AGENDA

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- Consequence of non-compliance
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  - Cost Share

- Effort Reporting Red Flags (Audit)
- Audit Findings
**WHAT IS EFFORT?**

- Effort is the time spent on any University activity by an individual, expressed as a percentage of the individual’s Total University Effort that includes but not limited to:
  - Teaching
  - Research
  - Administrative work
  - Proposal Development

- A reasonable estimate

- Total effort must equal 100%

- Not based on a standard 40 hour work week

- Does not include outside activities
  - External consulting
Maximum Effort

- Most faculty are unable to devote 100% of their time to sponsored activities due to other institutional responsibilities

Minimum Effort

- Principal Investigators (PIs) cannot certify 0% effort on sponsored project
- PIs must certify at least 1% to reflect leadership on the project
Effort Reporting encompasses more than just certifying effort.

**Appointing Faculty & Staff**
- Either part of the SOE and/or the faculty chooses to pursue research activity during the summer.

**Preparing the Proposal Budget**
- Effort is proposed; a commitment is made to the sponsor.

**Charging Salary**
- Salary is charged (or cost shared), consistent with activity. Adjustments may be made, **timely** after-the-fact.

**Certifying Effort**
- Effort is attested to, after activity has occurred.
WHAT IS EFFORT REPORTING?

- A method for documenting the proportion of total work time devoted to sponsored projects, expressed as a percentage of total work time

- A means of verifying
  - Appropriate salary & wage expenses were charged to sponsored projects and that they were reasonable
  - Cost sharing was performed as promised
  - Total effort commitments were met
Why Do We Certify Effort?

- Effort Certification is a Federal requirement.
  - Federal Register 2 CFR Part 200 Section i.8, Standards for Documentation of Personnel Expenses, states that the Federal government may require personnel activity reports where records do not meet standards.
  - Personnel is typically the most significant direct cost component of sponsored project costs and as such, is a focus of Federal auditors.
NAU’s EFFORT REPORTING SYSTEM OVERVIEW

When a PI logs into eEDR, a list of Statements Awaiting Certification is displayed.

eEDR labs scheduled 2/20 1:00 to 2:30 pm & 2/22 3:30 to 5:00 pm Bldg 54 Room 106
NAU’S EFFORT REPORTING SYSTEM
OVERVIEW

The Effort Certification page includes a Work List, as summary view of outstanding Certifications and details of the selected effort statement.
To complete certification, review the effort percentages and adjust the Certified Effort column if needed. Computed Effort should agree with Certified Effort (rounded) and the Grand Total must equal 100%. Significant variation will require payroll accounting adjustments.

When ready, click “Certify” and follow system prompts. Note: the “Certify” button will only display when at least one of the certify checkboxes has been checked.

Let’s go live: [https://in.nau.edu/osp/](https://in.nau.edu/osp/)
WHO MUST CERTIFY?

- PIs are to review and certify the Effort Certification Reports for all personnel that is PAID directly from their sponsored projects.

- An electronic signature on the Effort Certification Report is an endorsement by the project PI that to the best of his/her knowledge the listed effort accurately reflects the level of effort spent on the project(s).

- It is not appropriate for a department administrator to sign the Effort Certification Reports for his/her Principal Investigator.

- Each PI has the ultimate responsibility for ensuring that their Effort Certification Report is certified accurately and timely.
Effort must be certified on a semi-annual basis within 45 days of when the statement becomes available.

Certification windows:

<table>
<thead>
<tr>
<th>Period of Performance</th>
<th>Certification Window</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 1 - June 30</td>
<td>July 16 - August 29</td>
</tr>
<tr>
<td>July 1 - December 31</td>
<td>January 16 - March 1</td>
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</tbody>
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If effort is not certified within 60 days of when the statement becomes available, the Vice President for Research and the Provost will be notified and further action may be taken.
CONSEQUENCES OF NON-COMPLIANCE

- The risks of non-compliance with effort reporting are significant.

- The sponsor may:
  - Disallow related salary, fringe and F&A costs
    - The salary, fringe and F&A costs will need to be returned to the sponsor
  - Reduce or eliminate future funding
  - Subject to criminal proceedings
**Supplemental Pay**

- When supplemental pay is given to an individual that currently working on one or more sponsored projects. The supplemental pay reduces the effort percentages. (i.e. 75% reduced to 70%)

**Payroll Transfers**

- If a payroll transfer is not timely and/or occurs outside of the effort certification timeline, then a **re-certification** of effort is required. Payroll transfers effect the percentages of effort where the salary/wages were originally charged
Cost Sharing is the portion of project or program cost that is not reimbursed by the sponsor.

<table>
<thead>
<tr>
<th>Cost Sharing Type</th>
<th>Definition</th>
<th>Required to Certify?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory</td>
<td>Required by the sponsor as a condition of an award</td>
<td>Yes</td>
</tr>
<tr>
<td>Voluntary Committed</td>
<td>Cost associated with a sponsored project, identified in the proposal, but was not required or funded by the sponsor</td>
<td>Yes</td>
</tr>
<tr>
<td>Voluntary Uncommitted</td>
<td>Cost that is neither committed in the proposal nor required as a condition of the award</td>
<td>No</td>
</tr>
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EFFORT REPORTING RED FLAGS

- Late or uncertified effort reports
- Recertification of effort
- Actual effort reported is less than salary expensed
- Actual effort reported represents a decrease in committed effort >25%
- Certified actual effort contradicts salary distribution (major deviation)
- Administrative time being expensed on research projects
- **Northwestern University $5.5M**
  - Researchers spent less time on NIH sponsored projects than they reported.

- **Johns Hopkins University $2.6M**
  - Faculty time and effort devoted to NIH grants was overstated.

- **Harvard University: $3.2M**
  - Salaries of researchers who did not work on the grant were billed
  - Salaries of the PI were in excess of the budgeted amount
  - Researchers did not meet their 75% requirement

- **Yale University $194K**
  - PI failed to contribute the level of effort proposed
  - Effort Report Documentation for cost transfers had been altered
Thank you for your attention!