

## **COGR Recommendation to Eliminate Effort Reporting and Revise Language in A-21 J.10**

The following is excerpted from the COGR October Meeting Report (more details are available on their website [www.cogr.edu](http://www.cogr.edu)):

Elimination of the Effort Reporting requirement appears to have gravitated to the top priority on the A-21 Task Force list. In a meeting with members from the Task Force on October 26th, COGR was asked to further refine the recommendation to eliminate the effort reporting requirement, which was first developed in the July 28th letter to the Task Force. A refined solution, based on a wide range of input from the COGR Costing Policies and Research Compliance & Administration Committees and a number of others from the COGR membership, was submitted earlier this month. A copy of the letter to the Task Force is available at [www.cogr.edu](http://www.cogr.edu) (see Latest News, November 9, on the home page).

The refined solution describes a “Model Framework” that is predicated on demonstrating that Preventive Controls, Ongoing Monitoring and Review, and Detective Controls are in place [music to an auditors ears!]. Each institution that adopts the model framework would implement it in a fashion that is appropriate to the business practices and philosophies of the institution. Demonstrating effective implementation of the model to internal and external auditors will provide assurance that the institution maintains a strong compliance infrastructure and that salary and wage charges to federal projects are appropriate. In support of the model framework are “common characteristics” of the payroll distribution system employed by the institution. Each institution through its internal policies and procedures should be able to describe how its business practices address ten common characteristics that normally are present in the payroll distribution system. By formalizing this approach, COGR proposed that an institution would no longer require an effort reporting system to be layered on top of its existing payroll distribution system. The remainder of the letter includes proposed changes to Section J10, Circular A-21, which would be consistent with the proposed model framework.

Of particular interest to some of the ACUA membership that previously underwent Effort Audits by the NSF: Included among COGR’s proposed changes to language in A-21 is the elimination of J.10.b(2) (f) which concerns the “independent internal evaluations” of the payroll distribution system. However it is important to note that the “Model Framework” proposed includes “Integrity” as one of the 10 common characteristics of a payroll distribution system. That characteristic is described as “the internal policies and procedures that define the operation of the payroll distribution system may be subject to routine audits, which may include internal audits, annual financial report audits, or audits required by OMB Circular A-133”. So, the proposal still contains an expectation for the payroll distribution system to undergo audit just not necessarily as a specific provision of A-21. The Task Force indicated a keen interest in including the elimination of the effort reporting requirement as one of its recommendations. However, they also have been clear that it will be important to get buy-in from the audit and federal Inspectors General (IG) community. The COGR proposal is designed to appeal to the audit and IG community.

It is too early to tell if this proposal to eliminate Effort Reporting will be undertaken but COGR reports that the momentum is real.