**OSP Effort Reporting Procedures Procedure 40001**

Revision Date: 10/06/2022

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# 1. Introduction

Responsible Official: *Director Financial Compliance and Integrity; Associate Vice President for Research & Innovation, Sponsored Programs*

Effective Date: 10/6/22

# 2. Scope

This procedure applies to all university employees working directly on externally funded sponsored activities or sponsored projects and administrators supporting the research enterprise.

# 3. Procedure Statement

The university receives significant funding for sponsored projects from federal agencies and pass-through entities, and must comply with the standards for documenting personnel expenses to federal awards, which are found in the Uniform Guidance. To satisfy this federal requirement, the university maintains a system of internal controls that provides reasonable assurance that charges to federally sponsored projects are accurate, allowable and properly allocated (see Policy 3240: Costing Principles for Sponsored Projects). The university's effort reporting process is a primary component of this system of internal controls and provides evidence that effort reasonably reflects the individual's share of total effort dedicated to the sponsored project(s) and other university activities. This procedure outlies the effort reporting process to assure compliance with federal regulations.

# 4. Reason for the Procedure

The reason for this procedure is to inform the community of the requirements associated with effort reporting.

# 5. Definitions

*Allocation* means the process of assigning a cost in reasonable proportion to the benefit provided or other equitable relationship.

*Committed Effort* is the time PI, Co-PI or other key personnel propose in a funding application, typically in the budget and/or budget narrative and becomes a commitment (or obligation) that the university must fulfill. Committed Effort may be adjusted, but changes might require sponsor's approval PRIOR to any change in committed effort. Departments should consult with the assigned Post Award Associate to determine if changes to committed effort require sponsor approval. The cost associated with committed effort may be borne by the sponsor (charged to the grant or contract) or by the institution (documented as cost-sharing).

*Certifier* is the individual working on sponsored program or PI overseeing the work of graduate students.

Only under exceptional circumstances, such as an employee leaving the university or on extended leave, should a *responsible official* (i.e. supervisor, department head, or business manager) certify effort on behalf of faculty or staff. Should this be necessary, federal regulations require that responsible officials maintain documentation of suitable means of verification that the work was performed. Responsible officials may not have detailed or direct knowledge of an employee's total work effort and should not certify the effort unless written after-the-fact confirmation from an individual having direct knowledge of the employee's total work effort is provided.

*Certification* of effort represents an employee's agreement that the salary charges shown on the report reasonably reflect the effort expended on sponsored projects and other activity for which they were compensated by Virginia Tech.

*Line Item/Project Certification* is the process by which an individual only certifies the effort of others associated with their projects/funds. Departments determine if graduate students will certify individually or if the PI/Co-PI certifies at the project level.

*Companion Fund* is a separate fund established to reflect charges associated with mandatory or committed cost sharing as well as any cost sharing associated with salary over the cap.

*Cost Sharing* means the portion of project costs not borne by the sponsor. The university makes cost-sharing commitments only when required by the sponsor or by the competitive nature of the award and only to the extent necessary to meet the specific requirements of the sponsored project.

> *Voluntary Committed Cost Sharing* means cost sharing specifically pledged on a voluntary basis in the proposal budget or the Federal award on the part of the non-Federal entity and that becomes a binding requirement of Federal award.

> *Voluntary Uncommitted Cost Sharing (VUCS)* refers to any effort of university faculty (and possibly senior researchers) above and beyond the amounts committed and budgeted for in a sponsored agreement. Such expenses are not documented and/or quantified in any materials sent to a sponsor. The VUCS allocation allows voluntary effort to be contributed on a research project without requiring the time (effort) to be documented in a companion cost share fund.

Effort Reporting is the mechanism used to confirm after the end of the reporting period that salaries and wages charged to sponsored projects are reasonable in relation to the actual work performed.

Effort Reporting System (ERS) is the web-based tool used by the university to process and manage effort reports.

Global Release is disseminating uncertified effort reports to all employees in the university at an assigned date even if not pre-reviewed.

*Institutional Base Salary* is the base annual compensation set by Virginia Tech for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS is described in detail in OSP Procedure 10013.

*Labor Redistributions* transfer an employee's salary funding so that the effort form accurately reflects the actual work performed.

*Recertification* is the process of updating the effort report certification when a cost transfer/labor redistribution is approved subsequent to the original certification.

*Responsible Official* is a supervisor, department head, or business manager with suitable means of verification that the work was performed.

*Salary Cap* is when Sponsoring agency (e.g., NIH, etc.,) limits the salary rate that can be expended and reimbursed from the award.

*Sponsored and Related Funds* are received from external sponsors including but not limited to federal, state, commercial and foundations. This would also include the cost sharing companion funds.

*Non-Sponsored Allocable Funds* are University and Virginia Tech Foundation funds that have a Banner attribute which supports multiple purposes including voluntary uncommitted cost sharing. This may include E & G funds, Returned Overhead funds and Residual funds.

| *Voluntary Uncommitted Cost Sharing (VUCS)* | *All Other Activities* |
|---|---|
| Any effort of university faculty (and possibly senior researchers) above and beyond the amounts committed and budgeted for in a sponsored agreement. Such expenses are not documented and/or quantified in any materials sent to a sponsor. The VUCS allocation allows voluntary effort to be contributed on a research project without requiring the time (effort) to be documented in a companion cost share fund. | • Instruction & Department Research<br>• Public Service<br>• Virginia Agricultural Experiment Station<br>• Departmental Administration |

*Non-Sponsored Non-Allocable Funds are-* University funds supporting a defined function and are not typically used as voluntary uncommitted cost sharing.

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# 6. Effort Report Review and Certification Process

Once the effort reporting period ends (semester), departments have approximately 45 days to finalize salary expenses on sponsored project funds. Once the data imports into the effort reporting system, OSP conducts a quality review on a sample of effort reports and releases them to the Department Coordinators/Sub-Department Coordinators/Pre-Reviewer.

**Assignment Process:**

The Department Coordinator (DC) has access to change assignments for the department or sub departments and can also change assignments for individuals.

The Department Coordinator should ensure that the Sub-department coordinators (Sub DC), Pre- Reviewers and Certifiers assigned are appropriate. They also ensure that the effort reports are pre-reviewed and certified timely and accurately.

Per the University's Effort Reporting Policy, certification of effort and the allocation of effort must be completed by the individual faculty, staff or graduate student performing the effort, however, Principal Investigators (PI/Co-PI) may certify for the staff working on their sponsored projects (graduate students, post-doctoral associates, and other similar persons). **If the department has chosen Project Certification, the DC/sub DC/Pre-Reviewer must Enable Line Items for these associates prior to pre- review. The PIs will not be assigned as certifiers till Line Item Assignment process is enabled.**

The Department Coordinator cannot change a certifier. DC/sub-DC/pre-reviewer should contact the Office of Sponsored Programs (OSP) to change a certifier. The Certifier can only be changed when there is an exceptional circumstance such as an employee is no longer with the university or is on an extended medical leave.

When an employee (other than a PI) leaves, the department coordinator should notify OSP to make the PI the employee's certifier. The PIs can certify the effort report since they have the direct knowledge of where the employee's effort was spent.

If the PI is departing from the university, as part of the off-boarding process, the department coordinator should generate the report "Effort on Demand Preview" from ERS for the PI and the graduate students to review and determine if the effort charged to the grant is accurate. The PI should document in an email that the effort charged to the grant reasonably agrees to the effort spent on the grant for himself/herself and the graduate students. The Department coordinator should contact OSP to make the department head the certifier, so he/she can certify the effort report with suitable means of verification. The PI's email should be sent to OSP to attach in ERS as an audit trail.

Please refer to the Assignment Quick Guide document for the assignment process (link attached below).

**Pre-review process:**

Pre-reviewers review effort forms for correctness before effort forms are certified by the appropriate individual(s). The pre-reviewer (if same as a Departmental coordinator) may also manage assignments for department/sub-departments and for individuals.

The Pre-Reviewer will use their knowledge of the departments research portfolio to review if the information provided on each effort form reasonably reflects effort expended by the individual.

> If the information is accurate, the Pre-Reviewer releases the effort report to the certifier. An automatic email will be sent to the certifier.

> If the information is not accurate, the Pre-Reviewer consults with the PI/Co-PI. If the salary charges shown on the report do not reasonably reflect the effort expended on sponsored projects and other activity for which they were compensated by Virginia Tech, the Pre-Reviewer processes a labor redistribution.

**Certification process:**

Individual Certification – Employees review their effort report to ensure the payroll aligns with their total university effort.

> If the effort is accurately reflected on the effort form, if applicable, the employee allocates non-sponsored allocable effort between voluntary uncommitted cost sharing and all other university activities. Next, the employee reviews the certifier checklist to identify anomalies preventing them from certifying their effort. When the effort accurately reflects the individual's share of total effort dedicated to the sponsored project(s) and other university activities, the employee reads the attestation statement and certifies the effort.

> If effort is not accurately reflected on the effort form and payroll funding changes are necessary, the individual certifier uses tools within ERS to notify the Pre-Reviewer that a labor redistribution is necessary, which locks the certification form. The employee should not certify the effort form. Once the labor redistribution posts to the university's financial system, the funding source changes interface in the effort reporting system creating a new effort report. The pre-reviewer will be notified too review the new effort form for accuracy and release to the certifier for review and certification. If the effort form accurately reflects the payroll alignment of their total university effort, the individual certifier should certify their effort form.

Project Certification – Each department decides if graduate students will certify or if PI/Co-PI's will certify graduate students' effort. Project certification follows the same process as individual certification.

Please refer to Certifier Quick Guide document for the detailed process (link attached below).

All effort reports must be certified no later than the certification deadline date included in the Effort reporting schedule.  This date will be communicated to the departments.

**Notifications:**

*The ERS system will send automated email notifications to the departments for uncertified and delinquent effort reports based on the criteria established by OSP. Also,* escalation notices will be sent to supervisors and university management regarding delinquent effort reports as needed until all effort forms for the effort period have been completed.

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# 7. Effort Reporting Schedules

**The Effort Reporting schedule will be posted on OSP's Effort Reporting Web page each semester.**

# 8. Total University Effort

| What is Total University Effort? |
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| Total University Effort is all time spent in support of university activities compensated through one's Institutional Base Salary (IBS), regardless of the number of hours worked and full-time equivalency. Effort is expressed as a percentage of the total number of hours worked by the individual and is not reflected as hours. Effort must add up to 100%. |
| What is Institutional Base Salary? |
| Institutional Base Salary is the base annual compensation set by Virginia Tech for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS is described in detail in OSP Procedure 10013. |
| What are university activities? |

Most instructional faculty members are engaged in teaching, administrative tasks, or other duties in addition to their work on sponsored projects. 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 hours are included in calculating research effort, they must also be included in the calculation of total effort. Although the components of total university effort may differ somewhat among faculty, the following table illustrates the kinds of activities that would typically be considered part of the total university effort of a faculty member:

| Activities Included in Total University Effort | Activities Outside Total University Effort |
|---|---|
| *Organized (Externally Sponsored) Research* - includes reasonable amounts of activities contributing and directly related to work under a sponsored agreement, including 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.<br><br>*Instruction and Departmental Research* - Including teaching classes, presentations to students/trainee groups, mentoring students or trainees (unless specifically part of a sponsored project), student advising, teaching credit classes in special off-campus or distance learning program. Departmental research includes voluntary participation in study sections, peer review of manuscripts, or unfunded effort on externally sponsored research. Effort expended on preparing proposals for sponsored projects (cannot be charged to existing externally funded projects).<br><br>*Public Service/Outreach* - effort on behalf of the university including working with community groups/organizations, businesses, or governmental entities or teaching noncredit professional continuing education. Voluntary service in external professional organizations and societies related to one's work.<br><br>All activities coordinated through the *Virginia Agricultural Experiment Station*<br><br>*Departmental Administration* - includes a variety of administrative and service activities (e.g., Department Chair or Program Director; service on department, college or | *Consulting* and other outside compensated professional work including service on scientific advisory boards or similar boards.<br><br>*Volunteer individual community or public service*, not directly related to one's work (serving on local parent teacher organizations or as a Boy Scout troop leader).<br><br>*Other activities* over and above or separate from assigned responsibilities in the primary position (e.g., serving as a primary editor of a journal), particularly if one is directly compensated by an outside party. |

| university committees; participation in searches or other departmental activities; faculty advisory boards; etc.). | |
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# 9. Scenarios

*Scenario No. 1*

During the effort reporting period, PI ABC averages 30 hours a week working on an NSF award and 20 hours a week on department chair responsibilities.

What is PI ABC's percentage of effort on the NSF award? 60%

What category and percentage will PI ABC allocate non-sponsored allocable activities? All Other Activities, 40%

| | Hours Worked | Allocable Effort | % Effort |
|---|---|---|---|
| Sponsored (NSF) | 30 | | 60% |
| Non-Sponsored Allocable | 20 | | |
| Voluntary Uncommitted Cost Sharing | | 0 | |
| All Other Activities | | 40% | |
| Total Non-Sponsored Allocable | | 40% | 40% |
| **Total Hours Worked** | **50** | | **100%** |

*Scenario No. 2*

PI XYY averages 10 hours a week working on an NIH award, 20 hours a week on an NSF award and 20 hours a week on teaching responsibilities. What is PI XYY's percentage of effort on the NIH award? 20%

Which non-sponsored allocable activity will PI XYY allocate to? 40% to All Other Activities

| | Hours Worked | Allocable Effort | % Effort |
|---|---|---|---|
| Sponsored (NIH) | 10 | | 20% |
| Sponsored (NSF) | 20 | | 40% |
| Non-Sponsored Allocable | 20 | | |
| Voluntary Uncommitted Cost Sharing | | 0 | |
| All Other Activities | | 40% | |
| Total Non-Sponsored Allocable | | 40% | 40% |
| Total Hours Worked | 50 | | 100% |

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# 10. Degree of Tolerance

Federal regulations (2 CFR 200) provides for "a degree of tolerance" in the preciseness of effort reporting. It is recognized that, in an academic setting, teaching, organized research, service, and administration are often inextricably intermingled. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate. Virginia Tech defines the preciseness at +/- five percent. Therefore, individuals may certify a level of effort for an award or activity that is within five percentage points of their best estimate of the actual effort expended during the reporting period.

While the precision tolerance is five percent, this does not mean activities at or below five percent do not need to be reported. If the estimated payroll percentage or amount varies by more than 5% from the actual effort provided on a specific sponsored project, then the PI should inform an authorized department administrator to process an adjustment to reflect the appropriate payroll percentage and amount on the sponsored project before certifying as final.

- **Example:** *PI Smith charged 30% of her salary to Project A for the entire effort reporting period. At the time of certification, she believes she only worked 28% of her time on the project. What should she do?*
  - Certify the report because it is within the tolerance range of 5%.
- **Example**: Your effort report reflects you spend 50% effort on a DOD project. If your reasonable estimate of your actual effort is between 45 and 55 percent of your total VT effort, can you certify the report?
  - Yes, the federal government expects only reasonable estimates of effort, and allow for a degree of tolerance in certifying effort. In fact, certifying this way is not only permissible but the recommended practice.
- **Example**: The PI charged 25% of their salary to a NIH project but estimates that they spent approximately 20% of their time during the period on the project. Is the department required to submit a labor redistribution?
  - No, the PI can certify the effort report without making changes since the actual effort is within the level of tolerance.
- **Example:** If the minimum effort is NOT charged directly to the award or in a cost sharing companion fund, does the department need to submit a labor redistribution request?
  Yes, to capture and certify this effort and accurately reflect the individual's total effort a labor redistribution is necessary.

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## 11. Roles and Responsibilities

_Central Administrator_ – role responsible for managing all aspects of Effort Reporting, providing helpdesk support and assistance, and overall responsibility for compliance and completion of effort reports.

_Department Coordinator_ - These administrative roles (typically business administrators) facilitate the effort process within their domain and are familiar with the funding and effort of individuals within their domain. This role is specific to ERS established for an individual responsible for effort completion, monitoring, compliance, and management at departmental level. Up to five (5) DCs can be designated for each 4-digit department. DCs can perform Assignments and Pre-Review, as well as run Reports.

_Sub Department Coordinator_ – role specific to ERS established for an individual responsible for effort completion, monitoring, compliance and management at the 6-digit department level. Up to five (5) SubDCs can be designated for each 6-digit department. SubDCs can perform Assignments and Pre-Review, as well as run Reports.

_Pre-Reviewers_ review effort forms for correctness before effort forms are certified by the appropriate individual(s). These roles can be the same person and or different individuals as determined by the DC, who also can perform these functions.

_Certifier_ is an individual working on sponsored program or PI overseeing the work of graduate students.

_Project Certifier_ – PI/Co-PI process certifies the effort of graduate students associated with their projects/funds.

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## 12. References

Policy 3105 Effort Reporting

FAQs

Department Coordinator Training Manual

Department Coordinator Training Video

Certifier Quick Guide

Assignment Process Quick Guide

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## 13. Contacts

- Director of Financial Compliance and Integrity
Office of Sponsored Programs
North End Center, Suite 4200
300 Turner Street
Blacksburg, VA 24061
540-231-0950

-Associate Vice President for Research and Innovation, Sponsored Programs
540-231-5281

## 14. Dissemination

This procedure will be posted on a Virginia Tech internet accessible site. Open public dissemination of this procedure is allowed

## 15. Approvals and Revisions

Effort Report Procedures were combined with Effort Reporting policy 3105.

The Effort reporting procedures were revised to include the processes for Electronic Effort Reporting system.
The revision was approved by the Associate Vice President for Research and Innovation, Sponsored Programs on 10/06/22.