UTDPP1082 - Effort Certification

Policy Statement

The federal government requires Effort reporting and certification as a condition of receiving federal funds. State agencies, private foundations, organizations and industry also provide funding to enable UT Dallas to conduct research, training and other projects. All faculty members who serve as principal investigators on sponsored contracts or grants are responsible for certifying the amount of Effort they and employees they supervise spend on sponsored activities. In compliance with UT System Policy (UTS163) that "each UT System Institution shall have an electronic online Effort Certification system that meets the requirements of this policy", UT Dallas has adopted the UT System shared service system for Effort reporting and certification, also known as ECRT.

Rationale

The Office of Management and Budget ("OMB") Circular A-21, Cost Principles for Educational Institutions, sets forth the cost principles that institutions of higher education must follow in expenditures of federally sponsored program funds. Section J.10 stipulates that institutions must have a payroll distribution system that allows salaries paid under federal grants to be properly allocated and that confirmation is made by the institution that Individual salaries paid under federal awards are appropriate to that award. Such confirmation is to be made by either the Primary Individual or the PI may delegate to an individual with equal or commensurate authority on the sponsored project for which the responsibility has been delegated. The after-the-fact confirmation method used by UT Dallas requires that reports for faculty and professional staff be done every six months. The OMB A-21 Clarification Memo of January 5, 2001, further emphasized the effort confirmation requirements as they relate to committed (on the proposal) effort that may or may not be paid on the resultant award.

Recent settlements by higher education institutions with the Department of Justice have cost millions of dollars to remedy whistleblower lawsuits, which alleged (in part) improper accounting of salaries and wages charged to federal awards. These lawsuits were filed under the Federal False Claims Act. There have also been significant instances where higher education institutions have had millions of dollars of research expenditures, principally salaries and wages, disallowed as a result of a federal audit.

UT Dallas has established a system which conforms to the payroll confirmation requirement of OMB Circular A-21 and this document outlines the policy and procedures used at UT Dallas to comply with these federal regulations.

Scope

This policy applies to:
1. all **Primary Individuals**; and
2. all **Supporting Individuals**.

**Definitions**

**Committed Effort**: The amount of **Effort** specified in a **Sponsored Program** award agreement, regardless of whether salary support is requested for the **Effort**.

**Effort**: The amount of time spent on any activity expressed as a percentage of **Total Institutional Activities** for which an Individual is compensated by UT Dallas. For exempt employees, it is extremely important to understand that **Effort** for an Individual is not calculated on a 40-hour workweek or any other standard workweek. OMB Circular A-21 Section J.10.b.(1)(c) states "...in an academic setting, teaching, research, service, and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate." Moreover, OMB Circular A-21 Section J.10.b.(2)(a) states "The payroll distribution system will … (ii) reasonably reflect the activity for which the employee is compensated by the institution;…"

**Effort Certification**: A means of confirming that the **Effort** paid or unpaid by the sponsor has been performed. It is important to note that payroll distributions and **Effort Certifications** are related but not the same thing. Payroll distributions describe the allocation of an Individual's salary; whereas, **Effort** Certification describes the allocation of an Individual's **Effort**.

**Fiscal Year**: The Fiscal Year for UT Dallas is September 1st through August 31st.

**Individual**: An Individual is anyone who has paid **Effort** and/or **Committed Effort** on a **Sponsored Program**. Where appropriate in this policy the following subcategories will be utilized:

1. A **Primary Individual** is a person listed as principal investigator, project director, co-investigator, co-project director, or those personnel with comparable responsibilities on a sponsored project application. A **Primary Individual** typically, but not always, carries an academic (i.e., faculty) appointment.
2. A **Supporting Individual** is an employee other than a **Primary Individual** who has expended **Effort** on a **Sponsored Program**.

**Sponsored Programs**: Activities conducted in research, instruction, training, or public service as a result of a formal written agreement – such as a grant, contract, or cooperative agreement – obtained as a result of a formal application and approval process. These activities can be funded either externally by government, industry, or private sponsors; or, internally by UT Dallas. **Sponsored Programs** are separately budgeted and accounted for, meaning there is a defined scope of work, a budget that identifies the costs to be incurred in the performance of the work, and the accumulation of costs actually incurred in support of the project. **Sponsored Programs** usually involve a specific commitment of time for the Individual(s) involved in achieving the aims of the project. **Sponsored Programs** may be
thought of as transactions in which there are specified statements of work with a related, reciprocal transfer of something of value.

**Total Institutional Activities:** Total Institutional Activities are those activities for which an Individual is paid by UT Dallas. Common activities include administrative duties, instruction, patient care, public service, and research. Total Institutional Activities shall not exceed 100% and shall be consistent with his/her other duties as agreed upon with his/her supervisor.

**Responsibilities**

**Vice President for Research**

1. Responsible for developing, monitoring and revising the Effort Certification policy.
2. Ensures education and training programs are available to assist all administrators, faculty, and staff to fully understand the intent and the implications of all policies referenced herein.
3. Ensures an effective monitoring process exists at the UT Dallas.
4. Responds to audits.

**Primary Individual**

1. Communicates with his/her department, and several other administrative functional areas within UT Dallas about Effort commitments.
2. Certifies his/her Effort and the Effort of Supporting Individuals on the Primary Individual's Sponsored Programs.

**Policy**

Effort Certification will be performed semi-annually for the September-February and March-August time periods. All Effort Certifications must adhere to the following requirements:

1. **Effort Certification** reports must be based on a reasonable estimate of Committed Effort. For determining "reasonableness," OMB Circular A-21 states "(I)n an academic setting, teaching, research, service and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate… The payroll distribution system will … (ii) reasonably reflect the activity for which the employee is compensated by the institution...". UTD has established a policy whereby effort that is certified to within 5% of the payroll calculated effort on a Sponsored Project in ECRT is the degree of tolerance that is acceptable. Any effort Certified in the UTD ECRT system that has a change greater that 5% of an Individual's Total Institutional Activities will require the Primary Individual to complete the Personnel Action Form to reallocate salary expenses charged to the project to reflect the certified percentage of effort.
2. Effort will be reported in whole percentages and all Effort reported for an Individual must equal 100%.
1. Minimum level of effort: A Primary Individual for a Sponsored Program must have a minimum level of Committed Effort on that Sponsored Program. The level of Effort should be commensurate with the Primary Individual’s responsibilities with respect to the Sponsored Program. Certain types of Sponsored Programs such as equipment, instrumentation and training grants may not require any Committed Effort from the Primary Individual. However, such exceptions to this policy must be documented and approved by the Vice President for Research or his/her designee.

2. Maximum level of effort: Individuals’ total Effort Commitments on Sponsored Programs should be commensurate with their other responsibilities within Total Institutional Activities. Therefore, Primary Individuals’ Effort Certification must reflect a reasonable amount of Effort dedicated to their other institutional commitments (e.g. community service, education, administration). In no case can Committed Effort on Sponsored Programs exceed 100%.

3. A Primary Individual must certify his/her own Effort.

4. A Primary Individual must certify the Effort of all Supporting Individuals who have expended Effort on the Primary Individual's Sponsored Program(s).
   - The Primary Individual may delegate the responsibility to certify to an Individual with equal or commensurate authority on the sponsored project for which the responsibility has been delegated. If they choose to do so, the Primary Individual must provide documentation to the Vice President for Research including the project number, certification period, Individuals and Effort to be certified, and the rationale for delegating their certification responsibilities.

5. A Primary Individual must attest for each Effort Certification that the Primary Individual or their delegate has a suitable means of verification and that the Effort shown in the Effort Certification report is a reasonable estimate of actual work performed during the stated period. Suitable means is defined as having direct knowledge which could encompass the Principal Investigator, the individual performing the actual work or a direct supervisor who have sufficient and verifiable knowledge of the work being performed, including an understanding of the individual's regular duties and responsibilities. PI may delegate to an individual with equal or commensurate authority on the sponsored project for which the responsibility has been delegated.

6. All Effort Certification reports must be completed within 30 days of the opening of the certification period.

A failure to comply with this policy could result in any or all of the following consequences:

1. Disallowance of expenditures on Sponsored Programs;
2. Penalties and/or fines levied against UT Dallas;
3. Damage to UT Dallas' reputation and/or the reputation of its faculty; and
4. Criminal charges brought against an Individual who certifies a falsified Effort report.

Related Statutes, Policies, Requirements or Standards

1. UT System Administration Public Library – Policy UTS163;
2. Code of Federal Regulations, Title 45, Part 74, Appendix E, Uniform Administrative Requirements for Awards and Subawards to Institutions of Higher Education, Hospitals, Other Nonprofit Organizations, and Commercial Organizations; Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts with Hospitals [Formerly known as OASC-3];


5. Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs dated January 5, 2001;

6. OMB A-133, Audits of States, Local Governments, and Non-Profit Organizations;

7. NIH Grants Policy Statement dated December 2003, and


Procedures

UT Dallas utilizes an electronic after-the-fact confirmation process for Effort Certification. While Effort Certification cards are available year-round at ecrt.utdallas.edu, there are two certification periods during the year. These are:

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<tr>
<th>Payroll Reporting Period</th>
<th>Review Period</th>
<th>Certification Period</th>
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<tr>
<td>March 1 – August 31</td>
<td>Thirty days prior to start of Certification Period</td>
<td>Third Wednesday in October – Third Friday in November</td>
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<tr>
<td>September 1 – February 28</td>
<td>Thirty days prior to start of Certification Period</td>
<td>Third Wednesday in April – Third Friday in May</td>
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**Review Period:** Thirty days before the Certification Period opens, PIs are highly encouraged to review all their associated Effort reports. Any required changes can be made by processing a Personnel Action Form (PAF) with the fiscal officer in the PI's school. Once the PAF is processed, changes can be saved in the Effort system. During the Review Period the Office of Research will determine the top 20% of Federal Sponsored Programs with the highest payroll expenses. These Sponsored Programs will be considered high risk and will be reviewed for accuracy and allowability of the effort charged to the Sponsored Program.

**Certification Period:** Once the period opens, PIs have 30 days to confirm/edit and certify their Effort (if required) and that of any support staff. Detailed instructions on certifying Effort are available at [http://www.utdallas.edu/research/opm/time_and_effort_certification/](http://www.utdallas.edu/research/opm/time_and_effort_certification/). Failure to certify during the Certification Period is a failure to comply with UT Dallas, UT System and federal policy. This can result in having all sponsored accounts frozen until the certification is completed.

**Post Certification Period:** The Office of Research will monitor all effort Certified in the ECRT system that has a change greater than 5% of Total Institutional Activities. The Office of
Research will document and monitor that the Primary Individual has completed a Personnel Action Form to reallocate salary expenses charged to the affected Sponsored Program to reflect the percentage of effort certified for that Sponsored Program. This monitoring will include verification that all internal forms have been completed by the Primary Individual, that the payroll charge accurately reflects the change in the effort of the ECRT system, that all forms/changes have proper approvals and have been sent to the Budget Office for processing.

During the Post Certification Period the Office of Research will be preforming additional review of the previously identified high risk efforts certifications. This review will consist of monitoring any changes to the effort certified, the documentation of the reasons and the monitoring of the cost transfer process to ensure payroll is corrected to agree with the certified effort.

Cost Transfers: Cost Transfers are a reality of Sponsored Programs; however, 1) a high volume of Cost Transfers, 2) a high volume of cost transfers that occur several months after the initial accounting transaction, 3) Cost Transfers that occur after an Effort Certification report is completed, and/or 4) a pattern of Cost Transfers from a Sponsored Program may indicate poor awards management.

UTD’s Cost Transfer policy is:

- The Cost Transfers process duties must be appropriately segregated to ensure no one person or academic department has the sole authority to initiate, approve, and post a Cost Transfer into the official accounting records;
- All Cost Transfers must have adequate support documentation as to the reason it is necessary. To indicate "to correct an error" or "to transfer to correct project" are insufficient reasons without supportive documentation;
- All Cost Transfers must occur in a timely manner per institutional policies; and
- Salary Cost Transfers are not permitted after Effort Certification reports are completed and signed by the Individual or after the Sponsored Program closeout date unless it benefits the sponsor (i.e., a salary transaction is removed from a sponsored account).

Policy History

- Issued: January 6, 2011
- Revised: January 28, 2014

Policy Links

- Permalink for this policy: http://policy.utdallas.edu/utdpp1082
- Link to PDF version: http://policy.utdallas.edu/pdf/utdpp1082
- Link to printable version: http://policy.utdallas.edu/print/utdpp1082