

System-wide Policy:	
FI0215 - Sponsored Projects - Effort Certification	
Version: 2	Effective Date: 07/10/2018

FI0215 – Sponsored Projects – Effort Certification

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Objective:

To ensure compliance with federal requirements as specified in OMB Uniform Guidance §200.430 (i) Standards for Documentation of Personnel Expenses. This policy provides guidance for documenting personnel expenses through the university’s process of effort certification on sponsored grants and contracts.

Policy:

Definitions

1. Effort certification is the process of verifying that appropriate salary and wage expenses were charged to sponsored grants and contracts. Effort certification documents the

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proportion of work time devoted to sponsored projects, teaching, and other activities expressed as a percentage of total work time. Effort certification also provides evidence of committed effort expended on sponsored projects that may or may not have been charged to the sponsor.

Why must effort be certified?

2. As a condition to receive federal funding, the OMB Uniform Guidance requires institutions to maintain a stringent framework of internal controls to provide reasonable assurance that personnel charges are accurate, allowable, and properly allocated. The university uses as its internal control system the effort certification process to document after-the-fact work performance records for payroll distribution.
3. OMB Uniform Guidance §200.308 (c) states that recipients shall request prior approvals from Federal awarding agencies if there is a:
 - a. Change in a key person specified in the application or award document, or
 - b. Twenty-five percent reduction in effort devoted to the project or a disengagement for more than three months by the approved project director or principal investigator.

Who must certify effort?

4. Every monthly paid employee who has committed work on a sponsored grant or contract, whether paid or unpaid, must certify his/her effort. Biweekly paid employees document their work performance through reporting on their time sheets.
5. All committed sponsored effort must be certified regardless of whether the costs were charged to a sponsored project.
6. For persons who are required to certify, all effort should be certified, whether spent on research, teaching, public service, or other activities. The total effort certified on the IRIS effort certification screen must total 100 percent.
7. Federal guidelines recognize that the activities that constitute effort are often difficult to separate. Effort certification must often rely on a reasonable estimate of effort, and when estimating, a degree of tolerance is appropriate.

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How will I know if I need to certify my effort?

8. If an exempt employee is set up in his/her cost distribution to be partially or fully paid from restricted sponsored project funds, then a monthly automated email will be generated to remind the employee to certify effort. If an employee is set up in his/her cost distribution to be paid totally from unrestricted and/or restricted gift funds, an automated email reminder for effort certification will not be generated. Whether or not an email message is received, an employee who has committed work on a sponsored project has the responsibility for certifying his/her effort.
9. Biweekly employees do not have to separately certify their effort. Biweekly employees' time sheets contain a certification that the hours were worked and the effort was devoted to the time sheet's specified sponsored projects cost distribution.

How to certify effort?

10. The university has provided two methods to accomplish effort certification; individual PI certification on the web and departmental certification via IRIS. See the effort certification training documents on the IRIS web site entitled "Effort Certification for Departments," "Effort Certification on the Web," and "Quick Reference for Certifying Effort."
11. As noted in these instructional documents, a variance of less than 5% is considered to be an insignificant change in estimated effort distributed to sponsored projects. The automated system allows these small differences of less than 5% to either (1) be corrected via an automatic retroactive payroll cost distribution change, or (2) be ignored if the appropriate variance code is entered. This 5% allowed variance is based on a 1979 interpretation by the prior Department of Health, Education, and Welfare stating "As a general rule of thumb, a change applicable to a given project of activity of 5% or more of an employee's total effort would warrant an adjustment by the employee or the official."
12. Department heads should ensure that other university records, such as appointment letters, teaching schedules, and calendars which may be maintained in the department support reported effort.

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When must effort be reported?

13. Effort should be certified regularly after the work has been performed. The IRIS effort certification system was designed to allow for monthly online certification and automatic electronic salary transfers. Monthly certification of effort matches effort directly with the university's monthly payroll cycle 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.

Who can certify effort?

14. 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.
15. 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.
16. 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.

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Full workload

17. The total effort certified on the IRIS effort certification screen must total 100 percent for all employees. This does not equate to any set number of hours, e.g., 40 or 50 hours per week (including weekends); it equates to the totality of university-compensated effort of the employee's institutional base salary. Part-time employees may have a 50% appointment but still have 100% effort to certify.
18. Effort Certification includes the full work load of an individual, including sponsored and non-sponsored activities. Employees cannot work extra to perform non-sponsored university duties and exclude this from their certified effort. For example, a PI cannot advise students, teach a class, or write proposals to other sponsors, etc. without allocating the appropriate percentage of effort to these activities in the effort certification system. All activities explicitly stated in a sponsored grant or contract's statement of work are allowable to be allocated towards effort on that project. Thus, if a teaching activity is explicitly stated in a sponsored grant or contract statement of work, then the effort associated with that activity is allowable as effort on the sponsored project.
19. Effort for proposal preparation may not be charged to sponsored projects unless the proposal is being prepared for submission to a current sponsor for a non-competing extension or a continuation of its ongoing project. In those circumstances, it is appropriate to allocate the proposal development effort directly to current projects. Effort for development of proposals for submission to other sponsors, or for work that does not relate to ongoing projects, cannot be allocated to current projects. An exception may exist if there is an explicit training component in the sponsored grant or contract statement of work and the proposal preparation effort is performed by a student or post-doctoral fellow, for example, as part of their training.
20. Employees working 100% on Federal sponsored grants and contracts must be sure that they are not performing any other university duties, such as teaching a class, working on a committee, writing competitive proposals, etc. without adjusting the effort to reflect these duties. Effort on any of these activities which are included in the sponsored grant or contract statement of work (e.g. training graduate students, developing a new course for a curriculum development project) are allowable as effort

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on the project. Appointment letters provide guidance on the expectations for an employee's activities and should provide further support for certified effort.

Institutional Base Salary

21. Institutional Base Salary (IBS) is the annual compensation paid by the university to an employee for all work which benefits the university. The university defines IBS as wage types:

- (1) regular pay – wage type 1REG,
- (2) regular pay from an agency - 1RGA,
- (3) administrative pay – wage type 1ADA,
- (4) agency pay – wage type 2AGY,
- (5) professorships – wage types 1PRP, 1PRT, and 1ALU
- (6) stipends – wage type 1STP,
- (6) fellowships – wage type 1FEL,
- (7) foreign pay – wage type 1FPY.

22. IBS excludes outside consulting or medical practice income earned outside the university.

23. IBS excludes Additional Pay – wage type 2ADL and 2SUM including summer research pay for nine-month faculty. Additional pay must be requested by a person who can attest to the work being performed and approved by the department head before processing. Effort certification is required, in accordance with this policy, after the work is performed.

24. Wage types that are excluded from IBS include:

- a. Longevity – wage type 2LGV

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- b. Bonus – wage type 2BON

Different pay rates and administrative appointments

- 25. Some employees have different positions with different rates of pay. For example, a graduate student may be paid a lower rate for teaching as a GTA (graduate teaching assistant) than for research work as a GRA (graduate research assistant). A variance code exists in the effort certification system to appropriately recognize the disparity between the two different pay rates and effort.
- 26. Administrative appointment pay supplements are handled in a variety of ways including an additional wage type 1ADA, increasing regular salary, additional pay, and bonus pay. Additional pay and bonus pay are excluded from IBS and are not subject to effort certification. The wage type 1ADA and increasing regular salary are included in IBS and are subject to effort certification. A reasonable amount of effort must be allocated to administrative duties on the effort certification.

Nine-month faculty appointments

- 27. Faculty members with nine-month appointments are normally paid over twelve months. If these faculty are working on a sponsored grant or contract, then the monthly salary charge should be at the higher 1/9th rate instead of the lower 1/12th rate. To accomplish this, departments should process a salary transfer voucher (STV) that automatically calculates and posts this adjustment.
- 28. Nine-month faculty may earn additional pay for summer research work. This work should be supported by the active presence of faculty and by progress on the sponsored grant or contract technical work.
- 29. See fiscal policy FI0207, “Sponsored Projects - Salaries,” for further information about additional pay.

Cost sharing

- 30. The effort certification report is also a means of verifying that committed cost sharing was performed as described in the proposal or award document. Committed cost

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sharing, i.e., cost sharing agreed to in the proposal budget, must be certified. Voluntary uncommitted cost sharing, i.e., cost sharing not proposed, for example, the cost sharing implicit with summer NSF awards, does not have to be certified. See [FI0210 - Sponsored Projects - Cost Sharing](#) for more information on cost sharing.

Committed effort

31. Proposals should accurately represent the amount of effort that key personnel are committing to the project. In preparing proposals, PIs must be careful not to over commit themselves or others. Distribution of effort must take into account the effort required for teaching, advising, administrative duties, writing proposals, etc. PIs submit proposals on the assumption that not all proposals will be awarded, but, at the time of award, an accurate representation of effort to be devoted to the project is necessary.
32. Subsequent changes in levels of effort may also require advance notification to and approval by sponsors. For federal and non-federal sponsored projects, the terms and conditions of the particular agreement will govern. OMB UG 200.201 requires prior written approval of the Federal awarding agency or pass-through entity for changes in principal investigator, project leader, project partner, or scope of work. OMB UG 200.308 requires prior written approval by the Federal awarding agency or pass-through entity if the PI or approved Project Director is disengaged for more than three consecutive months or if effort is reduced more than 25% from the proposed and awarded level.
33. It is expected that some effort will be expended in the completion of all sponsored grants and contracts regardless of funding source, including fixed price awards. Exceptions should be discussed in advance with the campus / unit pre-award and post-award offices.

Principal Investigator and Departmental Responsibilities

34. The Principal Investigator is responsible for ensuring the appropriateness, accuracy, and timeliness of all effort certification on the sponsored grant or contract.
35. Department heads are responsible for establishing effective processes and controls that will ensure compliance. They should monitor effort certification to ensure that all

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employees in their department are certifying in a timely manner that meets the deadlines set forth in this policy. The department head should review reports of uncertified effort from IRIS on a monthly basis and follow up with appropriate measures. Department head approval or designee is required through IRIS workflow for any certification that will result in a change to the dollar amount charged to a sponsored project.

36. Departments should ensure that payroll distributions of all employees are maintained in an accurate and timely manner. The Principal Investigator should promptly notify appropriate departmental staff of any significant changes (e.g. 25% or greater) in an employee’s planned effort percentage on a sponsored project. The department should then promptly submit a pay funding change document that revises the cost distribution of that employee’s payroll charges. This prospective adjustment will ensure that payroll charges on sponsored projects are more accurate initially and will reduce the quantity of retroactive payroll charge adjustments. (Alternative methods of time record keeping approved in advance by the Treasurer are acceptable).
37. Retroactive pay funding changes that alter the percentage cost distribution on a sponsored project may be disallowed if effort has previously been certified. See the section “Changes to previously certified effort.”
38. Prior to work beginning on a new sponsored project, departments should ensure that a restricted WBS Element is established in IRIS in time for initial payroll charges to post correctly. This may involve requesting an Advance WBS Element to be established in IRIS if the signed award document has not yet been received.

Campus / Institute responsibilities

39. Each campus / institute should implement practices and training programs that implement this policy and monitor and enforce compliance. Campuses should review reports of uncertified effort from IRIS on a monthly basis and follow up with appropriate measures.
40. Retroactive pay funding changes that alter the percentage cost distribution on a sponsored project may be disallowed if effort has previously been certified. See the section “Changes to previously certified effort.”

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System responsibilities

41. The system will ensure that an internal independent evaluation of the payroll distribution system will be performed by Audit & Management Services every 5 years in order to comply with Federal and agency requirements. The system will ensure an effective and systematic review that will identify reasons for any deficiencies and make appropriate recommendations.

Salary caps

42. Awards from the National Institutes of Health (NIH) are subject to a salary rate cap. Other agencies may also impose salary caps. The salary rate cap is set by the agency and is adjusted periodically. Salary charges above the rate cap may not be charged to the awards; however, it is important that the effort expended on such awards should be accurately stated. Salary above the rate cap should be charged to a non-federal cost center or non-sponsored restricted WBS element using the applicable salary cost element. For calculation purposes, the salary rate equals Institutional Base Salary (described above).

Changes to previously certified effort

43. When effort is certified in IRIS the certifier is asserting that the information represented is accurate and complete to the best of the certifier's knowledge. For this reason, changes to previously certified effort are only made in limited circumstances. Changes require documentation as to why the change of effort is needed and a positive assertion that the new charges are appropriate, allowable and allocable.
44. Salary charges on sponsored projects must be supported by the detailed payroll records of the University; therefore, no salary journal entries will be posted directly to the accounting system. All adjustments to payroll distributions will be initiated through the payroll system. Rare exceptions require the approval of the Campus Business Officer and the Controller.

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PROCEDURES:

Knoxville:	http://budget.utk.edu/fiscal-policy/
Health Science Center:	https://uthsc.policymedical.net/policymed/home/index?ID=de47aa28-16aa-408b-9c96-cb04f232964f&
Institute of Agriculture:	https://ag.tennessee.edu/Pages/UTIApolicies.aspx
Martin:	http://www.utm.edu/departments/finadmin/procedures.php
Chattanooga:	http://www.utc.edu/business-financial-affairs/fiscalpolicies.php

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Related Policies: [FI0205 - Sponsored Projects](#), [FI0210 - Sponsored Projects - Cost Sharing](#), [FI0220 - Sponsored Projects - Cost Transfers](#), [FI0230 - Sponsored Projects - Subaward Origination and Subrecipient Monitoring](#), [FI0235 - Sponsored Projects - Program Income](#)