Effort Certification at the
UND School of Medicine & Health Sciences

Statement
The University will maintain an effort reporting system and obtain effort certification from employees in compliance with federal regulation.

Reason for Effort Certification
Personnel costs represent the single largest expense charged to federally sponsored awards. Accordingly, the government requires that institutions receiving federal funds for sponsored agreements maintain an effort certification process that complies with the requirements set forth in Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions, relocated to 2 CFR 220. This statement establishes the University’s policy for obtaining effort certifications for employees working under sponsored research agreements.

Federal Requirements
The University receives federal funding on sponsored research agreements and is required to comply with OMB Circular A-21. The Circular requires that the University have a system in place for certifying salaries and wages associated with federally sponsored agreements. The Circular stipulates that the certification reports should reasonably reflect effort allocated to the activities for which the employee is compensated and that they are to be signed by the employee, principal investigator or responsible official(s) using suitable means of verification that the work was performed. Section J.10 of OMB Circular A-21 addresses effort reporting requirements and can be found at:

Responsible University Official:
Manager, UND Grants and Contracts Administration

Responsible Office:
UND Grants and Contracts Administration

Who Needs to Know About Effort Certification?
Employees who are compensated in whole or in part by sponsored projects or who are involved with the administration of sponsored agreements should be familiar with effort certification. This includes central and departmental sponsored project administrators, deans, chairs, principal investigators and other sponsored research personnel.

Explanation of University Compensated Effort
University compensated effort includes research, teaching, administration, clinical activity and any other activity for which an individual receives compensation of salary, wages, supplementary salaries and overloads from the University. Any effort for sources providing compensation other than the University, such as outside consulting fees, is excluded from total compensation for effort reporting. University compensated effort must be reasonable, allowable and allocable to the sponsored research in order
to be properly charged and certified to the sponsored program. For example, it may be inappropriate to charge or certify costs to a sponsored agreement for time spent preparing a proposal for an unrelated or competing agreement because such costs may not be allocable to the sponsored agreement.

**Effort Certification Reports**
The technical name for the effort certification forms used at UND are Personnel Activity Confirmation (PAC) Reports. These reports list the Project ID, Fund Code, Dept. ID, Salary Paid (%), Effort (%), and Cost Share (%). Certification of this report requires that the employee sign and date the bottom of the report and return it to Grants Management at the SMHS.

**Distribution of the Effort Certification Reports**
The effort certification reports for the SMHS are generated by the UND Grants & Contracts Administration office. These reports are organized by department and sent to Grants Management for distribution to the department administrators within the SMHS.

**Frequency of Certification**
UND has three effort reporting periods which follow the University’s semester schedule:
- August 16 – December 31
- January 1 – May 15
- May 16 – August 15

Approximately 15 days after each effort reporting period, the UND Grants & Contracts Administration office will generate effort certification reports which are to be reviewed, signed, and returned within **30 days after the department receives them**.

**Calculation of the Effort Percentage**
The effort certification report accounts for 100% of all effort for which the University compensates the individual. Even where the number of hours of effort the individual expends each week substantially differs from the “normal” workweek of 40-hours, effort percentages must be based on total effort, not hours.

If an individual worked an average of 50 hours/week and divided his/her effort equally amongst four tasks, such as teaching, conducting research on two grants (Grant-A and Grant-B), and chair/committee responsibilities, this individual’s effort would be:

- 25% effort or 12.5/50 hours Teaching
- 25% effort or 12.5/50 hours Grant-A
- 25% effort or 12.5/50 hours Grant-B
- 25% effort or 12.5/50 hours Chair/Committee

Similarly, if the individual worked an average of 30 hours/week and the same four tasks were equally distributed, the effort would be calculated as follows:

- 25% effort or 7.5/30 hours Teaching
- 25% effort or 7.5/30 hours Grant-A
- 25% effort or 7.5/30 hours Grant-B
- 25% effort or 7.5/30 hours Chair/Committee
Certifying to the Effort Percentage
The certification reports are reviewed by the employee, principal investigator or responsible official to confirm that all activities (sponsored and non-sponsored) are reported correctly and that the distribution of effort shown on the certification report reflects a reasonable estimate of the percentage of total effort that was spent on each activity. Signing the report confirms that effort, as certified, reasonably represents the effort expended during the period. The report must be completed and returned within the defined deadline.

Who Should Sign the Effort Certification Report?
OMB Circular A-21, Section J.10 requires that the certification report be signed by “the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed.”

Corrections to the Effort Certification Report
Actual effort should be closely monitored throughout the life cycle of each award and significant changes to estimated effort calculations should be made as soon as they become known. If, at the end of a certification period, the effort percentage reflected on the certification is not a reasonable estimate of the employee’s effort, the percentage should be crossed out in ink with the correct percentage written in the margin. The reviewing employee needs to initial and date each correction. The corrected forms should then be completed, signed by the appropriate academic department personnel and sent to Grants Management for review and approval.

Retroactive Distribution Requests (Salary Corrections)
Special consideration must be given to the timeliness of salary corrections in relation to effort certification. University policy requires that the payroll distribution match the effort percentages certified on the effort certification report. Salary corrections, accompanied by appropriate explanations, are strongly encouraged prior to the certification of effort. In the rare instance, should it be deemed necessary to process a salary correction to correct a report that has already been certified; the employee and/or departmental administrator must contact Grants Management. If it has been found allowable to process this salary correction, a detailed justification must be included, and the entire correction must be approved and signed by the Manager of Grants & Contracts Administration. Once the salary correction has been approved and processed, a new effort certification report is produced for the required signatures.

When the Award Budget is Less than the Proposed Budget
At the time of award, the PI, working with his/her department and Grants Management, should evaluate how the project could be conducted with reduced funding. The analysis should include consideration of the impact on effort commitments. Sponsor approval of a revised budget may be required if the terms of the final agreement do not address the reduced funding commitment. The individuals involved in this discussion should also consider what, if any, cost sharing implications would exist if the award is accepted, as this cost share would need to be reflected on the effort certification forms.

Cost Sharing
Cost sharing describes the portion of the cost of a sponsored project that is borne by the University rather than by the external sponsor. One example of cost sharing is where some or all of an individual’s effort is expended on a specific sponsored project,
as a requirement of the award, but not funded by the external sponsor. Another example would be where a portion of the compensation for an individual’s effort exceeds a salary cap imposed by the sponsor, such as the National Institute of Health. The effort, not paid for by the sponsor, should be reported as cost sharing and it would appear on the effort certification report in the “Cost Share” column. Any such cost sharing time so identified should be reviewed for accuracy as part of the review of the overall effort identified in the certification report. A numeric example of cost sharing would be as follows:

Dr. Black proposes and is awarded a research grant which requires a 25% effort commitment, but only funds 15%. The 10%, unfunded by the sponsor, represents the additional cost sharing amount that must be reported.

**Related Information** OMB Circular A-21

Grants & Contracts Administration
[http://www.und.edu/dept/undqca/](http://www.und.edu/dept/undqca/)