



What You Really, Really Need to Know About Effort Certification

Presented by:
Business Services



What is Effort Certification?



- ▶ A form of time reporting required by federal regulation for all individuals working on sponsored projects.
- ▶ Effort reporting certifies that salary sources for a given period align with actual effort distribution.

Why should we care?



- ▶ We are obligated by federal regulations to certify effort.
- ▶ Erroneously certifying effort (accidentally or with intent)
 - ▶ Can be viewed as fraud
 - ▶ May lead to an institutional audit
 - ▶ Often results in significant penalties.

Audits are becoming increasingly common.
Penalties can be substantial.
Even the most reputable institution is at risk.



Recent Audits / Fines Levied

- ▶ **Northwestern University**
 - ▶ \$5.5 million (2003)
- ▶ **Johns Hopkins University**
 - ▶ \$2.6 million (2004)
- ▶ **East Carolina University**
 - ▶ \$2.4 million (2004)
- ▶ **Harvard University/Beth Israel Deaconess Medical Ctr**
 - ▶ \$3.25 million (2000 & 2004)
- ▶ **University of Connecticut**
 - ▶ \$2.5 million (2006)
- ▶ **Dartmouth**
 - ▶ \$37,780 (2005)



How is effort determined?

- ▶ NOT based on a 40 hour work week
- ▶ Based on 100% of activities for which you are compensated by Macalester including:
 - ▶ **Sponsored project activities**
 - ▶ **Non-sponsored activities**
 - Administration (including duties as chair, dean, etc.)
 - Instruction (teaching)
 - Research (excludes externally funded research)
- ▶ Expressed in percentages

Components of “100% effort”



Sponsored project activities include:

- ▶ Effort on federal grants or contracts*
(e.g. , NIH, NSF, DOD)
- ▶ Effort on non-federal research projects*
(e.g. , a foundation grant)
- ▶ Administrative effort related to a sponsored project*
 - ▶ Writing progress reports
 - ▶ Holding a meeting with staff
 - ▶ Presenting research results at a scientific conference
 - ▶ Reading scientific journals to keep up to date with the latest advances in the project topic area.

* Even if your salary is not completely paid by the sponsor (i.e. salary cost sharing)

Components of “100% effort”



Non-sponsored activities include:

- ▶ Teaching
- ▶ Department Chair duties
- ▶ Attending general departmental faculty meetings
- ▶ Serving on College committees
- ▶ Proposal preparation

Activities NOT included



- ▶ External professional activities paid through an agreement outside your Macalester contract, e.g. consulting engagements
- ▶ Serving on an NIH Study Section or NSF Peer Review Panel

If you have any questions about whether an activity is or is not part of the effort considered in the **100% base**, check with CFR or Business Services (grants accounting).

Effort distribution should reasonably reflect actual activity



- ▶ OMB Circular A21 J10b(1)(c)
 - ▶ “In the use of any methods for apportioning salaries, it is recognized that, 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.”

The degree of tolerance at Macalester is +/- 5%

Pay distribution will reflect effort distribution



- ▶ Salary and wages charged to sponsored projects should reasonably reflect the proportionate share of time spent on the project.
- ▶ Cost share commitments must be included in the effort distribution.
- ▶ Salary payments cannot be made for effort not applied to the project.



Who certifies the report?

- ▶ Each employee reviews and signs her/his own effort certification.
- ▶ Exceptions are sometimes necessary, e.g. , the researcher is out of the country or is on temporary leave of absence. Contact Business Services to determine if an exception is necessary.
- ▶ Federal requirements stipulate that anyone certifying effort for another individual must credibly have first hand knowledge of that individual's actual effort.



How does the process work?

- ▶ Effort report is preprinted with salary distribution
 - ▶ Each academic term for faculty (i.e., each semester and summer)
 - ▶ Monthly for non-faculty employees

- ▶ Individual inserts percentages of actual effort and verifies the report as a **reasonable estimate of actual effort** worked by signing the report. A variety of resources may be relied upon to jog one's memory and document effort allocations:
 - ▶ Calendars
 - ▶ Journals, logs, and blogs
 - ▶ Teaching schedules
 - ▶ Leave reports
 - ▶ Correspondence
 - ▶ Outside activity forms

Red Flag Issues / Audit Triggers



- ▶ Late effort reports
- ▶ Effort certified by someone lacking first-hand knowledge of the individual's actual effort
- ▶ Percentage outside of sponsored project is insufficient to credibly cover teaching, administrative, or other College work
- ▶ Multiple post-certification revisions
- ▶ Significant data inconsistency between effort report and other documentation such as:
 - ▶ Calendar
 - ▶ Leave reports
 - ▶ Other support forms
 - ▶ Outside activity forms



Remember...

- ▶ Effort reporting is under scrutiny by the Office of Inspector General from NIH, NSF, and other Federal Agencies.
- ▶ Each individual is responsible for certifying his/her own effort.
- ▶ The effort % is NOT based on a 40 hour work week. It is based on the individual's actual hours worked.
- ▶ Effort reporting tracks the **reasonable approximation** of **actual activity** on projects. It should not simply mimic budgeted amounts.
- ▶ Effort reporting is our means of providing assurance to sponsors that faculty and staff have met their commitments, paid or unpaid, to extramural projects.

Help is available



- ▶ **Business Services – grants accounting**
 - ▶ Dorothy Johnson
651-696-6354
- ▶ **Grant, Foundation and Corporate Relations**
 - ▶ Michelle Epp
651-696-6062