



UNIVERSITY OF
NOTRE DAME
Research & Sponsored
Programs Accounting

Research & Sponsored Programs
Accounting Policy

Effort Reporting

Responsible Executive: Controller
Responsible Department: RSPA
Review Date: April, 2008

POLICY STATEMENT

Effort Reporting is a federally mandated process to verify all direct labor charges associated with federally sponsored agreements are reasonable and reflect actual work (effort) performed.

Office of Management and Budget (“OMB”) [Circular A-21](#), section J10, provides regulatory requirements for the reporting and certification of faculty effort associated with Federal organized research projects. Effort directly related to organized research and all other activities for which an individual is compensated must be identified in the University’s effort distribution/reporting process.

Total effort is defined as all professional activity for which the University compensates an individual, including students working as teaching or research assistants. For reporting purposes effort is calculated in percentages of time with the total allocation of effort being 100%.

Note: The percentage is not based on a set number of hours, e.g., 40 or 50 hours per week; it equates to the total of University-compensated effort. For example, if a faculty member works an average of 50 hours per week during an effort reporting period and works an average of 10 hours per week on a particular sponsored project, total effort towards that specific project would be 20%.

Faculty salary charged to sponsored research agreements should be commensurate with the direct effort provided to the project for each exclusive reporting period (Spring, Summer and Fall) and should not include any portion associated with administrative work or activities related solely to Instruction or Departmental Research (See [Definition of Terms-Major Functions](#)). Summer salary charged to grants and contracts should be in direct relation to the effort actually expended on research during the summer period. Faculty members receiving three months of summer pay must be performing research during that period.

The rate associated with charges for work performed on sponsored research agreements shall not exceed the rate associated with their academic appointment. The individual cannot receive compensation for his or her participation in a sponsored project above the appropriate portion of the base salary allocated to the project. For example, if a faculty member’s base salary is \$100,000 and he/she devotes 25% of total effort to a sponsored project, the salary charged to the project must not exceed \$25,000.

Notre Dame requires any individual charging a grant fund or associated cost share to certify his or her effort three times a year: Fall, Spring, and Summer. Approximately four weeks after the end of each period RSPA will send a Personnel Activity Report (“PAR”) to the administrators in each department. The PAR summarizes effort based on an individual’s salary distribution.

Example: If a person's salary in the Fall Semester is \$50,000 and \$10,000 was charged to grant fund 2XXXXX, \$5,000 to cost share fund 3XXXXX, and \$35,000 to Department fund 100000, the PAR will show the following distribution:

- 20% effort to 2XXXXX
- 10% effort to 3XXXXX
- 70% effort to 100000

The Department administrators are responsible for distributing the PAR's to the Principal Investigator ("PI") of each sponsored fund represented on the specific PAR. The PI will work with each employee to certify the PAR accurately reflects the actual effort expended on the project(s) represented on the PAR. If the employee is not readily available the PI may certify on their behalf. Once the certification is obtained the PI will approve the PAR. When it is not practical for the PI to approve the PAR's, he or she may designate a Laboratory or Project Manager/Director to approve the PAR's on the PI's behalf as long as that person has direct knowledge of the work performed and has a suitable means of verifying the effort shown on the PAR is valid.

If actual time and effort differs significantly from the paid distribution (5% or more of total effort) an adjustment must be made to the Payroll system. The PI should reflect the appropriate effort on the PAR, certify, and submit the adjustment to RSPA. RSPA will generate a [Labor Distribution Change Form](#) to reallocate his or her salary distribution to reflect the actual effort allocated to each project. 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 expended on that project during the period.

PAR's must be returned to RSPA within 90 days of the end of the preceding semester. Failure to follow the provisions of this effort reporting policy may place the university and those involved at considerable risk:

- If effort reports are not completed and returned in a timely fashion, salary costs associated with uncertified grant activity may be charged to a departmental account.
- Submission of any new proposals on behalf of a noncompliant PI may be suspended until effort reports are current and properly completed.

Except for rare circumstances, once certification of salary has been completed reallocation is not allowable. If it is necessary to adjust salary charges for a previously certified effort period, documentation must provide a detailed explanation of the need for the salary adjustment and subsequent recertification. For further information, reference policies on [Cost Transfers](#) and [Expense](#).

In accordance with OMB Circular A-21, Section J10b(2)(f), independent internal evaluations to ensure the system's effectiveness and compliance will be performed annually in connection with the OMB Circular A-133 audit performed by external auditors. The audit plan will be reviewed

with the auditors to ensure procedures and reports are adequate and address overall effectiveness and compliance.

Consequences for violation of the policy could include financial penalties and fines, unallowable expenditures to the grant, damage to the University's reputation and hinder ability to attract future awards. All individuals involved in the effort certification process are expected to abide strictly by the provisions of this policy.