

UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE, STATEMENT ON CONTRACT AND GRANT EFFORT CERTIFICATION

(Adopted by UMCES from a statement issued by the UMCP Vice President for Administrative Affairs)

I. BACKGROUND

The University of Maryland Center for Environmental Science (UMCES) must provide good stewardship over extramural funds. In particular, UMCES must assure Federal and other sponsors that the assignment of effort and associated salary costs to sponsored projects are fair, consistent, and timely. The basic framework for ensuring the alignment of effort and salary on sponsored programs is provided in Office of Management and Budget (OMB) Circular A-21, Section J.10. (codified at 2 CFR Part 220). The development of this effort reporting document is an acknowledgement of the complexities and ambiguities of effort reporting and the challenges of understanding and complying with the Federal requirements.

II. PURPOSE

These procedures reflect the University's commitment to certify effort properly. All faculty and staff involved in effort certification must understand that inaccurate, incomplete, or untimely effort reporting could result in financial penalties, funding disallowances, and harm to the reputation of the individual and the University. These procedures will facilitate compliance with requirements of Circular A-21 by, among other things, recognizing the "after-the-fact confirmation" method, clarifying roles and responsibilities, defining "University effort," and providing clear direction to faculty and staff for determining effort when preparing proposals and subsequently verifying effort.

III. COVERED PARTIES

This document applies to all individuals with salaries supported by sponsored awards, as well as to individuals certifying the effort of individuals supported by sponsored awards. The University requires that this document be applied consistently across all sponsored projects whether federally funded or not.

IV. DEFINITIONS

After-the-Fact Confirmation Method: Method used by UMCES to certify the distribution of salaries to sponsored activities, based upon a percentage distribution to various activities, supported by the generation of periodic activity reports. These reports, distributed after the end of an effort period, should reasonably reflect 100% of the individual's activities during the reporting period associated with each sponsored agreement and other University activity.

Effort Reports: The official and approved documents used in the certification of effort devoted towards sponsored commitments and other University activities.

Responsible Person: For purposes of time and effort certifications, an individual either: 1) having firsthand knowledge or 2) using a suitable means of verification, of the work performed toward specific sponsored activities. Normally, this is the employee for whom the University effort report has been generated, or the Principal Investigator on the sponsored account(s). In the event that neither the employee nor Principal Investigator is able to certify the effort report, a surrogate either: 1) having firsthand knowledge or 2) using a suitable means of verification of the work performed may certify the report.

Firsthand Knowledge: Direct evidence of work performed. One may have this knowledge of work performance by either performing the work or through supervising the individual performing the work.

Suitable Means of Verification: The manner through which a Responsible Person receives assurance that the work was performed, thereby enabling him or her to provide a certification of effort on the periodic effort reports. This process must take into consideration university records and provide for the documented review of such records in support of work performed. Some examples of these records include: calendars, teaching schedules, or logbooks. Other means of verification may also suffice, including e-mails attesting to effort based upon firsthand knowledge. Oral verification will not suffice as a suitable means of verification.

University Effort: The total professional activity or effort for which an individual is compensated by the University. This includes research, instruction, other sponsored activities, administration, non-sponsored/departmental research, university service, and competitive proposal preparation. Effort is not based on a standard workweek. For example, if an individual works 80 hours in a week, 40 hours represents 50% effort. The total time compensated by Institutional Base Salary constitutes 100% effort. The total effort expended cannot be more than, or less than, 100%.

Institutional Base Salary (IBS): The annual compensation, as determined by the University, for an individual's appointment devoted toward University-related activities as defined in University Effort. The IBS shall be used to compute salaries charged to Sponsored Programs unless the sponsor's policies further limit salary charges.

Overload Activity: That activity which is in excess of the normal for the individual, for which supplemental compensation is paid by the University. For purposes of time and effort reporting, such activities are excluded from effort certifications, provided that such activities are separately identified and documented in the University's financial system. In general, these activities are not related to sponsored programs and are not routine or regular in their occurrence.

De Minimis Activity: Infrequent, irregular activity that would normally be considered "so small" that it cannot (and should not) be accounted for. Activities can be considered *de minimis* in amount when, in the aggregate, they represent less than one percent of the

individual's total effort. Depending on the nature and extent of the activity, and on the amount of time it requires in an effort period relative to the individual's total effort for the period, the types of activities that may qualify as *de minimis* effort include service on ad hoc committees, participation in department meetings, and basic activities of University life. Sponsored project proposal writing and well-defined, regular administrative activity cannot be considered "so small," and therefore must not be treated as *de minimis* activity.

V. GUIDING PRINCIPLES

It is the position of the University of Maryland Center for Environmental Science that all individuals who engage in sponsored projects will comply with University directives and sponsoring agency regulations regarding the proposing, charging, and reporting of effort on those projects. UMCES is committed to ensuring that effort expended on sponsored agreements is appropriately documented, that salaries and wages reasonably reflect the effort expended on those agreements, that effort is certified by authorized personnel in a timely manner, and that effort certifications comply with sponsor requirements and federal regulations.

A. Effort Commitments

Sponsors generally consider estimates of effort in project proposals to be commitments if such proposals are subsequently awarded. Principal Investigators (PIs) and other key personnel for whom such commitments have been made are responsible for ensuring that the commitments are met. Commitments of effort for which salary support has not been requested (Voluntary Committed Cost Sharing) or is required by the sponsor (Mandatory Cost Sharing) is documented on monthly certification forms separate from the Effort Report system.

B. Maximum Effort

There is currently no limit on the amount of effort that can be devoted to sponsored projects. In most cases, however, University personnel should not commit, or certify, 100% of their effort to sponsored projects, as time must be reserved for other non-sponsored UMCES duties, such as teaching, administrative work, and competitive proposal writing. Ultimately, allocations of effort to sponsored projects must be reasonable when considered against an individual's entire body of University Effort.

C. Level of Precision in Effort Certifications

The federal government recognizes that decisions made in the certification of effort percentages to individual sponsored activities are based on estimates. Furthermore, OMB Circular A-21 provides that such estimates should appropriately carry "a degree of tolerance." Because OMB A-21 does not quantitatively define this degree of tolerance, each institution has been left to make a reasonable judgment regarding the level of precision to be permitted between the salary charges to sponsored agreements and certified effort. UMCES has defined this tolerable variance threshold as plus or minus 4%. For example, if an individual's calculated effort percentage is 50% to a sponsored activity, it is permissible

to certify 50% effort for that activity if the effort devoted to that project could reasonably be determined to fall between 46% and 54%. However, this degree of tolerance should not be used to justify sponsored effort of 100% when work was performed writing competitive proposals during the effort period.

D. Reductions in Effort on Federal Awards

When an awarded budget reflects a reduction from the proposed budget, it is the responsibility of the PI to evaluate the change and determine the impact on initial effort commitments and associated salary support specified in the proposal.

- ***Reduction by more than 25% of committed effort (or extended absence)***

If PI/key personnel effort on an award is reduced by more than 25% of the committed effort, or the PI/key personnel expect to be absent from a project during any continuous period of 3 months or more, most federal regulations require that prior approval be obtained from the sponsor. Sponsored project agreements will stipulate any terms that govern the reduction of committed effort or extended absence. The PI (or their delegate) should work with Office of Research Administration to obtain sponsor prior approval in these cases.

E. Consequences

If the periodic effort reports are not certified in a proper and timely manner, the University will take actions to assist in complying with Federal requirements. These actions may include, but are not limited to:

1. Placing active projects/awards “on hold;” and/or
2. Adjusting uncertified labor distributions and the effort they represent to non-sponsored accounts.

Non-compliance with University policy and related procedures may result in the sponsoring entity imposing penalties against the University. Individuals with roles and responsibilities in the certification process are held accountable for any instances of non-compliance.

VI. Roles and Responsibilities

Each individual with responsibilities in University time and effort certification practices must thoroughly understand the proper method of reviewing, completing and certifying the effort reports to ensure that documented effort percentages reasonably reflect effort expended during the report period on individual sponsored activities.

The following offices and positions have roles and responsibilities in the effort reporting process:

Principal Investigators/Faculty/Certifiers are responsible for:

- Understanding and employing the principles, policies and procedures related to accurate and timely certification of effort reports.
- Communicating with lab administrators on accurate and timely salary distribution schedules to ensure appropriate allocations of salary costs across both sponsored and non-sponsored accounts.
- Ensuring that all effort commitments are accurately reflected on the effort reports.
- Ensuring that his/her own effort and that of other individuals working on sponsored activities under his/her direction is certified accurately and in a timely manner.
- Complying with sponsor requirements regarding any significant reductions (normally >25%) in effort commitments on sponsor funded activities.
- Reacting to and correcting any inaccuracies or omissions on the distributed effort reports to accurately reflect effort on sponsored activities.
- Identifying and communicating to the lab Effort Reporting Coordinator situations where labor distribution adjustments are necessary given a level of certification different from the corresponding 'payroll' percentage.
- Responding to any questions posed by reviewers regarding the certification of effort.

Employees (Self-Certifiers) are responsible for:

- Understanding the principles of accurate and timely effort reporting.
- Knowing the level of effort committed to a sponsor in relation to all other professional activities included in his/her total University effort.
- Reviewing his or her own effort reports, making necessary edits, and adding comments.
- Identifying any necessary corrections or modifications and timely communicating with administrators to implement corrections.
- Certifying own effort when he or she has firsthand knowledge of the work performed and the sponsored project that benefited.

Lab Effort Reporting Coordinators are responsible for:

- Understanding and employing the principles, policies and procedures related to accurate and timely certification of effort reports.
- Establishing effective processes to strengthen compliance with policies and associated procedures.
- Moving effort reports forward via the system for certification in a timely manner.
- Requesting reassignment of effort reports, when necessary, to an appropriate certifier in a timely manner.
- Assisting and providing guidance to Principal Investigators/Faculty/Certifiers in their accurate and timely certification of effort.
- Acting promptly to coordinate/process payroll transfer adjustments based upon input from the Principal Investigator/Faculty/Certifier.

Lab Directors are responsible for:

- Understanding and employing the principles, policies and procedures related to accurate and timely certification of effort reports.

- Maintaining effective processes to strengthen compliance with policies and associated procedures.
- Maintaining effective practices to assist with proper and timely scheduling of labor distributions to ensure appropriate allocations of salary costs across both sponsored and non-sponsored accounts.
- Taking corrective action when notified of delinquent effort reports.

The Director for Sponsored Research Accounting and Compliance, and his or her designee, is responsible for:

- Establishing and communicating policies and procedures related to time and effort certification that are consistent with the requirements of 2 CFR Part 220 (Circular A-21, Section J.10).
- Providing education to and heightening the awareness of those involved in the effort reporting process.
- Reviewing the methodology for data included on periodic effort reports for accuracy and completeness.

The Effort Report Coordinator at Center Administration is responsible for:

- Generating and distributing the periodic effort reports in a timely manner.
- Facilitating follow-up actions in instances of non-compliance in accordance with this policy.
- Maintaining certified effort reports as required by record retention policy.
- Assisting individuals involved in the process.

Related Document:

- Personnel Activity Surveys (Effort Reports) Standards and Procedures