QUESTION
My faculty member is on a NSF grant and is charging 100% of one summer month, two weeks of which will be vacation which he/she has accumulated as paid time, per University's vacation policy, over the previous nine months.
Same scenario for sick leave and FMLA.
We would like your comments on:
• Allowability and what the t&e certification should show.
• Would you comment differently if the vacation time comprised only four days?

ANSWER
We report effort that was actually completed, not an aggregate or average. Certifying 100% effort to a project for any month states that 100% of time was devoted to the project for that month. Being away for half of the month contradicts that statement. In this situation, we would budget and report 50% effort for 2 months. The 4 day issue is a subjective one. We would probably not consider it a problem for 100% effort reported. One thing to keep in mind is that vacation and other leave time should be treated consistently for all faculty, regardless of the source of funds for their salary.
**QUESTION**
If a faculty member’s summary salary is allocated 100% for two summer months to a project, but he/she also has an appointment as a dean or chairperson, how should one reflect this in the T&E? Or, is it not possible to have a faculty member have 100% effort in any given month when he/she has an administrative appointment?

**ANSWER**
All effort must be taken into consideration. If a faculty member has administrative responsibilities, the % time those responsibilities take should be accounted for, whether AY or summer. In that situation, it may not be possible to certify that 100% of his/her effort was given to a research project. We often charge a minimum of 5%-10% of time to an unrestricted cost center for general administrative duties or proposal writing, and potentially a higher percentage if the administrative duties are more significant (e.g., chairs and deans).

**QUESTION**
In interpreting A-21, we have a debate on the fundamental purpose of effort reporting. Is effort certification intended to reflect and validate the total percent effort that was committed for the project period in the proposal, or the amount billed to the federal government? In other words, are auditors looking to see that we met the percent effort proposed, regardless of funding source, or are the auditors looking to ensure that the research personnel performed at least the amount of effort on the project that was billed to the federal government?

**ANSWER**
From an auditor’s perspective, the purpose of effort reporting is to validate BOTH the total percent effort that was committed for the project period in the proposal AND validate the amount billed to the federal government. Though Circular A-21 does not focus on commitments, the high profile audit findings over the past four years have brought this issue to the forefront. The A-133 Compliance Supplement, which directs the audit plans for the A-133 audit, emphasizes the importance of validating commitments.

**QUESTION**
Are there risks involved in using a system of reimbursed time, rather than using a system of payroll distribution to charge a PI’s time to federal grants?

**ANSWER**
We may need more of a definition of what you mean by “reimbursed time” in order to ensure that we are addressing your question in a comprehensive manner, but in general, one could consider a “reimbursed time” system to be similar to after-the-fact confirmation of effort. This assumes that an individual outlines how his/her time is spent (similar to using a timesheet), and then payments to the individual are made based on those statements of time. There would need to be some sort of signature on the statement (actual or electronic), the statement would have to outline sponsored projects individually, and the statement would need to encompass all of the individual’s institutional effort (i.e., “100% effort”). There are many institutions that use timecards to meet certification requirements as long as it encompasses these elements. If retroactive salary transfers are requested, your institution should ensure there is a mechanism to “recertify” what was attested to in the time card.

**QUESTION**
Is annual certification of effort allowed under A-21?

**ANSWER**
Under the After-the-fact method (J10c2), professional staff should report each academic term, but no less frequently than every six months. Under the Plan Confirmation method (J10c1), at least annually a statement will be signed. However, the annual certification would only be applicable if there was no significant change in workload during the year. If there were significant changes, certification would take place at those points during the year. Also note, an institution can arrange alternate arrangements, but this would require approval from the federal government.
QUESTION
How do you convince faculty to care whether the University’s F&A rate goes down? Many faculty want a lower F&A rate.

ANSWER
While a reduction in the University’s indirect cost rate may seem appealing to some faculty in the short run, the long term consequences of reduced indirect cost rates will not be at all pleasant for them. To the extent that the University is not recovering an appropriate share of its facilities and administrative costs from federally funded research and other sponsored programs, the University’s ability to provide the facilities and administrative infrastructure that enable the faculty to do their work will suffer and decline.

That having been said, it would be very wise of the University, including the faculty, to strive for the most accurate calculation of the F & A rate and not act in a way to drive the rate either up or down.

The goal should be to calculate the rate as accurately as possible, consistent with all of the rules and regulations. I assume that you are asking the question in the context of our having pointed out that as mandatory and committed cost sharing increase, the effect is to reduce the indirect cost rate. The best approach for a University in this situation is to have clear policies regarding cost sharing, including a clear statement of the University’s position on voluntary committed cost sharing and whether it is encouraged or discouraged.

QUESTION
Does voluntary cost sharing improve the odds of getting your proposal awarded?

ANSWER
In order for the inclusion of voluntary cost sharing to improve the odds of getting a proposal funded, the evidence of cost sharing must be a review criteria. In other words, the study section or peer review group gauge the merits of a proposal according to predetermined review criteria (e.g., what is the significance of the research) and a valuation or score against these criteria. Typically, cost sharing is not a review criteria. This is often misunderstood by our faculty, and they believe that the evidence of cost sharing will be viewed positively by the peer review group, when in reality, there is no score or value placed upon voluntary cost sharing.

QUESTION
Please speak to the independent internal evaluation of ‘the system’ as described in J10b(2)(f). How is this accomplished and is there an expected frequency?

ANSWER
As we discussed in our program, we are not aware of any formal guidance that has been provided from OMB or other federal agencies on what type of evaluation would be deemed sufficient to satisfy this requirement. It is important to ensure there is clear responsibility within the institution for conducting an evaluation which would address the following areas:

- Policy is comprehensive, addressing all of the elements of A-21
- Roles and Responsibilities for preparing, certifying and monitoring effort certification are clearly defined and understood
- Education & Training programs are deployed to ensure that faculty and staff have sufficient knowledge to comply with university policy
- The information that is provided to certifying employees includes the appropriate information (IBS distribution, cost sharing, etc.)
- Establishing metrics to monitor compliance such as i) timeliness of completion of reports, ii) who is certifying reports, iii) volume of salary cost transfers, iv) volume of recertifications to identify opportunities to continuously improve the system/process.

The following includes a sample program that Northwestern University uses to meet this requirement:

Salary and Effort Testing

For units selected for testing of sponsored programs and payroll processes, individuals and transactions are judgmentally selected and the following test procedures are applied:

- Select a sample of restricted funds, review written guidelines defining the restricted purpose for these programs, review activity in the account for appropriateness to restrictive purpose, and adherence to Cost Accounting Standards.
- Determine timeliness and compliance of unit with regard to processing effort reports.
- Through discussions with the unit research administrator and PI, determine process for ensuring accurate completion and validation of effort reports.
- Test proposed effort commitment to the amount of salary actually charged and the effort report.
- For cost sharing, confirm approval by unit/school administration and accurate recording of the transaction.
QUESTION
We have some questions about Voluntary Uncommitted in regards to T&E Reporting.

Can you revisit your definition of:
• Voluntary Committed
• Voluntary Uncommitted

ANSWER
The January 5, 2001 OMB Clarification Memo on the Treatment of Voluntary Uncommitted Cost Sharing provides good definitions:
• Mandatory or Voluntary Committed cost sharing is cost sharing that is specifically pledged on the proposal’s budget or award.
• Voluntary Uncommitted cost sharing is faculty donated additional time above that agreed to as part of the award.

QUESTION
Can you have Voluntary Uncommitted T&E reporting without having Cost Sharing requirements?

Let me explain...In some of our grants, we do not have any cost sharing requirements; however we do have faculty members/deans/etc. that are involved as project leaders or co-PIs, but they are not receiving any funding from the grant...it is more of an in kind situation, without having any in kind requirements.

Do we need to obtain T&E reports from these individuals?

ANSWER
If you did not commit time for these individuals in the original proposal, you could argue that you would not need to meet cost sharing (commitment) requirements. Therefore, if these individuals contributed time, then it would fall under Voluntary Uncommitted Cost Sharing and technically no effort reporting would be required. HOWEVER, the January 5, 2001 memo goes on to state that “most Federally-funded research programs should have some level of committed faculty (or senior researchers) effort, paid or unpaid.” Therefore, some caution should be exercised. A Project Leader or a Co-PI would seem to be important personnel, and there would most likely be some expectation at the federal level that effort contributed be supported through an effort report. On the other hand, if the individual was not a significant contributor to the project, than the institution might be able to defend that the effort need not be supported through an effort report.
**QUESTION**

We have experienced a lot of cases that grant notice comes after the grant start date. When employees did provide efforts during those periods (after grant start date, before receiving any kind of grant notice), can we charge (transfer) the salary legitimately? In some rare cases, the employee doesn’t have 1.0 FTE during those periods. After we received the grant notice, can we retroactively increase the FTE back to the grant start date, assuming we can properly document the employee’s work?

**ANSWER**

This is a situation that must be carefully reviewed. The safest way to handle this is to create a cost account for the pending award (sometimes called interim or guaranteed accounts) and charge effort correctly from the project start date. If this is not possible, retroactive cost transfers MAY be permissible, but with great caution. You would not be able to do this if the individuals have already charged and certified their effort to other federal projects. You may be able to if they been on unrestricted cost centers or have not certified the effort.

In this situation, I would not change a person’s effort from what was proposed and anticipated to be budgeted with the award. Making the change you describe could have the appearance of an unallowable charge and would be difficult to document.

**QUESTION**

How do you handle recording effort for 9-month faculty who are not charging direct salary during fall and spring semesters? Is it considered cost-share?

**ANSWER**

Possibly. The proposal and award have to be reviewed to determine if there was specific effort committed. If there was, it is voluntary committed cost share and should be documented through the institution’s accounting system. If there is not a specific amount of effort committed, it may be considered voluntary uncommitted cost share and would not have to be documented through the accounting system. However, you have to consider faculty member’s other AY commitments to determine if this is possible.

**QUESTION**

The one issue that shook everyone here was no cost extensions. The overwhelming response here was that if this is the “new” federal interpretation, then we are in a lot of trouble!!! We may, in fact, be witnessing the start of a whole new cottage industry – namely, the processing of prior approvals for a change in PI effort and/or change in project scope. Let’s look at some of the currently realities. I believe that we will be seeing a lot of NCEs (I know we already are) during this tight budget period as NIH projects that are up for competitive renewal get bumped to the next cycle (or two) for funding. We will have to keep our current grants active to keep the string going, but few will be running at full steam because there probably isn’t enough money to do that. (This is why listserves are filled with questions asking how everyone is handling gap funding!) Another reality is that I doubt there is a PI on the planet that would agree with the interpretation that when he/she asks for an NCE that the plan is to carry on the project full-speed-ahead. That conclusion is just completely counter-intuitive. If we are going to “go against the grain” on this an have PIs start submitting project revisions then I for one would really like to have some strong supporting evidence behind me to show that I’m not just making up another bureaucratic hurdle for already over-worked and over-bothered faculty to get over. I really believe I’d get ridden out of town on a rail. HELP!!!

**ANSWER**

It is clear that funding sponsors expect that the original award terms and conditions extend throughout the project period, including no cost extensions (NCE’s). This would include commitments of effort for the Principal Investigator; this has been voiced by federal grants officials in various settings and in response to specific questions about no-cost extensions. In addition, the January 2001 clarification to OMB Circular A-21 states that some effort should be indicated for PI’s on research awards; there is no exception for awards that are in no-cost extension periods.

However, there is also expectation that PI effort may be reduced during no-cost extensions by our federal agencies as the project is winding down, or additional time is needed for data analysis. This is not considered a change in scope. It is in the best interest of the institution to document this decrease in effort to avoid discrepancies with current and pending support statements, or issues of research overlap. Many institutions will request information on the PI’s effort at the time that he/she is requesting that a no cost extension be processed by the institution. The institutional official, in turn, will notify the agency of the reduced effort when processing or requesting the NCE. This will not impose any additional burden on the PI, and ensure full compliance with agency requirements.