

RAOR Forum
August 21, 2013

Panel: Carol Malkemus (Director, Sponsored Projects Accounting)
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Topic: Effort Certification

Intro/Summary

Effort is the time spent on any activity by an individual, expressed as a percentage of the individual's total University effort. Levels of effort proposed on any sponsored project should be consistent with the actual effort that the individual is expected to expend on the project during the relevant project period. The effort commitments of principal investigators (PI) and key personnel must be sufficient to ensure oversight of financial, scientific and compliance aspects of a sponsored activity, and must be in proportion to the size and scope of the project.

At the proposal stage, proposed level of effort must be expressed in accordance with sponsor requirements. Some sponsors require that it is expressed in terms of person months; others require percentage terms.

After proposal through the life of an award there are certain changes or revisions to effort of the PI and key personnel that require prior sponsor approval. The Office of Sponsored Programs (OSP) can help facilitate that request in getting it to the sponsor with institutional approval and requesting sponsor approval.

Many times the sponsor needs to be consulted when there is:

- A change in PI or a PI is leaving the University and the University wants to keep the project.
- A PI is going to be absent from the project for a period of more than 3 months.
- A reduction in effort of key personnel that constitutes a change of 25% or more.

As a recipient of federal funding, the University must maintain an accurate system for reporting the percentage of effort that employees devote to federally sponsored projects. Effort certification is the University's means of providing assurance to sponsors, especially the federal government, that faculty and staff have met their commitments, paid or unpaid by the sponsor, to sponsored projects and the salaries charged to sponsored projects are reasonable in relation to the work performed. Certified effort reports provide auditable documentation to confirm effort expended.

Additional information on effort certification is provided in UT Fiscal Policy, FI0215:

https://my.tennessee.edu/portal/page?_pageid=34,140536&_dad=portal&_schema=PORTAL&p_policy=FI0215

Questions/Discussion

Q: If PIs certify their effort on the web, can they also certify on behalf of their subordinates (including graduate students)?

A: No. Web-based certification is for individuals who do not have access to IRIS and should be used to certify their effort only. Per fiscal policy:

The individual employee or a supervisor with first-hand knowledge of all of an employee's effort can certify effort for the employee. Normally, the individual should certify for themselves by completing the online certification. However, some departments may have designated a departmental administrator to enter the effort directly into IRIS. Departmental administrators do not have first-hand knowledge of all of an employee's effort; therefore, appropriate written documentation from the employee must be on file in the department to support the effort entered. This documentation may be a signed and dated fax, memo, letter or email from the employee that attests, after-the-fact, to the amount of effort expended. Verbal confirmation of effort is not acceptable.

Department Heads and faculty members can certify on behalf of their subordinates (including graduate students) by providing appropriate, after-the-fact, written documentation to a departmental administrator who enters the information directly into IRIS.

Documentation, electronic or other, must be available and accessible at all times for audit purposes. If effort information is obtained via email, a printed copy must be retained.

Please remember that departmental shadow systems, calendars, and any other timekeeping records are auditable in addition to the University's official effort records.

Q: What if an employee is getting paid from one project (A), but he or she is traveling on behalf of another project (B) with no effort on it. Is the only way to correct this through effort?

A: The travel time should not be charged to project A. It should be charged to project B or the departmental operating account by certifying the applicable percent of effort expended on behalf of project B during the travel.

Q: How is effort accounted for in the summer for 9-month faculty?

A: During the summer, PIs can earn "additional pay". When the additional pay transaction is submitted, there is a box in the certification area that must be checked. Effort is not certified in the summer. The additional pay transaction *is* the certification.

Note: Summer pay is not *earned* until it is actually *worked*. If a PI requests June summer pay at the beginning of May, we recommend that you not process it until the work has actually been performed.

Q: A PI is not charging any salary to a project but is expending effort on it. How do we account for this?

A: Use variance codes. The correct code to use is one of the cost sharing codes. Use the voluntary uncommitted cost sharing variance code if the effort was not included in the proposal.

Q: What are the penalties for not certifying accurately, and have there been any audit findings related to effort certification?

A: There can be significant penalties. For example, Yale University received audit findings related to cost transfers and effort certification issues. They were required to implement corrective action and pay a settlement of roughly \$7.6 million. Other notable settlements include Northwestern University \$5.5 million, Johns Hopkins University \$2.6 million, and Harvard University \$2.4 million.

Q: What were they doing wrong?

A: They were not certifying the proper amount of effort, not certifying on the proper project, certifying for others without documentation, etc.

Note: NSF has been conducting targeted audits of effort certification. Please make sure that you certify effort accurately and timely. When effort is certified in IRIS, this is an assertion that the information represented is accurate and complete to the best of the certifier's knowledge. Changes to previously certified effort erode the credibility of the certifier as well as the entire effort certification process. For these reasons, changes to previously certified effort are not allowed except in limited circumstances. Extensive documentation is required as to why the effort was originally certified incorrectly and a positive assertion that the new charges are appropriate, allowable and allocable.

Q: When must effort be certified?

A: Effort should be certified regularly after the work has been performed. The IRIS effort certification system was designed for monthly online certification and automatic electronic salary transfers. Monthly certification of effort is very important and allows for sponsored project billings to be kept accurate and up to date. At a minimum, effort must be certified within 30 days of the end of each semester or within 30 days after the sponsored grant or contract end date, whichever is earlier.

Q: An employee has salary posting to a project via his cost distribution. Does this eliminate the need to certify effort?

A: No – effort must still be certified to attest that he or she actually expended this percent of effort.

Q: If an employee is receiving additional pay during the academic year, does he or she need to certify effort for this?

A: Additional pay is not a part of IBS (Institutional Base Salary). Generally, additional pay should be for summer only. There are a few exceptions to this.

Q: Can you come to a department and provide one-on-one training? Do new faculty receive training on effort certification and, if so, is it mandatory?

A: Yes, Sponsored Projects Accounting (SPA) will come to your department and provide one-on-one training. Formal, group classes are also offered periodically throughout the year by SPA. The next class is September 20 at the Conference Center. IRIS training classes are also available.

Training is available to faculty, but it is not mandatory. Please encourage faculty to attend.

Q: What if a PI's effort is unrealistically high on a proposal given his other commitments (teaching, advising, committee work, etc.)? What if a PI overcommits and indicates he or she will just put in extra time?

A: Overcommitting at the proposal stage is not necessarily problematic since it is unlikely that all proposals will be awarded. Awards should not represent more than 100% of an employee's effort. When a project is awarded, sponsors may ask for just-in-time information, including other commitments. 100% is not tied to the 40 hour work week. Nights and weekends could be a part of their 100% effort.



Just a reminder that the requirement for effort certification reporting for the University changed beginning with the July 2013 payroll.

Previously, effort certification was required if an employee was paid from any restricted fund (i.e., gift, chair, center, or sponsored project) with functions of Instruction, Research, Public Service, or Academic Support. As of July 2013, employees paid from a sponsored project of any function type (i.e., grants, contracts, cooperative agreements, federal appropriations, clinical trials, non-exchanges and agency-sponsored) will be required to certify. These changes will be reflected in the Uncertified Effort Report.

Email notifications will no longer be sent to employees who only have cost distributions to gift, chair, or center type restricted funds. Note that if an employee has a cost distribution to both a sponsored project and a gift, chair, or center, an email will be sent based upon the cost distribution to the sponsored project.

If no cost distributions are established for a sponsored project but the employee expended effort on one or more sponsored projects, the employee should complete an effort certification even though he/she did not receive an email notification.