IMPORTANT INFORMATION ABOUT EFFORT REPORTING

BACKGROUND

Effort reporting is a federal requirement. Principle Investigators (PI) are obligated to follow the federal requirements concerning effort reporting upon acceptance of a federal award. Federal effort reporting guidelines require that each individual or someone having firsthand knowledge of the work performed, (e.g. the Principle Investigator), sign-off on the effort reports. The PI must be able to verify that persons paid on their contracts or grants performed the work.

Salaries constitute the largest component of the expenses charged to sponsored projects. It is essential that WFUHS managers, including Principle Investigators, understand the basic principles underlying the allocation of effort, and the corresponding charging of salaries to those projects. Some important points to keep in mind:

1. For all employees, including faculty, who are paid through the payroll system, pay is considered to be remuneration for all work which benefits WFUHS. This is 100% effort. Note: 100% effort does not equate to any set number of hours, e.g. 40 or 50 hours per week; it equates to the totality of University-compensated effort. Faculty are not paid by the University for personal time devoted to external consulting.

2. Each month, the payroll system permits charging salary earned by employees to the proper accounts. This distribution is normally set up at the beginning of the fiscal year, based upon an estimate of how the employee’s effort is going to be allocated. If the actual distribution differs significantly, a job change request (JCR) and/or retro distribution, as necessary, should be initiated to reflect/correct the distribution.

3. Government sponsors expect to pay only for those portions of employee effort that are devoted to their projects. Periodically, government and internal auditors review our payroll expenses to validate charges. In conducting these audits they assess whether the salary charged to project accounts is for effort that appropriately benefited those projects over the span of a specified period. In other words, the auditors are checking the accuracy of our payroll charges by verifying that the percentage of the employee’s salary charged to a sponsored project account reasonably approximates the actual proportion of the employee’s effort which was devoted to that project.

4. Employees should understand how their salary charges are distributed, and should verify that there is a reasonably close relationship between salary charges and the actual proportion of their effort devoted to the functions and projects being charged. For Research Assistants and support staff, these allocation decisions are often made by faculty Principle Investigators, who are the most knowledgeable about the relationship between effort devoted and benefit received. The PI (or knowledgeable department administrator) reviews the effort certification document which shows how effort is charged to verify this relationship. If it is incorrect, it should be changed, and prior charges corrected in a timely manner, typically within 90 days.

5. K award (Career awards) effort requirements are very specific and must be upheld over the lifetime of the award. K awards have a mandatory effort commitment requirement. Sometimes the awarded salary budget is not enough to cover this commitment. This requires the department to cost share a portion of the required effort on a non-sponsored chartfield. Despite the salary distribution, the effort committed to the K award must remain at or above the committed level. The award document details specific requirements for each award. A good resource for more information on K awards is the NIH K Kiosk webpage.
IMPORTANT INFORMATION ABOUT EFFORT REPORTING

PAYROLL DISTRIBUTION AND EFFORT CERTIFICATION

Salary charges are applied to sponsored agreements on the basis of estimates made before services are performed. Significant deviations from estimates must be identified and entered into the payroll distribution system. Short-term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the long term.

The distribution of salaries and wages is supported by after-the-fact Activity Records. Verification of the activity records is completed via the effort certification process. The on-line effort system reflects charges based on estimates made before services are performed. Employees confirm via the certification process that the activity distribution represented by charges reflects a reasonable estimate of the work performed during the period. Reports are signed off by the employee, principle investigator, or responsible office with suitable means to verify that the work was performed (i.e. discussion with principle investigator).

In cases where the effort certification process reveals a significant variance between the activity distribution, as represented by the payroll distribution, and the actual work performed by the employee during the period, an adjustment to the payroll distribution should be initiated in a timely manner.

For this purpose, at Wake Forest University Health Sciences, “significant” means a variance between effort reported and the pay distribution exceeding plus or minus 5 percentage points. Changes should be made within 90 days to comply with NIH guidelines. In no case should a sponsored agreement be charged for salary when no work was done during the period.

In certain cases, pay distribution may not accurately reflect effort. In these cases adjustments to salary distribution may be needed. Other circumstances, such as exerting effort on a project which does not have a chartfield due to a late agreement, will also require distribution to basic dollar or non sponsored accounts until such agreement arrives. In these circumstances, effort must be reported correctly with explanation in the comment section of the report that effort is being exerted on a project without a chartfield. This will serve as documentation and allow for updating the salary distribution once the agreement arrives and the chartfield is established.

Once certified, effort should not need to be changed. When you certify effort you are stating this is how you spent your time; therefore, there should not need to be a change in the future except in very rare cases.