



## PROCEDURE

### **Effort Reporting and Certification for Grants, Contracts and other Sponsored Agreements**

Procedure Administrator: Director of Grants Development

Authority: OMB Circular A-21; Title 2 of the Code of Federal Regulations, Part 220, Appendix A, Section J.10.

Effective Date: February 16, 2014

Index Cross-References: I-99 – Effort Reporting and Certification for Grants, Contracts and other Sponsored Agreements

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Approved By: Herman J. Saatkamp, Jr., President

#### A. Authority under OMB Circular A-21 (also identified as 2 CFR Part 220 Appendix A)

The Office of Management and Budget's (OMB) Circular A-21 "Cost Principles for Educational Institutions" is the federal government's cost principles for colleges and universities. Circular A-21 Section J.10 requires that institutions develop a mechanism to determine or confirm how individuals actually expend effort during a specified time period. These effort reports must be performed on a regular schedule and must be certified by individuals who have first-hand knowledge of 100 percent of the employee's compensated activities. In most cases, that would be the employee or the employee's direct supervisor.

#### B. Definitions

1. *Effort reporting* is the process of verifying a principal investigator's or employee's allocation of time to various activities for which they receive compensation from the University. In relation to sponsored projects, it represents those procedures used to document and verify effort supported or paid by the sponsor. Effort reporting and certification also extends to effort expended in support of a project (but not paid by the sponsor). It does not include commitment to external activities such as consulting or activities associated with non-Stockton professional committees.

2. *Committed effort* is the level of effort proposed in a sponsored project application. It should be consistent with the actual effort an individual is expected to expend on the project during the relevant performance period(s).
3. *Cost Sharing*, according to OMB Circular A-110, represents all contributions, including cash and third party in-kind, which meets the following criteria:
  - (a) Are verifiable from the institution's records;
  - (b) Are not included as contributions for more than one federally-funded project or program;
  - (c) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives;
  - (d) Are allowable under the applicable cost principles;
  - (e) Are not paid by the federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching;
  - (f) Are provided for in the approved budget when required by federal awarding agency;
  - (g) Conform to other provisions of OMB Circular A-110.

Note: Typically, state and private funds can be used as cost-share. The Grants Office can provide guidance on allowable cost-share.

4. *Institutional base salary* is the annual compensation paid by the University for all professional responsibilities of the position, including instruction, research, service, administration, and other institutional activities. Institutional base salary excludes fringe benefits, reimbursed expenses, temporary supplemental compensation for incidental work, and income earned as a result of duties unrelated to the institution. For employees with less than full-time appointments, institutional base salary will be calculated on a full-time equivalent (FTE) basis. In no event should institutional base salary be increased as a result of replacing institutional salary funds with sponsored project funds.
5. *Labor Redistribution* is a process by which charges associated with employee labor are transferred from one labor account (fund) to another. The labor redistribution process is also used to correct fund, organization, account, and program code errors for labor charges.

## C. Procedure

### 1. Individuals Who Must Review and Certify Effort Reports

Individuals with faculty or staff appointments (including part-time and temporary status) must complete an effort report if they:

- a) Are paid from a sponsored project account; or
- b) Have committed effort (contribute time to a sponsored project as cost share or match).

### 2. Effort Report

The report must account for all activities included in the institutional base salary for which the University compensates the individual and that are required in the fulfillment of the employee's obligations to Stockton. The total of the individual effort percentages reported on the effort report must equal 100 percent regardless of the number of hours worked. An individual's effort cannot exceed 100 percent.

### 3. Estimating Effort

According to J.10 of OMB Circular A-21, "[I]t 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."

Stockton's tolerance threshold is less than 5 percentage points on any given project. If a reasonable estimate of actual effort is within 5 percentage points of the effort shown on the report, it is permissible to certify the level of effort that appears on the report.

### 4. Schedule for Distribution and Certification of Reports

- (a) The effort reports for employees will be distributed on a semester basis (three times a year) by the Grants Office.
- (b) The bi-weekly time sheets completed by the student workers will serve as documentation for those individuals' effort.

5. The following procedure applies to individuals paid from a sponsored program account:

- (a) The Grants Office will run an extract process within ten (10) business days of the end of a reporting period (spring, summer, fall) to populate the Banner Effort Certification system.
- (b) Within five (5) business days of the extract, a Grants Office representative will review populated effort reports and send an e-mail notification to all individuals required to complete an effort report to remind them to certify their effort.
- (c) The employee, principal investigator (PI), or responsible official(s) having direct knowledge or other suitable means of verification that the work was performed will certify the report within thirty (30) days of receiving the Grants Office's e-mail notification as indicated in 5.(b). Specific effort reporting guidance and instructions for accessing the online system and certifying the report are provided on [the Grants Office website](#).
- (d) If an individual's effort on any sponsored project is 5 or more percentage points less than the salary charged to the sponsored project fund, the individual must e-mail the Grants Office ([grants@stockton.edu](mailto:grants@stockton.edu)) at least ten (10) business days before the end of the effort reporting period to report the difference and request a redistribution of labor charges where applicable.
- (e) Once the principal investigator (PI) has reviewed and certified the effort reports for his or her respective sponsored projects, the Banner Effort Reporting system, will lock the electronic record and prevent unauthorized changes to the distribution of funds.
- (f) The accounting analyst in Fiscal Affairs will acknowledge receipt of certified effort reports within five (5) business days.

Note: The certified and locked reports are accessible to employees, PIs and effort certification administrators (in the Grants Office and Fiscal Affairs) for viewing in Banner Self-Service after the certification period is over.

## D. Training

All PIs, co-PIs, senior/key personnel, and their deans/directors must attend training on effort reporting and certification. If an individual is unable to attend one of the workshops, he/she must meet with the Grants Office to review the workshop materials. The Grants Office is responsible for maintaining attendance records from all training sessions.

## E. Consequences for non-Compliance

Following each reporting period, the Grants Office will provide to the Provost and Controller a list of faculty and staff who are not in compliance with training and certification requirements. If it is determined that an individual is not in compliance with training and certification requirements, the following actions may be taken:

1. The Controller's Office may suspend activity of current sponsored project funds managed by the PI who is not in compliance.
2. Sponsored project services may be withdrawn and not provided by the institution including, but not limited to, the submission of new proposals, the execution of award agreements, and general administrative services.
3. Further disciplinary actions may be taken in accordance with University policy.

## F. Labor Redistributions

1. If the total effort in a given performance period has any variance from the salary charged to the sponsored project fund, the individuals certifying their effort must inform the Grants Office at least 10 business days before the end of the reporting period.
2. The Grants Office is responsible for notifying the principal investigator/project director and the A&F accounting analyst of the need for a redistribution of labor costs for the period within 3 business days of receiving notice from the employee requesting redistribution. The principal investigator/project director and/or the employee's supervisor are responsible for identifying the funding source(s) that will cover the cost of the redistribution and notifying the Grants Office thereof.
3. The accountant will redistribute the individual's labor according to percentage of actual work performed.
4. The Grants Office will notify the individuals with labor redistributions that the requested changes have been made and completed, and the individuals will be responsible for completing their certifications as instructed in section C of this procedure.

Resources:

[Grants Office website](#)

[OMB Circular A-21](#)

[OMB Circular A-110](#)

Approval History:

	Date
President	02/16/14