

**BOSTON
UNIVERSITY**

EFFORT REPORTING

Presented by:
Post Award Financial Operations
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Agenda

- ▶ Effort Reporting
 - Definitions
 - Why is it a requirement?
 - Personnel Activity Reports (PARs) at BU
 - Who can certify reports?
 - Sample PAR Form
 - Cost Sharing and Salary Caps
- ▶ Consequences of Non-Compliance
 - Recent Findings and Settlements

What is Effort?

- ▶ Effort is the time spent on any University activity by an individual, expressed as a percentage of the individual's Total University Effort.
 - A reasonable estimate
 - Total effort must equal 100%
 - Not based on a standard 40 hour work week
 - Does not include outside activities
 - External consulting
 - Veterans Administration (VA) compensated activities

What is Effort Reporting?

- ▶ A method for documenting the proportion of total work time devoted to sponsored agreements expressed as a % of total work time
- ▶ A means of verifying:
 - The appropriate salary & wage expenses were charged to sponsored projects and that they were reasonable
 - Cost sharing was performed as promised
 - Total effort commitments were met
 - Labor costs supporting sponsored activity are appropriately classified in the facilities and administrative (F&A) cost rate
- ▶ Boston University uses Personnel Activity Reports (PARs) to certify effort
 - The *primary auditable documents* to support salary costs on an award
- ▶ The PAR system will be replaced with a web-based certification system as part of Phase II of BUworks (January, 2012)

Why Do We Certify Effort?

- ▶ As recipients of federal funding, educational institutions must abide by OMB Circular A-21 (Cost Principles for Educational Institutions)
- ▶ A-21 requires an effort system that:
 - Encompasses all employee activities (100% effort)
 - Confirms effort expended after-the-fact
 - Requires certification to be performed by an individual who used suitable means of verification to determine if the work was performed
 - Requires certification to be encompassed in the institution's official records
- ▶ Effort reports are nearly always requested and reviewed by federal auditors when sponsored programs are under review
 - Labor costs typically represent 2/3 of the direct costs charged to federal awards

Maximum and Minimum Effort

▶ Maximum Effort

- Most faculty are unable to devote 100% of their time to sponsored activities due to other responsibilities that include:
 - ✓ Teaching
 - ✓ Administrative work
 - ✓ Patient care
 - ✓ Competitive proposal writing

▶ Minimum Effort

- PIs cannot certify 0% effort on a sponsored project
- PIs must certify at least 1% effort to reflect leadership on the project
- Sponsor exemptions: equipment, training, conference support grants

PAR PROCESS

Enhancements & Updates

- ▶ **New Policy:** *Sponsored Program Effort Certification Policy* to provide clear guidance to faculty and administrators on PAR process

Available on the web at:

http://www.bu.edu/cfo/files/2010/09/Effort-Policy_Final.pdf

- ▶ **PAR Form Revisions:** *Re-designed and simplified*
 - Each employee receives an individual report on a single page
- ▶ **Certification Timing:** Time for completion and return to our office substantially increased to *sixty (60) days* to allow adequate and reasonable time for certification.
- ▶ **Certification Eligibility:** PAR Certifiers must comply with *revised* statement:
“I certify that I am either the covered individual, Principal Investigator (PI) or other responsible official using suitable means of verification to confirm that the percentages shown in the Percent of Effort Expended column reasonably reflect the actual effort devoted to the sponsored agreement(s) during the period of the effort report.”

Effort Certification Periods

- ▶ ***Faculty, Managerial and Professional Employees***
(paid from object codes 900, 901, 903 and 904):
Semi-annually for the periods from January to June and July to December
- ▶ ***Non-Professional, Clerical and Technical Employees***
(paid from object codes 905, 906 and 907):
Quarterly for the periods from January to March, April to June, July to September, and October to December
- ▶ ***Graduate Students (paid from object code 902):***
Annually for the period from July to June

Who can certify?

The following personnel are eligible to certify PARs:

- ▶ **Faculty:** All faculty *must certify* their own PARs
- ▶ **Non-faculty:**
 - Non-faculty PIs *must certify* their own PARs
 - All other non-faculty PARs may be certified by the individual, the PI or other responsible official using suitable means of verification
- ▶ **Students:** PARs may be certified by the student's supervisor or the PI
- ▶ ***Please note:*** *The signature must be accompanied by the employee's printed name, title and date.*

Who cannot certify?

- ▶ **Department research administrators are not eligible to certify the effort of faculty or research staff, unless they have such written after-the-fact confirmation from an individual having suitable means of verification.**

MED Professional PAR

BOSTON UNIVERSITY
PERSONNEL ACTIVITY REPORT (PAR)
MED PROFESSIONAL (MONTHLY PAID) EMPLOYEE

PAGE MANUAL
Unit-Dept 099 - 999
Mail Code MED999

Employee Name
U99 - 99 - 9999

For the Period of 01/01/10 - 06/30/10
PLEASE CALL 617-353-0883 WITH ANY QUESTIONS
Return to Post Award Financial Operations, 25 Buick St., 2nd Floor by 11/08/10

This is to certify how an employee spent their time during the period listed.
Please complete the shaded area below.

Categories

I. Unrestricted Activity

A. NON-SPONSORED ACTIVITY -- This includes Instruction, Hospital Duty, Departmental Administration, Other Institutional Activities or Student Services.

B. COST SHARING ACTIVITY -- Time spent working on a sponsored agreement for which salary was not charged. Complete cost sharing below if this category is used.

COST SHARING DETAIL

Unit/Department	Object Code	BU Source Number
B1. _____	_____	_____
B2. _____	_____	_____
B3. _____	_____	_____
B4. _____	_____	_____
B5. _____	_____	_____

II. Sponsored Agreements

- 099 - 999 - 0900 - XXXX - 5 Sponsored Agreement Title
- 099 - 999 - 0900 - XXXX - 6 Sponsored Agreement Title
- 099 - 999 - 0900 - XXXX - 7 Sponsored Agreement Title

01/01/10 - 06/30/10

% of Salary Charged Per Payroll Records	% of Effort Expended
70%	A) _____
	B1) _____
	B2) _____
	B3) _____
	B4) _____
	B5) _____

10%	_____
10%	_____
10%	_____
100%	100%

Sample

TOTAL EFFORT
effort must total to 100%

Certification of effort expended:

Employee or Responsible Official _____	Date _____
Print Name _____	Title _____

I certify that I am either the covered individual, PI or other responsible official using suitable means of verification to confirm that the percentages shown in the Percent of Effort Expended column reasonably reflect the actual effort devoted to the sponsored agreement(s) during the period of the effort report.

Informational Breakdown of Non-Sponsored & Cost Sharing Activity:
01/01/10 - 06/30/10:
099 - 999 - 0900 40%
099 - 999 - 0901 - XXXX - 9 30%

Total Unrestricted 70%

MED Professional PAR

Thompson, Roberta
U99 - 99 - 9999

**BOSTON UNIVERSITY
PERSONNEL ACTIVITY REPORT (PAR)
MED PROFESSIONAL (MONTHLY PAID) EMPLOYEE**

PAGE 125
Unit-Dept 099 - 999
Mail Code MED99

For the Period of 01/01/10 - 06/30/10
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COST SHARING DETAIL

Unit/Department	Object Code	BU Source Number
B1. _____	_____	_____
B2. _____	_____	_____
B3. _____	_____	_____
B4. _____	_____	_____
B5. _____	_____	_____

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- 099 - 999 - 0900 - XXXX - 5 Sponsored Agreement Title
- 099 - 999 - 0900 - XXXX - 6 Sponsored Agreement Title
- 099 - 999 - 0900 - XXXX - 7 Sponsored Agreement Title

01/01/10 - 06/30/10:

% of Salary Charged Per Payroll Records	% of Effort Expended
70%	A) <u>65%</u>
	B1) _____
	B2) _____
	B3) _____
	B4) _____
	B5) _____
10%	<u>15%</u>
10%	<u>10%</u>
10%	<u>10%</u>
100%	100%

Handwritten percentages must add up to 100%

Sample

TOTAL EFFORT
effort must total to 100%

Certification of effort expended:

Roberta Thompson
Employee or Responsible Official

10/4/10
Date

Roberta Thompson
Print Name

Associate Professor
Title

I certify that I am either the covered individual, PI or other responsible official using suitable means of verification to confirm that the percentages shown in the Percent of Effort Expended column reasonably reflect the actual effort devoted to the sponsored agreement(s) during the period of the effort report.

Informational Breakdown of Non-Sponsored & Cost Sharing Activity:

01/01/10 - 06/30/10:	
099 - 999 - 0900	40%
099 - 999 - 0901 - XXXX - 9	30%

Total Unrestricted 70%

Please sign, date and print name and title

Cost Sharing and Salary Caps

- ▶ ***Cost Sharing is the portion of project or program cost that is not reimbursed by the sponsor.***

Cost Sharing Type	Definition	Required on PAR?
Mandatory	Required by the sponsor as a condition of an award	Yes
Voluntary Committed (VCCS)	Cost associated with a sponsored project, identified in the proposal, but was not required or funded by the sponsor	Yes
Voluntary Uncommitted (VUCS)	Cost that is neither committed in the proposal nor required as a condition of the award	No

- ▶ Salary cost sharing occurs when effort exceeds the payroll charged to a particular project.
 - Example is NIH Salary Cap (Mandatory Cost Sharing)
 - These costs may not be charged to the sponsored project and must be supported by University funds.

Cost Sharing and Salary Caps

- ▶ *For an employee whose salary exceeds the sponsor imposed cap, review the following example for assistance:*

1. Determine the employee's percentage of effort for each activity.

Example: Prof. Smith has a 12 month appointment. In addition to teaching and performing other University activities, he works on two NIH awards as follows:

Activity	Committed Effort Percentages
NIH Award # 1	20%
NIH Award # 2	30%
University Activities	50%

2. Calculate the percentage of the employee's salary that can be charged to each NIH award.

Cost Sharing and Salary Caps

Example: Prof. Smith's institutional base salary for 12 months is \$250,000 which exceeds the NIH rate cap of \$199,700. Although Prof. Smith spends 20% of his time on NIH Award #1, the percent charged to the NIH award is calculated against the NIH rate cap of \$199,700 rather than his IBS of \$250,000:

- 20% effort on NIH Award #1 x \$199,700 = \$39,940 = 16% chargeable to NIH Award #1 .
- The remaining 4% (20%-16%) of Prof. Smith's effort for this award must be charged to a cost sharing account or other University unrestricted account. *It cannot be charged to another sponsored source.*
- Repeat the process for NIH Award #2

Project	Committed Effort Percentages	% Salary Charged to NIH Award	\$ Salary Charged to NIH Award	% Salary Charged to Non-Sponsored Project Source	\$ Salary Charged to Non-Sponsored Project Source
NIH Award # 1	20%	16%	\$39,940	4%	\$10,060
NIH Award # 2	30%	24%	\$59,910	6%	\$15,090
University Activities	50%	0	0	50%	\$125,000
Total Sponsored Salary			\$99,850		
Total Non-Sponsored Salary					\$150,150
Total Salary					\$250,000

Consequences of Non-Compliance

- *The risks of non-compliance with effort reporting are significant*
- *The sponsor may:*
 - Disallow related salary, fringe and F&A costs
 - Reduce or eliminate future funding
 - Press criminal charges

Recent Findings and Settlements

Federal Investigations

- ▶ Yale University (2008)
 - Government alleged that Yale mischarged federal grants through improper cost transfers designed to “spend down” grant funds, and through inaccurate and overstated effort reports that resulted in salary overcharges to federal awards.
 - \$7.6 million paid to the government.

- ▶ Harvard University (2004)
 - Harvard disclosed to government that it had, along with an affiliated hospital, overcharged NIH research and training grants by seeking reimbursement for the salaries of researchers who did not work on the grant.
 - Harvard and affiliated institutions paid \$3.3 million to government.

Post Award Financial Operations

Our Website

<http://www.bu.edu/cfo/post-award-financial-operations/>

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Questions?