that are funded by federal, state and local government entities, federal pass-through organizations, and private foundations, regardless of whether the effort is paid or unpaid. Non-exempt employees who complete auditable time cards are not subject to effort reporting procedures.

**When are Time and Effort Reports submitted?**

King’s College uses “after-the-fact” certification. **Salaried** Faculty and Staff submit time and effort reports after each semester or summer session as follows:

Fall – The report covers the period between the first day of fall classes and the first day of spring classes. Reports are distributed by the Academic Grants Office on December 1 and are due on February 1.
Spring - The report covers the period between the first day of spring classes and graduation. Reports are distributed by the Academic Grants Office on May 1 and are due on June 1.

Summer - The report covers the period between graduation and the first day of fall classes. Reports are distributed by the Academic Grants Office on August 1 and are due on September 1.

Hourly paid staff submit time and effort reports on the 1st of each month.

What are the risks of not complying with Circular A-21’s effort reporting requirement?

In recent years, the federal government and its auditors have become much more active in their review of effort reporting requirements, and a number of colleges and universities have received large audit disallowances as a result.

An effort reporting system must provide records on how individuals participating in federally funded sponsored agreements actually spend their time. Because the federal government mandates effort reporting, it is incumbent upon institutions that receive federal funding to maintain accurate and auditable systems and records.

Documentation on how individuals spend time on federally sponsored projects is subject to federal audit and can be cause for institutional or individual disallowances.

Institutional disallowances can result if:

1) The effort report was certified by an individual other than the employee or someone who has "first-hand" knowledge of 100 percent of the employee's time;

2) The effort report does not encompass all of the activities performed by the employee under the terms of their employment;

3) The levels of effort reported do not appear reasonable, given the responsibilities of the individual.

Individual disallowances can result if:

1) The effort report certified by the individual is found to be falsified;

2) The levels of effort reported do not appear reasonable.

Federal audit disallowances can and have resulted in serious financial penalties for institutions. In addition, criminal charges may be brought against an individual certifying to falsified effort.

Current audit plans for federal auditors include effort reporting as a specific audit focus.

(Effective 9/1/2010)

King’s College
Academic Grants Office
(570) 208-5900, Ext. 5798
Adapted with permission from Davidson College
Academic Grants

Time/Effort Report / Salaried Employees

Employee Name __________________________ Employee ID __________
Employee Department __________________________ Period: __________________________

<table>
<thead>
<tr>
<th>Grant Account(s)</th>
<th>Directly Charged</th>
<th>Cost Share</th>
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<tbody>
<tr>
<td></td>
<td>Budgeted</td>
<td>Actual</td>
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Grant #1 Name

0% 0% 0% 0% 0%

Describe Activities: 

Account #  Account #

Grant #2 Name

0% 0% 0% 0% 0%

Describe Activities: 

Account #  Account #

Non-Sponsored/Other Activity

0% 0% 0% 0% 0%

Describe Activities:

Total All Accounts

0% 0% 0% 0% 100%

I certify that the above distribution of activity represents a reasonable estimate of all work performed by me during this period.

Employee Signature: __________________________ Date: __________

I certify that I have first-hand knowledge of all work performed by this employee and that the distribution of activity represents a reasonable estimate of work performed during the stated period.

Administrator’s Signature: __________________________ Date: __________

Time Effort Reports ARE NOT used to determine payroll for any given period. These reports are only used to document effort performed on a grant project and for grant accounting purposes. Please send completed report to the Academic Grants Office.
Academic Grants
Time/Effort Report / Hourly Employees

Employee Name ________________________________ Employee ID ________________

Employee Department __________________________ Period: ______________________

Grant Name: ________________________________ Account #: ____________________

<table>
<thead>
<tr>
<th>Date</th>
<th>Number of Hours</th>
<th>Description of Work Performed on Grant/Project</th>
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</table>

Describe Other Work Performed:

Total Hours Charged to Grant
Total Hours for Other Work Performed
0 Total Hours Worked

I certify that the above distribution of activity represents a reasonable estimate of all work performed by me during this period.

Employee Signature: ____________________________________________ Date: ____________

I certify that I have first-hand knowledge of all work performed by this employee and that the distribution of activity represents a reasonable estimate of work performed during the stated period.

Administrator’s Signature: _________________________________________ Date: ___________

Time Effort Reports ARE NOT used to determine payroll for any given period.
These reports are only used to document effort performed on a grant project and for grant accounting purposes.

Please send completed report to the Academic Grants Office.