**PROCEDURE – EFFORT CERTIFICATION ON SPONSORED PROJECTS**

**EFFECTIVE DATE**: July 1, 2018

**Responsible Executive(s)**

Vice President for Academic Affairs; Vice President for Administration and Finance

**Responsible Office(s)**:

Office of Sponsored Programs and Research; Office of Financial Operations

**Contact**

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**I. PROCEDURE STATEMENT**

As a recipient of federal funds, the University must maintain an accurate payroll distribution system allowing for periodic certification of effort devoted to specific activities. 2 CFR Subpart E §200.430 contains the federal regulatory requirements for internal controls over certifying time expended on sponsored projects.

This procedure applies to all University faculty and staff whose compensation is properly chargeable in whole or in part to an externally sponsored project of any type.

The University must exercise due diligence in the review of periodic effort reports to ensure reasonableness in charging salary/wage costs to external sponsors and to document salaries that are being used to meet cost sharing requirements.

This procedure will facilitate compliance with the University’s requirements by recognizing the “after-the-fact confirmation” method, clarifying roles and responsibilities, and defining authorized certifiers of effort.

**II. DEFINITIONS**

After-the-Fact Activity Records: Records documenting the distribution of an individual’s salary during a specified period that represents a reasonable estimate of the work performed by the employee during that period.

Cost Sharing: A portion of total project or program costs related to a sponsored agreement that is contributed to a sponsored project or program by someone other than the primary sponsor.

Firsthand Knowledge: Direct knowledge of work performed. The principal investigator (PI) is required to certify effort because of his/her direct knowledge of the work being performed. If someone other than PI certifies the effort report, the certifier must be able to demonstrate suitable means of verification of the work performed.

Institutional Base Salary (IBS): The annual compensation that the University pays for an employee’s base appointment, whether that employee’s time is spent on teaching, research, administration, or other activities. IBS excludes compensation for an employee’s outside consulting activities and other compensation received from an entity other than the university.

Payroll or Salary Allocation: The process of assigning salary charges to sponsored projects and other University activities.

Sponsored Project (or Sponsored Program): A project funded by a sponsor through a grant, contract, cooperative agreement, or other instrument under which the University agrees to perform a certain scope of work, according to specified terms and conditions, for a specific budgeted monetary compensation.

University Effort: The sum of all activities that constitute workload at Longwood. (See definition of Base Salary). This includes research, instruction, public service/other sponsored activities, and administration. University Effort totals 100%, regardless of the number of hours worked.

**III. PROCEDURES**

This document outlines the University procedures required in order to comply with the University’s Effort Certification Policy and is designed to account for the effort of University employees participating in sponsored projects or programs.

**A. Effort Reporting**

Effort reporting is the means of confirming that all of the effort committed to a project, whether paid on the sponsored award account or expended in support of a project (but not paid on the sponsored account) has been performed. Effort reporting certifies to the granting agencies that the percentage of effort committed as a condition of the award has been completed. Longwood utilizes an *after-the-fact* reporting system which reflects the distribution of salaries and wages supported by an activity report that represents actual costs. Because personnel are paid from grants based on the *anticipated* amount of time they will spend on the project, they need to certify *retroactively* that they did in fact devote the commensurate amount of time to the work.

In no case can the percentage of an individual’s salary charged to a sponsored project exceed the percentage of the individual’s total effort that is expended on the project during an effort reporting period. If the percentage of total effort expended in a given effort reporting period is less than the percentage of salary charged to the sponsored project during the period, the salary charges must be reduced to reflect the actual effort.

**B. Effort Reporting Periods and Schedule**

The University’s effort reporting certification process occurs at the end of each of the University’s three academic terms:

**Spring** – defined as January 1 through May 31

**Summer** – defined as the immediate start of pre-session summer course offerings (on or about mid-May) and though August 31 of that year.

**Fall**– defined as September 1 through December 31.

Effort certification statements are generated for all employees with compensation or cost share pertaining to sponsored activities during the reporting period. Blank forms will be distributed in June for the Spring semester time period and in January for the Fall semester time period. Effort certification reports will be distributed in September for employees committing Summer effort. Faculty must complete their own form and countersign the forms of the exempt staff. All completed forms must be returned to the OSRP within two weeks.

**C. Faculty Summer Salary**

For summer months or other periods outside the academic year, the federal regulations stipulate that charges for work performed may be charged at a rate that does not exceed the base rate for the academic year. Faculty with 9-month appointments are permitted to expend up to an additional 2.5 months of effort on one or more sponsored projects in the period beyond the academic year (i.e. during the 3-month summer period) and up to three months of additional salary for that effort, subject to sponsor policies. In addition to the other requirements of this policy, faculty shall comply with the following:

* Faculty receiving summer salary must ensure that the effort was expended during the summer period for which they were funded. Effort expended during the academic year cannot be counted towards the summer period.
* If a faculty member has administrative or other non‐research responsibilities (including vacations) during the summer period, they may be precluded from devoting 100% effort to sponsored projects and thus from requesting a full 3 months of salary from those sponsored projects.
* Charges for work performed by faculty on sponsored projects during the summer months will be determined at rate not exceed 100% of the institutional base salary divided by the period to which the base salary relates.

**D. Committed Cost Shared Effort**

Mandatory or voluntary committed salary cost sharing amounts that are included in the proposal included in a proposal and reflected in the subsequent sponsored award must be tracked, documented and certified the same as salaries that are direct-charged to the project.

**E. Firsthand Knowledge**

Effort reports may only be certified by responsible individuals with sufficient knowledge of the work performed. This is usually the PI in charge of overseeing the project or collaborating faculty members who work on the project. In the event that the PI listed on the University-generated effort report is unable to certify the effort report, an authorized representative who is knowledgeable of the work performed on the project will certify the report. In any audit situation it would be the responsibility of the individual certifying the effort report to provide sufficient justification that all certification requirements were met.

**F. Level of Precision in Effort Certification**

Precision in effort reporting pertains to the acceptable variance between an individual’s actual effort and the effort certified on the effort report. If the difference between the estimate and the payroll percentage for a sponsored project reasonably reflects one’s effort within a tolerable variance threshold (plus or minus 5%), then the amount may be confirmed as a reasonable estimate. However, if a reasonable estimate of the actual effort is not within 5% of the effort percentage shown on the statement, the certifier must change the estimate of actual effort on the statement before certifying the report.

For example, if an individual’s salary is allocated 50% to a sponsored project, it is permissible to certify 50% effort for the project if the effort devoted to the project is reasonably estimated to fall between 45% and 55% of total effort.

**G. Changes in Proposed Effort**

In making any adjustments to committed effort, the PI must adhere to sponsored award requirements specifically related to reductions in effort from what was proposed and approved. Substantial reductions (normally 25% or greater from proposed commitments) will require prior sponsor approval. If devoted effort is reduced from what was proposed, then an adjustment must be processed in order to bring payroll distributions in line with certified effort.

**H. Timely Certification**

It is expected that effort reports will be reviewed and certified in a timely manner. All completed forms must be returned to the OSRP within two weeks. Extenuating circumstances that prevent the timely certification of effort reports should be brought to the attention of the OSRP.

**I. Compliance**

Effort reporting is the number one target for federal auditors, and many universities have paid millions of dollars in fines. Failure to follow the provisions of this policy may subject the individual to disciplinary actions in accordance with University policies and procedures. If effort reports are not completed, certified, or submitted properly and in a timely manner, OSPR will take action to ensure compliance with this policy. These actions may include, but are not limited to:

* The Department Chair and Dean will be notified of non-compliance.
* Barring non-compliant individuals from submitting any new proposals until effort reports are up-to-date and properly completed and certified; or
* Placing active projects/awards “on hold”; or
* Adjusting uncertified labor distributions and the effort they represent to non-sponsored accounts as cost share.

**IV. ROLES AND RESPONSIBILITIES**

Each individual with responsibilities for time and effort reporting should understand the proper methods for reviewing, completing, and certifying the effort reports to ensure that documented effort percentages reasonably reflect effort expended toward individual sponsored activities during the report period.

The following offices and positions have roles and responsibilities in the effort reporting process.

1. **Principal Investigator/Project Director** is responsible for:

* Understanding and employing the principles, policies and procedures related to accurate and timely certification of effort reports.
* Committing effort on sponsored projects as deemed appropriate for the scope of work at hand and as approved by the relevant Department Chair/Dean/Vice President and verified by signatures on the OSPR Proposal Routing Sheet.
* Ensuring that his/her own effort and that of other individuals working on sponsored activities under their direction is certified accurately and in a timely manner.
* Reacting to and correcting any inaccuracies or omissions on the distributed effort reports to accurately reflect effort commitments toward sponsored activities.
* Complying with sponsor requirements regarding any significant reductions (≥25%) in effort commitments on funded sponsored activities.
* Responding to any questions posed by reviewers regarding the certification of effort.

1. **Department Chairs, Deans and Vice-Presidents** are responsible for:

* Understanding this policy and federal requirements for certifying effort on sponsored programs.
* Reviewing effort commitments on proposals to confirm reasonableness and achievability for proposed effort.
* Providing oversight and proper and effective implementation of this policy in their school/college/unit.

1. The **Office of Sponsored Programs and Research (OSPR)** will:

* Distributing and collecting effort reporting forms for all persons working on externally funded projects;
* Answering questions regarding policies, procedures and funder regulations;
* Facilitating timely and accurate effort reporting;
* Maintaining the records and reports that certify effort on externally funded projects;
* Modifying effort reporting records and informing funders of changes as necessary.

1. The **Accounting Office** will be responsible for:

* Maintaining this policy on effort reporting in compliance with federal regulations and informing LU personnel of the same;
* Reviewing effort reporting documentation for completions, accuracy and compliance with funder regulations;
* Assisting in the reallocation of effort and compensation, as needed.