



Effort 101



Effort Theory Review

- Why Certify Effort
- Audits
- Select Definitions
- Effort Management
- Effort Certification
- Risks of Non-Compliance



Why Certify Effort

- Effort Certification – “20-second elevator description”:
 - Means of verifying that appropriate labor expenses were charged to the Federal government
 - Labor expenses typically represent the majority of direct costs of research (therefore, auditors focus here first)
 - Other recipients of federal funds have more detailed and precise methods of verifying labor expenses (i.e., timecards)



Why Certify Effort

- Effort Certification and Reporting:
 - Required by the federal government as a condition of receiving federal funds
 - System for reporting the amount of effort (percentage of time) that an employee devotes to federally sponsored projects



Why Certify Effort

- Ensures proper use of federal research funds
 - Effort supported (paid) by the sponsored project has been performed as promised, and
 - Effort expended in support of a project that was not paid by the project, but rather paid by the institution or other non-federal funds
- Captures departmental costs, which are part of the administrative (F&A) cost rate



Office of Inspector General (OIG)

- Review of A-133 audits
 - DHHS OIG reviews A-133 audits of schools with over \$50 million in NIH awards
 - Requires audit work papers supporting all conclusions
 - Reviews procedures for Time and Effort (T&E) reporting
 - Deadlines and
 - Who certifies



Office of Inspector General (OIG)

- Areas of government focus in audits/investigations at universities:
 - Effort reporting and compensation issues
 - Technical accounting issues can create major exposure
 - Use of fraud statutes (civil and criminal) is much more common
 - Federal Agencies have not yet given up on applying False Claims Act



Office of Inspector General (OIG)

- Areas of government focus in audits/investigations at universities
 - Federal Agencies may use false statements in proposals (e.g., Other Support) to demand return of entire award
 - OIG is becoming much more aggressive
 - Voluntary disclosure is not a safe haven

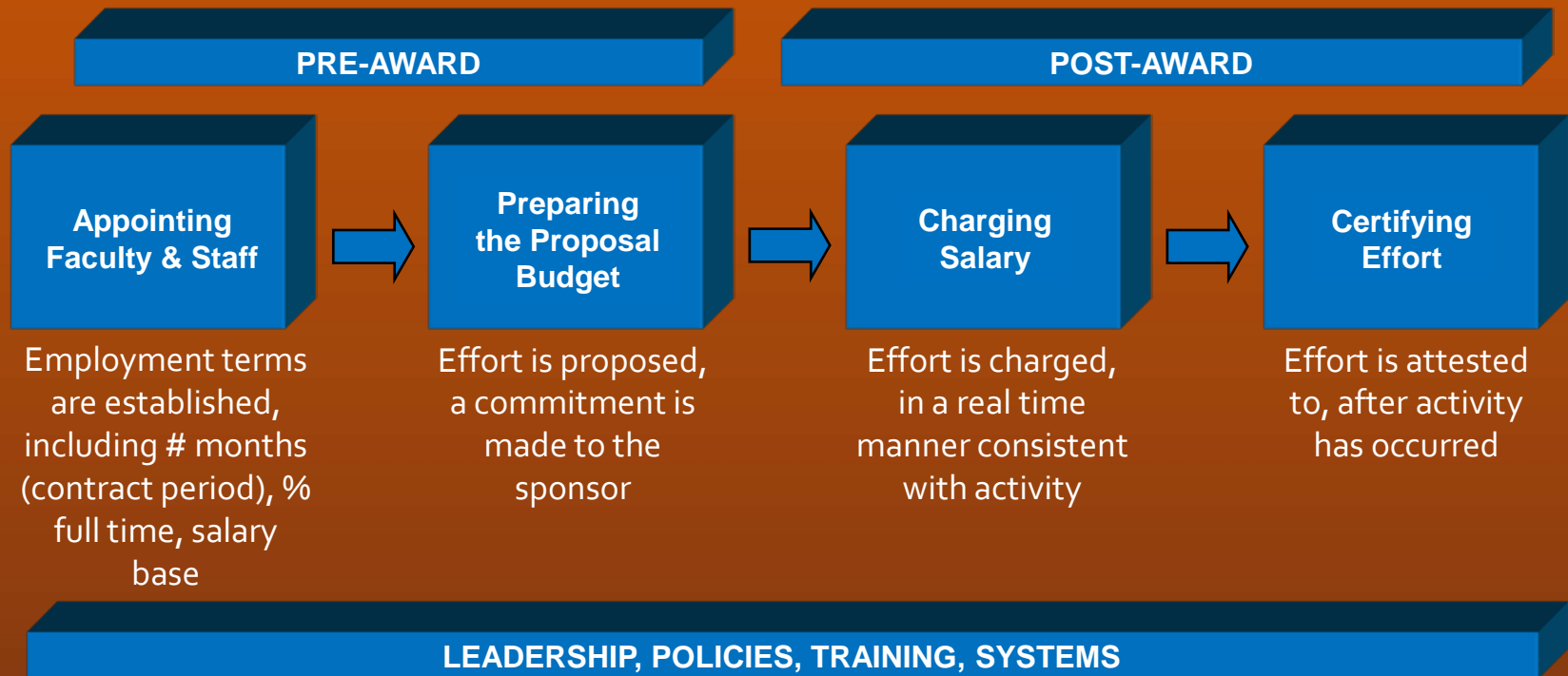


Effort Reporting Context and Select Definitions



Effort Reporting Context

Effort Reporting encompasses more than just the certification statement



Effort Definitions

Effort:

- The amount of time spent on any activity expressed as a percentage of total institutional activities for which an individual is compensated by UT Tyler.
 - Effort is NOT calculated on a standard 40 hour work week
 - Total effort must equal 100%, regardless of part-time or full-time status
 - Effort is based on a reasonable estimate



Effort Definitions

Cost Sharing (Types)

- **Mandatory:**
 - Required by the sponsor as a condition of obtaining an award.
 - Must be included in the contract or grant proposal to receive consideration from the sponsor.
- **Salary-cap:**
 - Results when an individual's Institutional Base Salary exceeds a sponsor's salary limitation or "salary cap".
 - The prorated excess is a form of mandatory cost sharing that must be funded by an appropriate and allowable non-sponsored source.
- **Voluntary Committed:**
 - Represents effort proposed that was not required by the sponsor and that is in excess of effort paid by the sponsor and or mandatory cost sharing.
 - Becomes an obligation once the proposal is awarded.
 - UT Tyler policy requires prior approval for inclusion of voluntarily cost sharing effective 9/1/06.



Effort Definitions

Institutional Base Salary:

- IBS is the total guaranteed annual compensation an individual receives from UT Tyler.
 - Applies whether that individual's time is spent on research, teaching, patient care, or other activities.
- IBS is used in the application to calculate proposed payroll.



Effort Definitions

Institutional Base Salary:

- Basic IBS principles - Government
 - Must be paid by the grantee
 - Must cover all payments for regular university duties
 - Must conform to established institutional policies, consistently applied
 - Must not be structured so as to overweight charges to research
 - May not increase when institutional salary is replaced with grant funds



Effort Definitions

Total Institutional Activities:

- Those activities for which an individual is paid by UT Tyler
- Effort expended on Total Institutional Activities grouped into one of the following:
 - Sponsored Programs
 - Non-Sponsored Activities



Effort Definitions

- Sponsored Programs

Transactions with statements of work and reciprocal exchanges

- Externally Funded

- Formal written agreement entered into by UT Tyler and a sponsor
- Research, training, or public service scope
- Funds are separately budgeted and accounted for by UT Tyler



Effort Definitions

- Internally Funded
 - Result of a formal application and approval process within UT Tyler
 - Activities are separately budgeted and accounted for by UT Tyler



Effort Definitions

- Non-Sponsored Activities
 - Department Administration
 - Departmental Research/Academic Instruction
 - Clinical and Other Clinical Related Activities
 - General Administration
 - Other Institutional Activities



Effort Management

- Level of Effort Commitment
 - Minimum Level
 - Primary Individuals' effort shall be commensurate with their responsibilities
 - Faculty (Primary Individual or Key Personnel) must commit at least 1% effort to each sponsored project
 - Exceptions to the minimum level of effort are:
 - Equipment and instrumentation grants
 - Doctoral dissertation grants



Effort Management

- Level of Effort Commitment
 - Maximum Level
 - Tenured and tenure-track faculty may not commit more than 90% effort to sponsored projects
 - Allows reasonable effort for other responsibilities
 - Committee service,
 - Administrative Duties
 - Teaching and mentoring
 - Proposal preparation
 - Clinical duties
 - Departmental Research



Effort Certification

- Frequency of Certification
 - Effort certification is required of all Primary and Supporting Individuals on a quarterly basis
- Process
 - Certifications must be completed within thirty (30) days of notification that the effort reports are ready for review



Effort Certification

- Who signs
 - All faculty certify their own effort
 - An appropriate Primary Individual on each sponsored project or other activity will certify the effort of non-faculty Supporting Individuals with effort on the project for which he or she is responsible
 - In a simple grant, the Principal Investigator will be the appropriate person to certify effort of Supporting Individual
 - In a complex grant, with multiple subprojects and cores, the Primary Individual, such as the Leader or a Co-leader may be the appropriate certifier



Effort Certification

- Consistency with other Time Reports
 - Faculty who report hours spent on categories of institutional activity on Physician Time Allocation Survey (PTAS) are responsible for making sure that this certified survey is consistent with the certified effort report
 - The two surveys report on different time periods and different bases
 - Two weeks vs three months
 - Hours vs percent effort



Risks of Non-Compliance

- Impact to the institution:
 - Susceptible to False Claims Act allegations
 - Institution may owe direct cost refunds
 - Sponsor may reduce future funding
 - Adverse publicity
- Impact on the individual:
 - Susceptible to False Claims Act allegations
 - Possible criminal charges
 - May lose access to current institutional funding
- Remember those audit findings?

