Effort Reporting on Sponsored Projects

Fiscal officers and principal investigators should be particularly cognizant of charges to grant-funded programs to assure that they are allowable by the funding agency.

Responsibilities: The principal investigator is responsible for the management and administration of his/her individual award within the financial constraints outlined by the individual sponsor in the terms of the award and in accordance with SIU Carbondale’s policy governing effort reporting. The Fiscal Officer is responsible for approving all grant transactions and ensuring the propriety of all transactions to be posted to the project account or used as match for the project.

Grant and Contract Accounting (GCA) is responsible for monitoring expenses incurred on sponsored projects and to advise the principal investigator when an expense is not allowable. GCA assures that the University remains in compliance with applicable federal, state, agency and University fiscal policies. In the event a discrepancy exists between the provisions of 2 CFR 200 and those specified within the sponsored program, the program provisions take precedent.

Definition: Effort reporting is the mechanism by which the University documents the percentage of time that a faculty or staff member actually works on a sponsored project. In order for a person’s effort to be an allowable cost to a sponsored program, it must meet three criteria:

Reasonable – It must be necessary for the performance of the program.

Allocable – It must be easily identifiable with the project and be assigned to the project only in accordance with the benefits received by the program.

Consistently Applied – The mechanism for allocating the effort must be treated consistently under like circumstances on all sponsored projects.

It is the policy of the University to comply with 2 CFR 200 in its definition and treatment of direct costs. As such, the following practices are prohibited, as they do not meet the requirements of the federal regulations governing acceptable assignment of effort:

- Charging effort based on the budgeted amount rather than on the actual effort expended.
- Assigning effort in advance of when the effort is actually incurred, or after the effort has been incurred.
- Changing the allocation of effort purely to expend remaining project funds or for the convenience of the University.
- Charging effort incurred on, or allocable to, another sponsored program.
- Assigning effort to a grant based on available funds.
- Transferring effort among and between grants purely for convenience or to expend remaining funds.
- Charging cost overruns due to overcharging of effort from one grant to another.
- Charging personnel costs that would otherwise be considered unallowable (e.g., administrative costs) to a grant or contract.

Problems with effort reporting can arise during an audit of the sponsored program. Auditors can request copies of signed effort reporting certifications, position descriptions, organizational charts and time sheets in order to determine if effort was appropriately charged to a project. Project staff should be aware of the documentation that an agency requires for effort reporting.

**Recordkeeping:** Detailed records, sufficient to document the purpose and nature of the effort, must be maintained by the project staff and/or the department. GCA does not maintain detailed records of effort, expenditures or supporting documentation (e.g., time and effort reports).

**GCA Process:** GCA identifies and segregates direct costs, including effort, on sponsored projects as part of its review of expenses conducted as part of the development of the facilities and administrative (F&A) proposal; during reviews of expenses conducted by GCA personnel in the daily performance of processing disbursement requests; and according to SIU Carbondale’s guidelines on effort reporting.

PIs should obtain prior approval for expenditures, including changes in percentage of effort, that are deemed to be potentially unallowable because, for instance, they are not normally considered a direct cost, were not included in the project budget, or they are unusual costs being incurred at the end of a project.

In the event that GCA determines that a cost to a sponsored project is unallowable, the principal investigator and fiscal officer will be contacted to identify another account to which the cost can be charged.

Questions about the allowability of any cost should be directed to GCA.