



Effort Reporting Policy

IMPORTANT UPDATE

IMPORTANT: For direct and indirect (subawards) federal awards issued to The University of North Carolina at Chapel Hill (UNC-CH or University) with a start date prior to December 26, 2014, OMB Circular A-21 continues to govern compensation charges to federal awards.

For new awards and continuation awards, supplements, etc. received for existing awards with a start date on or after December 26, 2014, 2 CFR Part 200 (commonly referred to as the Uniform Guidance) shall apply as referenced in the Notice of Award.

UNC-CH's electronic effort reporting process meets the standards of both OMB Circular A-21 and the Uniform Guidance and will continue to be used by the University for the reasons and in the manner set forth in this Policy. This Policy is subject to the final interpretation of the Vice Chancellor for Research.

POLICY STATEMENT

The University of North Carolina at Chapel Hill is committed to ensuring that personal compensation charges to sponsored projects are accurate and supported by confirmed effort statements submitted in a timely manner.

All individuals within the University who manage sponsored projects, are involved in allocating compensation charges to sponsored projects, have committed effort (whether through salary support or cost share) to sponsored projects or are responsible for completing effort statements are responsible for understanding the principles of and standards for accurate and timely effort reporting as set forth in this Policy.

DEFINITIONS

Effort Reporting

Effort reporting is the process by which the University determines and documents the **effort** expended on sponsored projects during each **effort reporting period of performance**. The **effort statement** documents the proportion of time devoted to sponsored projects, teaching, clinical practice, and other University activities, expressed as a percentage of **total University effort**. The denominator of the effort percentage must always be total University effort,

irrespective of the total number of hours worked during the **effort reporting period of performance**.

Effort

Effort is the time spent on any University activity by an individual, expressed as a percentage of the individual’s **total University effort**.

Total University Effort

Total University effort is the total of activities for which an individual is compensated by the University under his/her University appointment.

Although the scope of **total University effort** may differ among categories of individuals, the following table illustrates the kinds of activities that would typically be considered to be part of and those outside of **total University effort**.

Activities included in total University effort	Activities outside of total University effort
<ul style="list-style-type: none"> • Externally sponsored research (includes activities such as delivering special lectures or presentations regarding specific aspects of an ongoing sponsored project, writing reports, articles and manuscripts, participating in appropriate seminars, consultation with colleagues and graduate students, and attending meetings, conferences and symposiums) • Effort expended on preparing proposals for new and/or competitive renewals of existing sponsored projects • Departmental/University research (includes uncompensated participation in study sections, peer review of manuscripts, or unfunded effort on externally sponsored research) • Instruction / University Supported Academic Effort - Including presentations to students/trainee groups, mentoring trainees (unless specifically part of a sponsored project such as a Career Development Award), and participation in resident training. • Clinical service effort • Administrative effort includes administrative activities (e.g., Department Chair, Program Director, service on institutional committees, department activities, faculty advisory boards, etc.) 	<ul style="list-style-type: none"> • Consulting and other outside compensated professional work including service on Scientific Advisory boards or similar boards • Special activities resulting in payment or a bonus of other one-time extra compensation • Volunteer individual community or public service • Other activities over and above or separate from assigned responsibilities in the primary position

Salary Allocation

Salary allocation is the process of assigning salary charges to sponsored projects and other University activities. **Salary allocations** and effort allocations are not the same thing. If a **salary allocation** to a sponsored project during an **effort reporting** period exceeds the percentage of **effort** expended on the project during the period, the **salary allocation** must be reduced to the level of the **effort** actually expended, based on the **effort statement**.

Effort Statement

The **effort statement** contains data indicating the percentages of the individual's University salary that were allocated to sponsored project accounts and other University activities during the **effort reporting period of performance** as represented by the **total University effort**. The **salary allocation** percentages on the **effort statement** are not effort percentages; but rather are provided solely for informational purposes.

The confirmed **effort statement** serves as an affirmation by the individual completing the **effort statement** ("certifier") that the percentages of **effort** reported on the form are accurate. Knowingly signing an inaccurate **effort statement** is a serious violation of University policy, as well as potentially a violation of civil and criminal fraud statutes.

Effort reporting period of performance

The **effort reporting period of performance** is the six-month period represented by an **effort statement**. The University issues **effort statements** twice a year, in six-month cycles, i.e. January-June and July-December. Each six-month period is referred to as an "**effort reporting period of performance**."

Cost sharing

Cost sharing is a portion of total sponsored project costs not funded by the sponsor. The type of **cost sharing** applicable to this Policy is **cost sharing** of salary charges. **Effort statements** must document salary **cost sharing** commitments made by the University to the sponsor. Only **effort** shown through the **effort statement** may be used for meeting sponsor cost share requirements.

AUDIENCE

This policy applies to all individuals within the University who manage sponsored projects, are involved in allocating compensation charges to sponsored projects, have committed **effort** (whether through salary support or cost share) to sponsored projects or are responsible for confirming **effort statements**.

REASON FOR POLICY

The purpose of this Policy is to ensure that **effort statements** completed in connection with University sponsored projects are accurate, reasonably reflect the actual level of **effort** expended on a sponsored project, and comply with sponsor requirements.

As a condition of receiving sponsored awards, the University must assure sponsors that the **effort** expended on their sponsored projects justifies the salary charged to those projects. In addition, the University 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. The University provides this assurance by requiring semi-annual **effort statements** for each individual whose salary is charged to one or more sponsored projects and/or **cost sharing** accounts during the **effort reporting period of performance**. Completed **effort statements** indicate the percentages of the individual's **total University effort** that are dedicated to the individual sponsored project(s) and other University activities, and require a confirmation that the reported effort percentages are reasonable and accurate.

Each individual working on a sponsored project must be aware of his/her level of committed **effort** to sponsored projects, his/her ability to meet those commitments in light of any other University obligations he/she may have and to communicate any significant changes in level of sponsored projects **effort** to his/her respective business office.

PROPOSING EFFORT AND REQUESTING SALARY SUPPORT

Levels of **effort** proposed in any sponsored project application should be consistent with the actual **effort** that each individual is expected to expend on the project during the relevant project period(s). The amount of salary support requested should be determined using the individual's institutional base salary (IBS). In general, an individual's institutional base salary includes all amounts paid to the individual by the University as compensation for services rendered. There are certain elements of compensation, however, that are excluded from IBS.

Sponsors generally consider estimates of **effort** (and corresponding salary requests) in project proposals to be commitments if such proposals are subsequently awarded. Individuals for whom such commitments have been made are responsible for ensuring that the commitments

are met. The **effort** levels reported in **effort statements** can be a source of information on that subject, but ultimately the responsibility for meeting the commitments lies with the individual.

For Principal Investigators, the University requires a minimum of 1% effort either directly charged or provided as pre-approved **cost share** on most sponsored projects. Typically, it will be more. Principal Investigators must commit and expend at least 1% effort during at least one **effort reporting period of performance** to accurately reflect their leadership of the project and meet this requirement. If there are multiple Principal Investigators, at least one listed Principal Investigator assuming responsibility for the scientific and administrative direction of the project during a given **effort reporting period of performance** must fulfill the 1% commitment.

Most faculty members are engaged in teaching, administrative and other duties in addition to their work on sponsored projects. Accordingly, unless the circumstances of a particular faculty member demonstrably warrant otherwise, faculty generally have responsibilities that would preclude them for devoting 100% of their **effort** to sponsored activities. The Office of Sponsored Research will carefully scrutinize all instances where a faculty member is committed 100% to sponsored projects.

COMPLETION AND CONFIRMATION OF EFFORT STATEMENTS

Roles and Responsibilities

1. Certifier

The certifier is the individual charged, cost shared or committed to a sponsored project, named on the **effort statement**, and responsible for confirming his/her **effort statement**.

In limited, extenuating circumstances where the certifier cannot confirm his/her **effort statement** (e.g. employees no longer employed with the University, protracted illness or no reasonable access to the UNC-CH email system due to current work assignments), the Principal Investigator or other responsible official with first-hand knowledge or a suitable means of verification that the work was completed may confirm on behalf of the certifier.

When completing an **effort statement**, the certifier is expected to review the payroll distribution percentages on the **effort statement**, and determine whether those percentages reasonably correspond to the percentages of the individual's actual **effort** on each project or activity recognizing that within an academic setting, teaching, research, service, and administration are often inextricably intermingled. Factors such as the availability of funds should not influence the confirmation of an **effort statement**.

The completed **effort statement** must reflect all activities for which compensation is paid by the University. The total work **effort** expended cannot be more or less than 100% and 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 of performance**.

If the percentage of total **effort** expended in a given **effort reporting period of performance** is less than the percentage of salary charged to the sponsored project as reflected on the **effort statement**, the certifier shall indicate on the **effort statement** the appropriate level of effort and communicate this change to his/her Departmental Effort Coordinator.

2. Department Effort Coordinator

The Department Effort Coordinator is the individual(s) within a Department/Center/Institute who is responsible for facilitating the **effort reporting** process.

During the **effort reporting period of performance**, the Department Effort Coordinator is expected to review on a regular basis (i.e., at least every other month) with the certifier, the salary charges and cost share of the certifier to associated sponsored projects and ensure that salary charges and cost share are accurate and in accordance with committed effort. If a discrepancy is identified between salary charges/cost share and expended **effort**, the Department Effort Coordinator is responsible for effecting the appropriate adjustment(s) in ConnectCarolina.

At the conclusion of the **effort reporting period of performance**, the Department Effort Coordinator will receive a notification to access the effort system and pre review the **effort statements** of all certifiers associated with his/her department to ensure that the committed salary charges and cost share are consistent with the discussions that took place with the certifier during the **effort reporting period of performance**.

During the certification period, discussed below, the Department Effort Coordinator is responsible for ensuring the timely effort confirmations by certifiers assigned to his/her Department/Center/Institute and for effecting appropriate adjustments in ConnectCarolina if changes are made to the **effort statement** by the certifier. All adjustments to ConnectCarolina must be made within 14 days of the effort statement certification. If after-the-fact adjustments to the certifier's labor distribution create a variance greater than the University tolerance the certifier will have 21 days to confirm their updated effort statement, before the escalation process outlined below begins.

The Department Effort Coordinator is also responsible for informing the Effort Reporting System Central Administrator in the event he/she leaves the University or moves to another position within the University and will no longer be serving as the Department Effort Coordinator.

3. Effort Reporting System Central Administrator

The Effort Reporting System Central Administrator is located in the Office of Sponsored Research and is responsible for:

- Ensuring the effort reporting system is operating properly and **effort statements** are issued in a timely manner.
- Training certifiers, Departmental Effort Coordinators and OSR staff (as needed), on this Policy, any associated procedures, and the University effort reporting system.
- Serving as effort reporting system help desk, assisting certifiers and departments with troubleshooting and granting effort reporting system access.
- Enforcing this Policy, including but not limited to, initiating the escalation process described below.

4. Department Chair/Center or Institute Director

The Department Chair/Center or Institute Director is responsible for the ensuring compliance with this Policy by certifiers within his/her Department/Center or Institute.

Effort Reporting Period of Performance and University Certification Timeline

Effort statements are generated and confirmed twice a year, in 6-month cycles, i.e. January-June and July-December. Each six-month period is referred to as the **effort reporting period of performance**.

The **effort statement** pre review period will begin approximately 45 calendar days from the end of the **effort reporting period of performance** (i.e., December 31st and June 30th) and will last for approximately two weeks.

The University certification period will last 60 calendar days and commences immediately after the pre review period ends.

Certifiers have 30 calendar days to confirm their **effort** after the pre review period ends and before the escalation process, as set forth below, commences. See Appendix A for an example of the effort statement certification timeline.

SALARY REALLOCATION AND RECONFIRMATION

Salary reallocations made as a result of the effort certification process must be made in accordance with University policies and procedures on salary reallocation and cost transfers.

The salary charges and cost share of a certifier to the associated sponsored project(s) must be accurate and in accordance with expended effort. If a discrepancy is identified between salary charges/cost share and expended effort, the certifier is responsible for indicating the

appropriate adjustment on the **effort statement** and the Department Effort Coordinator is responsible for effecting the appropriate adjustment(s) in ConnectCarolina.

Once **effort** has been confirmed, only in certain, limited, circumstances will subsequent salary adjustments be permitted. In these instances, the effort report may be required to be reopened and reconfirmed. If the effort statement is reopened, the certifier will have 21 days to complete the reconfirmation, before the escalation process begins.

COMPLIANCE

Financial penalties, expenditure disallowances, and harm to the University's reputation could result from failure to provide accurate effort confirmations or failure to comply with the University's **effort reporting** requirements. All individuals involved in the **effort reporting** process are expected to abide strictly by the provisions of this Policy.

Failure to follow the provisions of this Policy may subject the individuals, to administrative and/or disciplinary actions in accordance with University disciplinary procedures and the judgment of University leadership.

In addition, if an **effort statement** is not confirmed within the timeline prescribed in this policy (i.e., within 30 days after the pre review period ends) an escalation process will commence, as follows:

1. Immediately following expiration of the 30 day certification period, the Effort Reporting System Central Administrator will send a memorandum to the applicable Department Effort Coordinator that includes a list of incomplete **effort statements** for certifiers assigned to the Department/Center/Institute with a statement for the Department Effort Coordinator to work with the certifiers to complete their **effort statements** in accordance with this Policy.
2. If the **effort statements** are not confirmed within 14 days of the memorandum to the Department Effort Coordinator, the OSR Director will send a memorandum to the applicable Department Chair/Center or Institute Director that includes a list of incomplete **effort statements** with a statement for the Department Chair/Center or Institute Director to inform the Department Effort Coordinator to work with certifiers to complete their **effort statements** in accordance with this Policy.
3. If the **effort statements** are not confirmed within seven calendar days of the memorandum to the Department Chair/Center or Institute Director, the Vice Chancellor for Research will send a final notice to the respective Research Dean or Center and Institute Directors that includes a list of incomplete **effort statements** and notify him/her that if the **effort statements** are not certified within 7 days of the date of the memorandum, OSR will place the respective sponsored projects on hold and transfer all salary and associated fringe benefit charges from the sponsored projects included on the unprocessed **effort statements** to a non-sponsored account of the Department/Center/Institute that is responsible for the certifier's HR assignment. Costs moved may not be transferred back to the sponsored projects at a later date without the approval of the Associate Vice Chancellor for Research/Director, OSR.

RELATED REGULATIONS, STATUTES, AND RELATED POLICIES

- 2 CFR Part 220 (OMB Circular A-21)
- 2 CFR Part 200 (The Uniform Guidance)
- OSR Policy 500.7 Cost Sharing
- OSR Policy 500.20 Cost Transfers
- OSR FAQs on Summer Effort

CONTACTS

Questions and concerns can be submitted online at Ask OSR or by using the OSR staff directory. Within RAMSeS, the “*Speak to Someone*” option assists in locating the staff member best suited to address project-specific issues.

DOCUMENT HISTORY

02/19/2016 – Policy and Procedure revised to reflect the University's upgraded electronic effort system

09/15/2015 – Policy and Procedure revised to reflect the revisions included in the August 2015 *University of North Carolina Contracts & Grants Business Process Standards*.

05/28/2015 – Policy and Procedure revised to reflect the provisions of the Uniform Guidance and corrective action plan issued in response to an audit finding pertaining to timeliness.

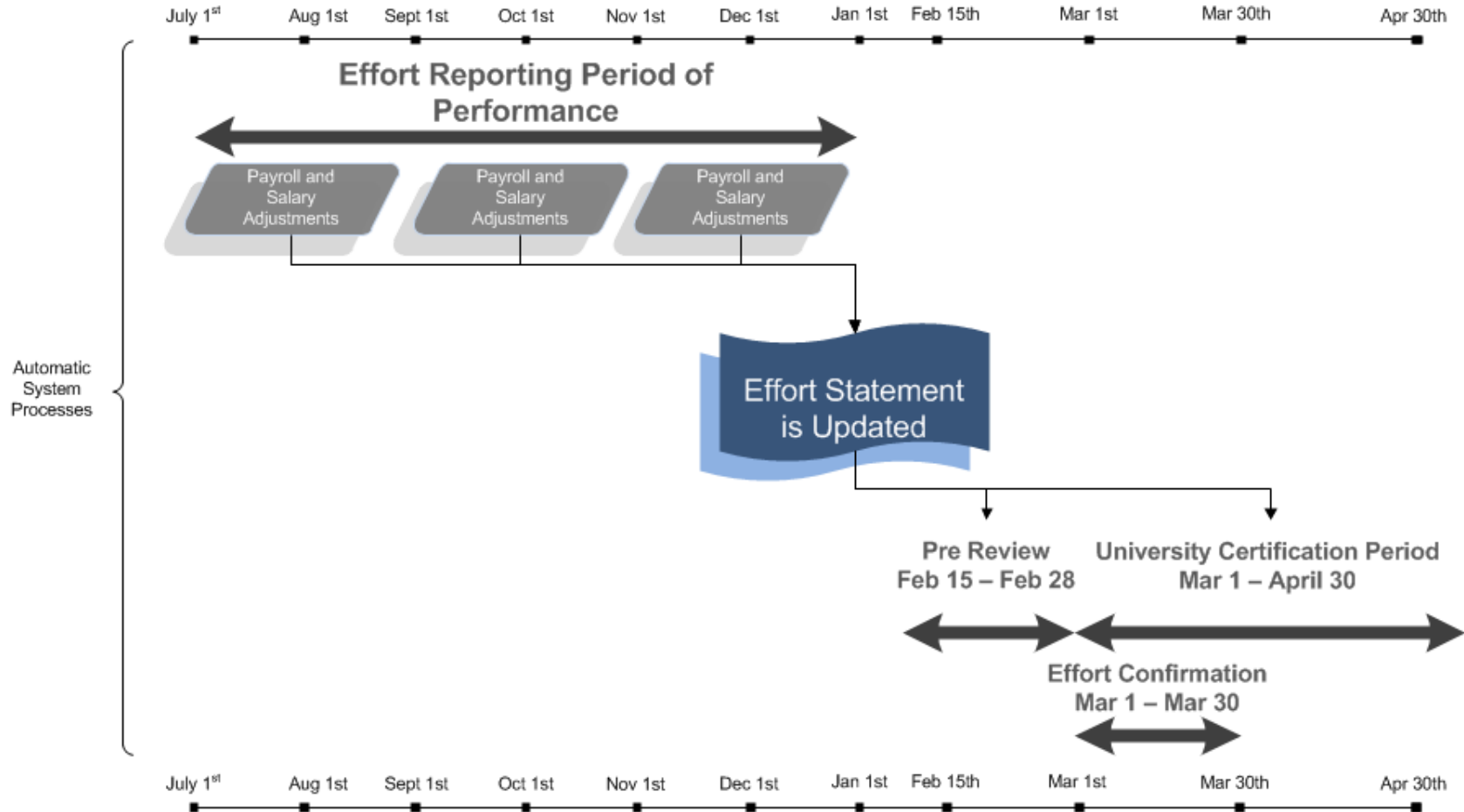
05/18/2015 – FAQs about Summer Effort.

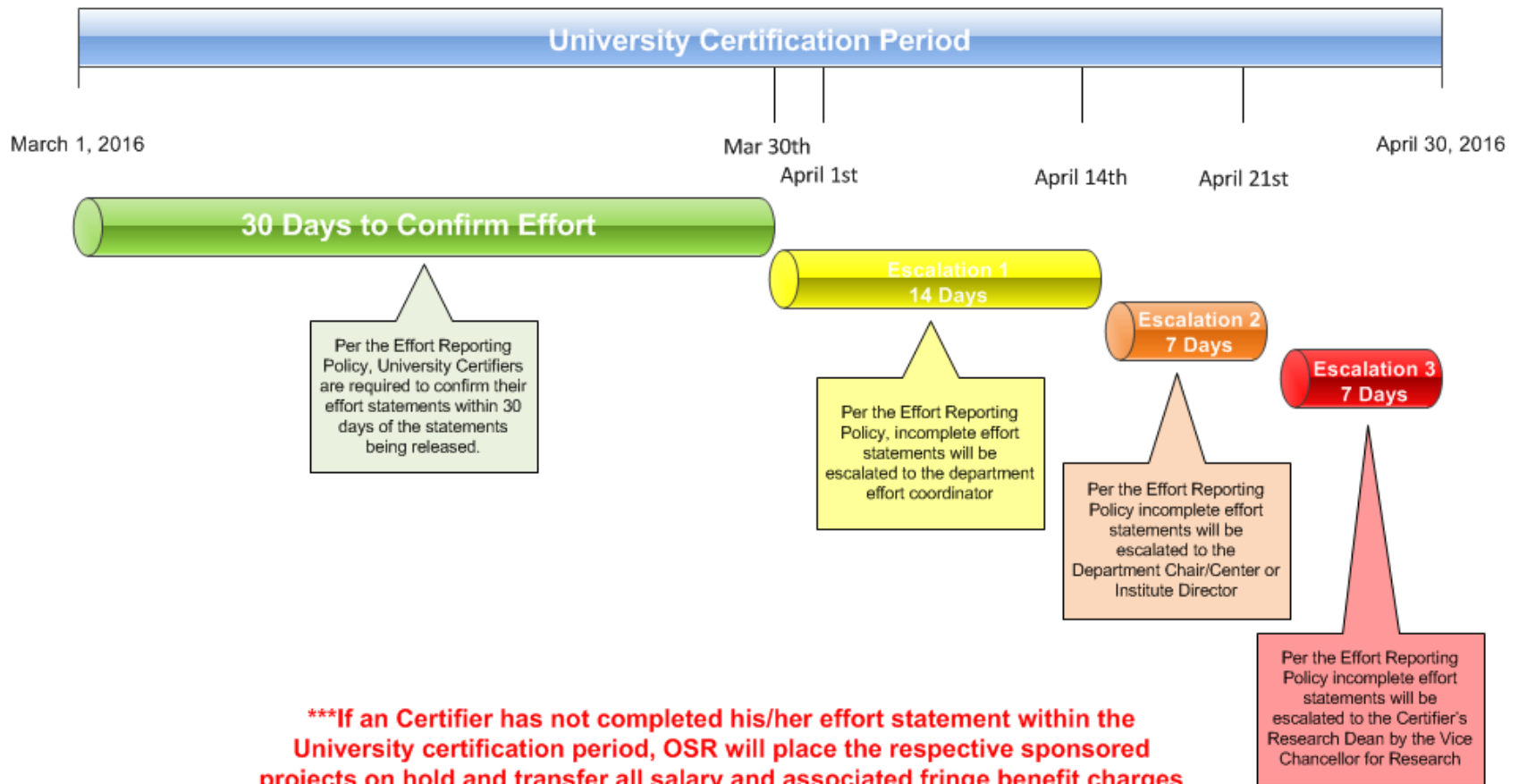
03/14/2011 – Policy and Procedure revised to correspond to on-line eCRT system.

07/31/2010 – Policy and Procedure revised to clarify the institution's anticipated transition to a planned confirmation system.

12/15/2009 Policy and Procedure revised to reflect development of new effort reporting system standards.

Appendix A





*****If an Certifier has not completed his/her effort statement within the University certification period, OSR will place the respective sponsored projects on hold and transfer all salary and associated fringe benefit charges from the sponsored projects included on the unprocessed effort statements to a non-sponsored account of the Department/Center/Institute*****