

Effort Reporting Policy

Managing Office: Office of Research Compliance (ORC)

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PURPOSE

This document sets forth the University's Policy on certification of effort expended on sponsored project awards administered by Alabama Agricultural Experiment Station. This Policy applies to all individuals sponsored project and those involved in certifying the effort.

REASON FOR POLICY

The Uniform Guidance Subpart E §200.430 contains the federal regulatory requirements for internal controls over certifying time expended on sponsored projects. The University's practice utilizes an after-the-fact effort reporting system to certify that salaries charged or costs shared to sponsored awards are reasonable and consistent with the work performed. The individual's effort is first assigned to specific awards in the payroll system based on anticipated activities. The actual effort expended on each project is certified by a responsible person with suitable means of verifying that the work was performed, generally the principal investigator, at the end of specified reporting periods. The effort certification should be a reasonable estimate of how time was expended. Section §200.430 states, "It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for Institutions of Higher Education (IHE), a precise assessment of factors contributing to costs is therefore not always feasible, nor is it expected."

The Quarterly Project Effort Certifications are the primary means for complying with the federal regulations relating to effort certification. This Policy ensures that effort certifications completed in connection with University sponsored projects are accurate, reasonably reflect the actual level of effort expended on a sponsored project, and comply with sponsor requirements. a

and the denominator is the Institutional Base Salary. In most cases, the salary distribution reasonably reflects the actual distribution of effort. When it does not, the employee is asked to make corrections before certifying their effort.

8. How can an individual ensure that the effort they are certifying is reasonably represented by the salary distribution percentages?

The federal government does not require faculty and other salaried personnel to keep time records indicating the number of hours or days worked on a sponsored project. Most individuals working on a single sponsored project can estimate the actual percentage of effort devoted to the project on a semester basis. However, individuals working on more than one sponsored project or those who work only sporadically on a single sponsored project during the semester may find it more difficult to estimate actual effort from memory. Employees are encouraged to document their time in the manner that will best assist them in comparing the actual effort to the salary distribution reported on the certification form. Although not required, such documentation could become auditable, so a commitment to maintaining an individual tracking system should also include an obligation to apply it consistently and accurately.

9. What is the definition of "reasonable" when one compares salary distribution to actual effort?

The federal government recognizes that "teaching, research, service, and administration are often inextricably intermingled in an academic setting." A precise assessment of factors contributing to costs is not always feasible or expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate (2 CFR 220 - Cost Principles for Educational Institutions). In accordance with a 1979 interpretation by the U.S. Department of Health and Human Services, the University defines "reasonable" as no more than + 5% variance in effort distribution from the salary distribution percentages reported. The percent variance allowed is a percent of the Total Institutional Effort.

For example, if a grant pays 50% of an individual's salary, no adjustment to the level of effort indicated on the certification form would be required if the individual's effort reasonably falls between 45 and 55%. However, if the individual certifies effort at, for example, only 30%, an after-the-fact salary reallocation would be required to reduce the salary charges to the sponsored project.

10. What should the employee do if the percentages are not accurate?

The employee should individually review the effort form to determine if the salary distribution during the reporting period reasonably represents effort during that period. "Reasonable" is no more than $\pm 5\%$ variance in effort distribution from the reported salary distribution percentages. If the salary distribution is not a reasonable representation of effort, the employee should make corrections on the certification form to indicate actual effort distribution and then sign the certification statement. The employee should remember that total effort must always equal 100%. If the employee changes one percentage figure to reflect a different level of effort, a corresponding change must be made in another category to keep the total effort at 100%.

In all cases, if the salary distribution presented on the effort form is not a reasonable representation of the distribution of the individual's total effort performed for the University during the reporting period, the individual should make appropriate changes before certifying. In the event the proportion of the effort on the sponsored project significantly exceeds (i.e., > ±5%) the proportion of payroll charged to the sponsored project account, no change in the charges to the sponsored project is generally required. If, however, the individual's actual effort is significantly less than the proportion of their compensation charged to the sponsored project, a reduction of the personnel costs charged to the sponsored project account during the reporting period will likely be necessary.

11. Can someone else sign the effort certification form for an employee?

Employees should certify their effort when possible. If someone else signs for the employee, they must have firsthand knowledge of the employee's work on the project. Although the federal government does not define "firsthand knowledge," an auditor may closely question the signer about the exact nature of their firsthand knowledge. Graduate assistants, departmental clerical staff, and even department heads/unit directors rarely have the firsthand knowledge necessary to certify (is d e r i v e d f r o m t h e a u t h o r i t a t i v e s o u r c e s . T w o 0 . 3 1 5 3 . 5 4 w 0 . 3 7 0 T d 6 (n o) (

cost transfers. Employees who need to correct effort certifications should keep meticulous documentation to explain why the correction was necessary. This explanation may be required in an audit conducted years later when memories have faded, and it may have to be delivered to potentially skeptical federal auditors and officials. Finally, simply “correcting” effort certifications near the end of the term of a sponsored project to “spend out” unused funds present such egregious non-compliance that criminal charges may be made under the False Claims Act (31 U.S.C. § 3729 et seq.).

14. What are the potential consequences of inaccurate or non-timely effort certification?

Effort certifications provide the basis for institutional claims for reimbursement of direct and indirect charges under a federal grant or contract. Inaccurate or fraudulent reports may give rise to a False Claims Act (31 U.S.C. § 3729 et seq.) lawsuit. An individual who is found to have violated this Act can be subjected to civil penalties of not less than \$5,000 nor more than \$10,000 for each violation; to criminal sanctions, if the violation was willful, of imprisonment for up to five years and fines of up to \$25,710.

PROCEDURES

All personnel paid from research funds - including principal investigators, co-investigators, senior personnel, other personnel, and graduate students – must record time and effort on the AAMU ORC Time and Effort Report Form (or electronically in Banner Self-Service when the T&E Module setup is completed), and certify that information is correct. Completed report forms are due to the Office of Research Compliance by the 15th of the month after the end of each quarter. As a reminder, a notification will be sent at the end of the month before the 15th due date.

Compliance is mandatory. Failure to submit the required Time and Effort Report may result in suspending all accounts associated with project fund numbers.

Quarterly Reporting Periods

Reporting Period	Due Date	Period Covered
1 st Quarter	January 15	October-November-December previous year
2 nd Quarter	April 15	January-February-March
3 rd Quarter	July 15	April-May-June
4 th Quarter	October 15	July-August-September