LEHIGH UNIVERSITY
EFFORT REPORTING SYSTEM
POLICY AND PROCEDURES

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I. POLICY

The Office of Management and Budget (OMB) Uniform Administrative Requirements, C.F.R. 200.430, contains regulatory requirements for acceptable methods of certifying time worked on sponsored projects. The Effort Reporting System ("ERS") is a means of verifying that direct labor charges to sponsored projects are reasonable and reflect actual work performed. Effort reporting documents the proportion of time an eligible individual spends on all University activities as a percent of total effort.

The University has an after-the-fact confirmation system to certify that salaries charged or contributed to sponsored projects are reasonable and consistent with the work performed. 100% of an individual's effort is identified to specific cost centers in the Payroll system based on estimates of planned activities. The individual's effort distribution is adjusted for any significant changes in actual work performed. A significant change is 5% or more of the total workload. Effort is certified at the end of specified reporting periods by the employee or a responsible official who has suitable means of verifying the activities performed by the employee.

An effort certification should be a *reasonable estimate* of how time is spent. In the use of any methods for apportioning salaries, it is recognized that, in an academic setting, teaching, research, service, and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate.

It is Lehigh University's policy to comply with OMB Uniform Administrative Requirements for certifying time spent working on sponsored projects. Therefore, Lehigh University faculty and staff and graduate students are required to follow this Effort Reporting Policy. Employees must certify effort if they perform a federal sponsored activity or are compensated by cost sharing related to federal sponsored activity. If a Principal Investigator (PI) or staff fail to comply with this policy, the University may suspend or withdraw proposal submissions for the PI and may suspend work on a sponsored project. Non-compliance may also lead to other disciplinary actions in accordance with University policies.

II EFFORT REPORTING INFORMATION AND PROCEDURES

Payroll vs. Effort Distributions

A payroll distribution reflects the activities to which salary is charged in the payroll system. An effort distribution should reflect an individual's activity regardless of where the salary is charged. The ERS relies on actual payroll charges as the basis for the certification. Individuals completing the certification must report actual effort, regardless of where the salary was charged in the payroll system. The ERS is a method for confirming salary charges made to sponsored awards.

Who is Subject to Effort Reporting?

Faculty and staff(delivery point) and graduate students(non-delivery point) will complete an effort certification if they perform work on sponsored projects that are funded by federal and federal pass-through organizations, regardless of whether the effort is paid or unpaid.

Wage employees and students who complete auditable time cards (the signed time card is the document of record to substantiate wage charges to sponsored projects) and students supported by fellowships, who do not receive additional employment compensation are not subject to effort reporting procedures.

Reportable Activities on Effort Certification Reports

University Effort relates to work required to fulfill an individual's employment obligation to the University. It may include both sponsored and non-sponsored activity. University effort does not include incidental activities for which no *additional* compensation is received (i.e. editing a technical paper for a colleague), external consulting, volunteer or uncompensated effort, non-university authorized research effort, or professional services provided outside the institution for non-university compensation.

Incidental effort is in addition to University effort, for which it is customary to accept extra compensation (i.e., honorariums, intra-university consulting, "pay in excess" activities, etc.). It is not documented by ERS.

Non-Institutional effort is performed outside the context of the individual's University employment contract. It is not a part of University effort and is not covered by ERS.

What is a Percent Effort?

Effort is measured as a percent of the individual's total University employment obligation. Percent effort represents the proportion of time an individual spends on each University activity and is expressed as a percent of the individual's total University activity. Total University activity = 100% effort.

The percent effort is not based on a typical 40-hour workweek. Total University effort is 100% whether a typical workweek is 20 or 60 hours.

Total effort may not exceed 100% and should include only those activities for which an individual receives University compensation, including work performed on sponsored projects, whether reimbursed by a sponsor or University funded.

III. AFTER-THE-FACT SYSTEM STANDARDS

- ➢ ERS will reasonably reflect only the activity for which the employee is University compensated and will include all activity required to fulfill the employee's University obligations.
- ➢ ERS must be inclusive of all University effort, including sponsored activities.
- ➢ The individual's effort will be expressed as a percent of 100% total effort.
- ➢ The employee, principal investigator or responsible individual will certify a statement, periodically, using appropriate means of verification that work was performed and that charges are reasonable in relation to the work performed.
- ➢ ERS will provide for appropriate independent internal evaluations to ensure system compliance.

IV. EFFORT REPORTING CATEGORIES

Personnel with effort reporting responsibilities should be familiar with the definitions of types of effort. Effort categories are divided into two major groups, Sponsored and Non-Sponsored (University funded).

Sponsored Project Effort includes sponsored research, sponsored instruction and training, and other sponsored activities. ERS identifies each sponsored project and cost sharing index separately with the commensurate percent effort. Cost sharing is effort associated with an identifiable sponsored agreement, which is not sponsor reimbursed and is funded by the University. Sponsored project effort also includes University-funded research that is separately budgeted and accounted for. This category does not include start-up funds or general department research.

University Effort includes all University activity that is funded by operating and discretionary accounts, such as activities related to instruction, departmental research, department administration and other institutional activities.

- ↓ *Department Administration* refers to administrative activities in academic dean's offices, departments, divisions, and organized research units that jointly benefit all department activities. Department administration is supported by University funds and is not charged directly to sponsored projects. Examples include: time on academic and research committees, such as human subject review, bio-safety, animal care, and academic planning, administering personnel policies, interviewing and hiring, planning programs, and preparing sponsored proposals.

- ↓ *Instruction and Other Academic Activity* refers to the University teaching and training mission. It includes teaching and training activity where the employee is the instructor, whether for credit or not, lectures, independent study, thesis preparation supervision, academic advising, curriculum development, seminar/workshop presentations, and non-sponsored research and scholarly activities, unless separately budgeted and accounted for.

- ↓ *Other Institutional Activity* relates to University activities that are not appropriately reported under any other category. Examples include: institutional advancement, service centers, alumni relations, athletics, museums, theatres and concerts.

V. SYSTEM CONTROLS

Internal Controls and Responsibilities

Effort reports are reconciled to salary and wage distributions from the payroll system based on samples selected from the group of reports generated by the ERS each reporting period. Samples are picked from both the faculty and staff (delivery point) group and the student (non-delivery point) group and reconciled to each sampled individuals salary distribution in the payroll system.

If salary transfers/reallocations are necessary, they must be prepared using an Assignment Appointment Form and must be made in accordance with the Cost Transfer Policy found at:

http://research.cc.lehigh.edu/policies

Responsibility for continued maintenance and operation of the various ERS controls rests with specific offices:

- <u>Research Accounting</u> is responsible for ensuring that ERS reconciles to payroll databases; trains personnel; generates reports; monitors certifications and effort changes; edits effort reporting documents; follows up with Department Coordinators on non-respondents; and ensures University adherence to the compliance requirements of effort reporting.

  ✓ Ensures that ERS reconciles to payroll databases.

  ✓ Ensures that certifications are all-inclusive of an eligible individual's University activity .

  ✓ Monitors and controls ERS.

  ✓ Maintains ERS in accordance with the provisions of OMB Uniform Administrative Requirements

  ✓ Trains staff in effort reporting requirements and processes.

  ✓ Identifies and reviews effort changes to certifications. Follows up with departments to ensure paperwork is submitted so changes can be processed through the payroll system.

  ✓ Investigates non-respondents, and contacts Department Coordinators for resolution.

  ✓ Performs quality control checks to ensure compliance.

- <u>Department Coordinators (DC)</u> assist with the distribution and collection of effort reports for each reporting period. The employee or an individual having suitable means of verifying the effort distribution (e.g., the principal investigator, department administrator or designee having oversight and first hand knowledge) will certify. The DC will ensure that all certifications are completed in a timely way.

<u>Authorized Signers</u>

The authorized signers required on salary distribution forms are:

- Principal Investigator
- Departmental Administrator or other designated department official
- Office of Research and Sponsored Programs

<u>Annual Review</u>

On an annual basis, an internal review of the system will be performed to ensure that the system is operating in conformance with the policies and procedures set forth in this document as required by OMB Uniform Administrative Requirements, C.F.R. 200.430:

The system will provide for independent internal evaluations to ensure the system's effectiveness and compliance with the above standards.

VI. EFFORT CERTIFICATION PROCESS

Effort Reporting Periods

Effort reports are certified three times a year for faculty, staff and graduate students. The reporting schedule is:

FACULTY-STAFF-GRADUATE STUDENTS

Distribution Date	Reporting Period
January 31	September 1 - December 31
June 30	January 1 - May 31
September 30	June 1 – August 31

Employees and Responsible Supervisory Officials

The employee will verify effort, report significant changes in effort and certify *or*, when that is not reasonably possible, the report may be certified by the principal investigator, *or*, in a worst case scenario, certified by a supervisory official with first hand knowledge of the individual's effort.

Certification is completed by the employee or a responsible supervisory official (e.g., the principal investigator) who has a suitable means of verifying 100 percent of the employee's activities. Suitable means of verification includes, but is not be limited to, reviews based on payroll and personnel documentation; assignment of goals, and the monitoring of established project protocols and subsequent project evaluation.

Departments or principal investigators are required to return the certified effort reports to Research Accounting within a reasonable time period.

Contact Information

The following individuals can be contacted for any questions related to the effort certification process:

Dominic Wallitsch   Phone Number: 8-4212
                                       Email address: djw3

Jennifer Pastor   Phone Number: 8-3144
                                       Email address:jlg3

Cindy Jacoby   Phone Number: 8-3022
                                       Email address: cjj207

A.   **Effort Reporting notes:**

Institutional Base Salary Rate:
Institutional Base Salary is defined as the annual compensation paid by an institution for an individual's appointment, whether that individual's time is spent on Research, Instruction, Administration, or other activities.

Faculty can charge 1 month of salary to Research. Salaries are typically paid on a 9 month appointment. Note, 1 additional month pay can be allocated to work on summer research, so they are able to earn an extra month's salary. Please note, most faculty pay is prorated to 12 months so they are paid all year round.

See Lehigh's Research Accounting Effort Reporting Policies and Procedures for additional documentation which are in conformity to OMB Uniform Guidance Section 2 CFR 200.430. Also the Council on Governmental Relations (COGR) has a manual titled Compensation, Effort Commitment, and Certification that is a useful guide for this topic.

B. Effort reporting database:

I:/ORSP_RACCT/IR ACCESS/Research_ver2-1.accdb
LTS created the database that is currently being utilized by Research Accounting for Effort Reporting. It consists of a series of MS Access queries, reports, and forms.

Database Parameters:
There are parameters in the Field box that extend to Calendar year 2025 for each of the 3 effort reporting cycles per year.

Effort reporting 1: Jan thru May
Effort reporting 2: Jun thru Aug
Effort Reporting 3: Sep thru Dec

When beginning the process of Effort Reporting, Manager of Research Accounting should contact
The Payroll Manager. The Payroll Manager will perform payroll procedures to update the payroll tables used for the effort reporting cycle being done. Note, The Director of Finance and Administrative Financial Systems (Walt Conway/Bob Siegfried) also has the ability to update these payroll tables.

The access database contains a Form view with a list detailing the steps to follow for Effort Reporting.

1.   Refresh local tables (This may take up to 15 minutes)
     Payroll Refresh
     Research Refresh
     EI Refresh

2.   Reports menu
     Checklists are used to track dates when effort reports were sent and received back with certification signatures. They include Banner Index, Banner Index Title, and Financial Manager.

     There are 2 reports generated. The first group of reports lists Lehigh Faculty and staff Research effort. The second group of reports lists graduate student Research effort presented by Banner Index and Financial Manager.

     Name/ID lists provide a summary of the Faculty, Staff and Graduate Students that appear on the effort reporting cycle reports.

     a.   Check Lists
     b.   Effort Reports (No past Pay)
     c.   In House Reports
     d.   Name/ID Lists
     e.   Ben Franklin
     f.   Delivery Point Reports

3.   Research Period Maintenance
4.   Salary Menu
5.   Exit Database

C. Reports:

One group of reports include LIN Numbers. These reports are used for Internal purposes. The other group of reports exclude LIN numbers and are used to distribute and for certification purposes.

Reports are sorted by Delivery Post. See excel schedule of Distribution as the Delivery post person is not always the correct person to send the forms to.

D. Review Notes:

1. Some forms have no 5XXXXX sponsored funds listed, but have effort supported from an NEH 4XXXXX Research Grants. These grants are in the 4XXXXX range. Effort reports for NEH grants should be distributed for verification of effort.

2. Reports that do not identify any effort should not be distributed. There may be some of these based on how report was written. For example employees with future Research support may produce an effort report, or if Research was reported but then reallocated (perhaps because of a data entry or set up error)

3. Research Accounting will select a sample of 10 faculty, staff or Graduate Students and will perform an internal audit by contacting Payroll for supporting documentation including signed Assignment Appointment forms, etc.

4. Review faculty charging Summer salary in Effort reporting done in Fall an Spring periods. Review faculty charging Academic year salary in Effort reporting done in Summer periods.

5. Review faculty that had appointments that may have either began or were terminated during the Effort reporting cycle.

6. Review any faculty that had effort associated with Short Term Disability and confirm Short term disability was reported with terms of Short term disability of the University.

7. Review any faculty that had effort associated with Leave of absence and determine if leave of absence effort were reported with terms of leave of absence policies of the University.

E. Effort Reporting Review on External Audit:

KPMG will Audit Effort Reporting as part of the annual Uniform Guidance Audit. Typically, KPMG selects a sample of 40 Sponsored research Grants. The Manager of Research Accounting along with coordinators from both Research Accounting and the Office of research provide Audit Support. Regarding Effort reporting, support is provided in the form of authorized Assignment Appointment forms from Payroll and Effort Reports from Research Accounting Department.

Note, Effort reporting for June thru August is done in the 2nd cycle of Effort Reporting. Therefore June reports for the current fiscal year have been distributed but may not have been certified and returned when the current fiscal year audit is being done.

F. Manual Effort reports and Effort report memo:

Manual effort reports and the Effort report memo are located at I:ORSP_RACCT/RACCT/Effort Reports

Manual Effort reports can be prepared as an MS Word document for Effort reports that need to be revised. These revisions are done on behalf of a Principal Investigator who has reviewed the Original Effort report and confirmed that a revision is needed to properly reflect Effort reporting for either his/her effort or the effort of a Graduate Student who had effort assigned to a grant on their behalf.

A memo is sent with Effort reports distributed to the Account coordinator of each Academic College. An Access report identifies the Delivery Point (Department) where the effort reports should be sent too. The coordinator forwards the effort reports to the attention of the Department's Principal Investigator of the Research Grant. The Principal Investigator reviews and certifies the

Effort report and returns the report to the Research Accounting Office. The memo is sent on Research Accounting letterhead and contains the following language:

"Attached are your effort reports for the period of September through December 2016. They account for 100% of an individual's pay & effort during the specific period. It is important that the effort reports be reviewed and certified and returned to Research Accounting by March 24, 2017. **The effort reports are a requirement of the Federal Government so it is very important that they be certified and returned in a timely manner.**

It is possible that effort reports are being distributed to employees who may no longer be on campus or who may have moved to another department. In those cases, the <u>Project Investigator</u> for the account that was charged for the salary should sign for those employees.

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Note: If you have processed any reallocations or are planning to do so for the time period included in this Effort Report, please make the appropriate changes directly on the report AND attach a copy of the Assignment Appointment Form.

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Lastly, if you receive an effort report that was delivered to you by mistake please mail it back to Research Accounting immediately. Thank you for your prompt attention to these reports. Please contact us if you have any questions or concerns by calling Dominic Wallitsch at 8-4212 or Cindy Jacoby at 8-3022."

G. Sample fields of Lehigh University Effort Reports:

Effort reporting Report fields for Principal Investigator:

1. Header:
   Lehigh University Time Certification Report
   Banner Fund Range: 529000-549999
   Effort Reporting Period: Spring, Summer, or Fall
2. Name:
3. Delivery Point:
4. Monthy Summary by: Banner Index, Index Description, (ID), Month and Effort Percentage (must equal 100%)
5. Period Summary by: Banner Index, Index Description, Period and Effort Percentage (must equal 100%)
6. Certification: Statement, Signature and Date
7. Return Information: Research Accounting Address
8. Instructions:
   - If corrections are required to the account number, period of participation, or effort, please cross out the incorrect material and enter the proper information.
   - If the corrections require an updated or revised Assignment/Appointment Form, please initiate one within 3 days.
   - Except for a change in account number due to a renewal, no retroactive changes are allowed after this effort report is signed unless changes are fully documented and approved by the Office of Research.
   - Call 83022 or 84212 with any questions.
9. Footer: Date, Page Number, Report name

Effort reporting Report fields for Graduate Students:
1. Header:
   a. Time Certification Report
   b. Banner Index and Title
   c. Department Name
   d. Project Investigator Name
2. Monthly Summary by: Month. Employee Name, (ID), Account Code, Effort Percentage

3. Period Summary by: Employee Name, (ID), Account code, Effort Percentage
4. Certification: Statement and Signature
5. Return Information: Research Accounting Address
6. Instructions:
    - If corrections are required to the account number, period of participation, or effort, please cross out the incorrect material and enter the proper information.
    - If the corrections require an updated or revised Assignment/Appointment Form, please initiate one within 3 days.
    - Except for a change in account number due to a renewal, no retroactive changes are allowed after this effort report is signed unless changes are fully documented and approved by the Office of Research.
    - Call 83022 or 84212 with any questions.

7. Footer: Date, Page Number, Report name

H. Assignment Appointment forms / location on I: drive:

Assignment Appointment forms are located at I:/ORSP_RACCT/Office_Utility/Payroll
There is a folder for the Fiscal year 2015-2016 and also folders for each letter of the alphabet that contain employee assignment appointment request forms and other relevant payroll information.