This is an informational copy of the Effort Certification and Reporting compliance module.

This information is open and available to any University of Texas employees with an interest in the topic of effort certification regardless of whether the employee’s job duties involve certification of sponsored effort.

Employees whose job duties include certification of sponsored effort are **required** to complete the Effort Certification and Reporting compliance module and successfully complete the imbedded exam. It is located within UT Direct here:  
[https://utdirect.utexas.edu/cts/class.WBX?s_course_comp=0&s_course_prefix=CW&s_course_number=0520](https://utdirect.utexas.edu/cts/class.WBX?s_course_comp=0&s_course_prefix=CW&s_course_number=0520)

To gain access to the compliance module with exam, or for further assistance or information contact the effort team in the Office of Sponsored Projects **effort@austin.utexas.edu**
Course Modules

- Module 1: Introduction to Effort and Effort Certification
- Module 2: Importance of Effort Certification
- Module 3: Understanding Committed Effort
- Module 4: Effort Certification Examples
- Examination
Module 1: Objectives

- Introduction
- Training Objectives
- Defining Effort and Effort Certification
- The Difference Between Effort and Payroll
- Faculty and Staff Responsibilities in Effort
Federal and state agencies, private foundations, organizations, and industry sponsors provide significant funding to enable The University of Texas at Austin to conduct research, public service, and training projects.

The primary purpose of effort certification is to certify that the salaries and wages charged to, or contributed to, sponsored projects are reasonable and consistent with the portion of total professional activity committed to the projects. Section J.10 of OMB Circular A-21 (Cost Principles for Educational Institutions) provides the framework for acceptable methods of documenting the effort that employees spend on sponsored projects. The University's effort certification system provides the principal means for accomplishing effort certification.

Salaries and wages typically comprise approximately 2/3 of the direct costs charged to sponsored projects. Certified effort reports provide auditable documentation that the level of committed effort was met.
Module 1: Introduction

- Principal Investigators (PI) are required to use the effort certification system to certify the effort of all persons working on their sponsored projects.

- Although the PI might be able to authorize individuals who have direct knowledge of work performed to certify effort on the project, the PI remains ultimately responsible for the accuracy of the certification.

- The effort certification system provides a means for the University to distribute paperless effort reports via the web. The effort certification system data is derived from payroll records and will capture all normal appointment information.

- Care must be taken to ensure that manual transactions and documentation, salary transfers, and any cost share information, are correctly represented in the effort certification system.
Review Exercise 1.1

What is the primary purpose of effort certification?

A. To assist payroll with its task of compensating faculty and staff paid from sponsored projects
B. To certify that the salaries and wages charged to, or contributed to, sponsored projects are reasonable and consistent with the portion of total professional activity committed to the projects
C. To identify any cost that exceed the agreed upon effort, and determine how much the sponsor should contribute to make-up the difference
D. To ensure that the labor being performed on a project is being equally distributed among the various groups working on the project

**Feedback:** The correct answer is B.

The effort certification system is the University's means for certifying that salaries and wages charged to, or contributed to, sponsored projects are appropriate based on percentages of total effort expended.
Module 1: Training Objectives

After completing this course, you will be able to:

- Define effort and effort certification
- Identify the importance of completing effort certification
- Understand committed effort
- Define the categories of effort
- Identify how to report actual effort in the effort certification system
- Recognize the most common effort situations
Module 1: Defining Effort and Effort Certification

- Effort is the amount of time spent on any activity expressed as a percentage of Total Institutional Activities for which an Individual is compensated by the University and includes:
  - Sponsored projects (i.e. contracts and grants)
  - Teaching/Instruction including student academic supervision
  - Non-sponsored research
  - Administration including proposal preparation
  - Other institutional activities

- It is extremely important to understand that Effort is not calculated on a 40-hour workweek or any other standard workweek. In addition, total Effort must equal 100%.
Module 1: Defining Effort and Effort Certification

- Completed effort certification should reflect all activities conducted under the terms of employment, which typically does not include:
  - Outside consulting, or
  - Stipend payments

- Effort is expressed as a percentage of total employed time. The total effort expended on all Institutional Activities must equal 100%.
A completed effort certification should document the amount of time a faculty member devotes to all of the following activities except:

A. Outside consulting  
B. Administration  
C. Sponsored projects  
D. Teaching

**Feedback:** The correct answer is A.

The completed effort certification should reflect all activities conducted under the terms of employment.
Module 1: The Difference between Effort and Payroll

- Effort certification is not a verification of our payroll system's accuracy. Payroll distributions describe the allocation of salary, while effort distributions describe the allocation of an activity to projects "independent of salary."

- Should changes be made to effort within the effort certification system, a corresponding change to the payroll distribution will also need to be made through Payroll. This change is only necessary for salary that affects a sponsored project.

- Changes in the effort certification system due to cost-shared activity may not need a corresponding payroll change.

- Individuals completing effort reports are required to identify other areas where effort was provided with no salary support (cost sharing) and to ultimately report the appropriate distribution of effort over all institutional activities.
True or False: The main difference between payroll distributions and effort distributions is that payroll distributions describe the allocation of salary, while effort distributions describe the allocation of an activity to projects "independent of salary".

A. True  
B. False  

Feedback: The correct answer is: A.

The main difference is that payroll distributions describe the allocation of salary, while effort distributions describe the allocation of an activity to projects "independent of salary".
Module 1: Faculty and Staff Responsibilities in Effort

- The PI and the University, in general, commit to levels of effort through the proposal and are responsible for managing their effort commitments.

- If a PI is already fully committed, acceptance of a new award would require some change to the existing commitments. The PI must always address the over commitment with the Office of Sponsored Projects (OSP). Reductions in committed effort must always be processed through OSP.

- A significant reduction is often defined as a reduction of 25% or more of the committed effort. For example, an anticipated change from 40% committed effort to 30% committed effort is a significant change of 25% since 10% is one-fourth (25%) of 40%.
If the receipt of a new project award would require some change to a faculty member's existing sponsored effort commitments, the investigator must:

A. Increase the amount of hours worked, since effort is based on a 40-hour workweek
B. Revise the level of effort internally, without notification to the sponsor
C. Work with OSP to address the over-commitment
D. Do nothing

**Feedback:** The correct answer is C.

Reductions in commitments must be processed through the Office of Sponsored Projects (OSP).
Module 2 Objectives

- Identify Reasons for Completing Effort Certification Forms
- Describe the Federal Requirements Surrounding Effort Certification
- Recognize Risks of Non-Compliance with Effort Certification
Effort certification provides audit-ready documentation to:

- Support the level of effort performed on each award and on other Institutional Activities, and
- Support the University's assertion that it has met the effort committed on sponsored awards.

Agreed upon Cost Sharing should be reflected in the effort certification system.
What is one function of effort certification?

A. To provide documentation to support the level of effort performed on each award and on other University activities
B. To help determine the budget for the next fiscal year
C. To provide data that will indicate whether current staffing levels are adequate
D. To ensure that proposals submitted are realistic

Feedback: The correct answer is A.

One function of the effort form is to provide auditable documentation that supports the level of effort performed on each award and on other University activities.
Module 2: The Federal Requirements Surrounding Effort Certification

- **OMB Circular A-21** establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. It defines what costs are allowable and allocable to federal agreements.

- **OMB Circular A-21, Section J.10** stipulates that institutions must have a payroll distribution system that allows salaries paid under federal grants to be properly allocated and that confirmation is made by the institution that individual salaries paid under federal awards are appropriate to that award.

- **OMB Circular A-21** requires confirmation to be made by either the PI or a responsible official using suitable means of verification.
Which one of the following assertions regarding OMB Circular A-21 (Cost Principles for Educational Institutions) is correct?

A. It sets a salary limit on the personnel participating in the project  
B. It sets the time frames for completing projects  
C. It defines what costs are allowable and allocable to federal assistance agreements  
D. It requires individuals to obtain suitable means of verification of at least 50% of an employee's activities before certifying the effort form

**Feedback:** The correct answer is C.

The **OMB Circular A-21** defines what costs are allowable and allocable to federal agreements.
Module 2: Risks of Not Complying with Effort Certification

- Effort certification provides the documentation necessary to support the salary charges on awards. The inaccuracy of certification could cause an auditor to question both direct and indirect costs. As a result, costs may be disallowed and penalties imposed.

- Some reasons why an auditor may find effort certification to be inadequate include:
  
  o Certification by an individual who did not have suitable means of verifying an individual's effort on the sponsored agreement.

  o Certification did not encompass all of the activities performed by the individual under the terms of their employment at the University.

  o Levels of effort did not appear reasonable, given other conflicting institutional activities (i.e. teaching load, administrative duties, other research grants).

  o Lack of timeliness - certification should occur within existing university timelines.
Falsification of effort certification information may lead to criminal charges against the individual who falsely certified the information and the PI responsible for the award.

Non-compliance with the time and effort policy may lead to suspension of the PI's research rights and privileges with the University. If a PI does not adhere to the time and effort policy, the University has the right to disallow the PI to submit proposals and may inactivate existing accounts in the accounting system. In addition, disregarding the policy may also lead to other disciplinary actions in accordance with the University policies.
Review Exercise 2.3

Which of the following are reasons why an auditor may find an effort certification form to be inadequate?

A. Activity on a sponsored award was certified by someone who did not have suitable means of verification of 100% of the activity on the project
B. Certification did not encompass all of the activities performed by the individual under the terms of their employment at the University
C. Levels of effort did not appear reasonable, given other conflicting institutional activities (i.e. teaching schedule, administrative duties, other research grants)
D. All of the above

Feedback: The correct answer is D.

Effort Certification may be found inadequate if the auditor determines that the level of effort listed is not reasonable and/or is inconsistent with other support documentation that substantiates the individual's total institutional activity.
Module 3 Objectives

- Determining the Committed Level of Effort
- Meeting Effort Commitments
- Monitoring Effort Commitments
Module 3: Determining the Committed Level of Effort

- The majority of sponsored projects are cost-reimbursable agreements obtained through a proposal process that describes the level of effort the PI and other "key personnel" will devote to the project.

- A minimal commitment is required on the part of the PI and other key personnel during the project. The University's minimum commitment is 1%. This minimum requirement does not apply to:
  - Equipment grants
  - Dissertation support
  - Other awards intended as "student augmentation"
  - Limited-purpose grants such as travel grants or conference support
Co-investigators and other "key personnel" must meet the level of effort obligated for each sponsored project. Any changes should be approved by the PI and coordinated with OSP for sponsor notification as required by OMB Circular A-110 (Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-profit Organizations).

The University is committed to providing this level of effort should an award be accepted and must monitor whether the level of effort committed is actually met.
True or False: A minimum effort commitment by the project PI and key personnel is generally required by the University.

A. True  
B. False

**Feedback:** The correct answer is **A**.

A minimum percentage of effort by the PI and key project personnel must be contributed to the project; exceptions include equipment grants, dissertation support, other awards intended as "student augmentation", and limited-purpose grants such as travel grants or conference support.
The University, its administrative officers, and PI's are responsible for meeting the level of effort committed to the award for both the PI and "key personnel". The level of effort may fluctuate during the award period and must be monitored and certified accordingly.

A revision of effort which represents a change of 25% from the original commitment could be considered as a change in scope for the project.

A reduction greater than 25% from the committed effort may require that the PI, in coordination with OSP, notify the sponsor to revise the level of committed effort. Note that the 25% guidance in OMB Circular A-110, may not apply to federal contracts and non-federal sponsors. The terms of these awards may require communication with the sponsor for smaller reductions in effort levels. OSP can assist in determining when notification is required.
Review Exercise 3.2

What effort must be monitored by the University to ensure that the committed level of effort is being met?

A. The level of effort of the principal investigator
B. The level of effort of the "key personnel" on the project
C. A and B
D. None of the above

**Feedback:** The correct answer is C.

To ensure that we are meeting the committed level of effort, the level of effort of the Principal Investigator and "key personnel" on the project must be monitored.
Module 3: Monitoring Effort Commitments

- Total institutional activity encompasses both effort devoted to sponsored projects and the effort devoted to other University responsibilities. Total effort cannot exceed 100%. Generally, most faculty have responsibilities for teaching or administration that would preclude them from devoting 100% of their time to sponsored activities.

- Exceptions to this include key research staff who do not have other responsibilities.

- The responsibility for determining the balance between the PI's research, teaching, and service falls to the Chair or Dean of the academic unit and thus effort commitments should be monitored accordingly.
Review Exercise 3.3

Which of the following groups are permitted to devote 100% of their time to sponsored research? (Select all that apply.)

A. Professors who teach regularly
B. Doctors who practice medicine and treat patients
C. Key research staff who do not have other responsibilities
D. Assistant Dean for Enrollment with a research laboratory

**Feedback:** The correct answer is C.

The groups that are allowed to devote 100% of their time to sponsored research are key research staff who do not have other responsibilities.
Module 4 Objectives

- Typical Effort Certification Situation
- Effort Committed with No Salary Support Situation
- 100% Funded Faculty
- Award Received that Moves Committed Effort Over 100%
Module 4: Typical Effort Certification Situation

From 9/1/04 - 2/28/05:

- Dr. Harrison works on several different research projects in the Department of Chemistry. She also teaches and spends some time on other administrative activities. Her salary is $120,000 per year.

- During the last effort reporting period, Dr. Harrison worked an average of 60 hours a week. She estimates that she spent:
  - 12 hours a week on Grant A
  - 18 hours a week on Grant B
  - 6 hours a week on departmental administrative duties
  - 12 hours a week teaching.
From 9/1/04 - 2/28/05:

- Because of her particular expertise in chemistry, she was listed in the proposal as a "key contributor" on Dr. Jefferson's NSF grant (Grant C). Her time on this award is not compensated but is cost-shared. She estimates that she worked an average of 3 hours per week on this project. Because there is no salary compensation to Dr. Harrison for this inside work, it should be certified and reported as cost-sharing in the effort certification system. Do not confuse this with outside consulting which is not a part of effort certification.

- Dr. Harrison also assisted a colleague with his grant writing, and she spends some of her time on new research areas and research administration totaling 9 hours per week.
Module 4: Calculations

Sponsored Activity

- Grant A - 12/60 = 20%
- Grant B - 18/60 = 30%
- Grant C - 3/60 = 5%

- Total Sponsored Activity = 55%

Departmental Activity

- Instruction - 12/60 = 20%
- Administrative activities - 15/60 = 25%

- Total Departmental Activity = 45%

Total University Activity = 100%
Module 4: Effort Committed with No Salary Support Situation

From 9/1/05 - 2/28/06:

- Dr. Davis received salary support from Award A (20%) but no salary support for Award B.

- During the certification period, Dr. Davis estimated that he worked an average of 50 hours per week. He estimated the effort he spent on all University activities as follows:
  - Award A - 15%
  - Award B - 10%,
  - Instruction - 65%
  - Administrative duties - 10%
Module 4: Effort Committed with No Salary Support Situation

From 9/1/05 - 2/28/06:

- When Dr. Davis received his effort report from his administrator to certify his effort, there were two corrections that needed to be made.
  
  - First, he reduced the effort on Award A from 20% to 15% and initiated a salary transfer to remove 5% of the salary expense from Award A. Until the appointment change and cost transfer have been completed, the effort certification system will not match payroll.

  - Next, he had to add the account for Award B and enter the 10% effort, making a corresponding reduction to the effort card for the source of funds used to support his cost-sharing for Award B (i.e. perhaps his academic appointment, or whatever source of funds was identified at the time of award to cover the cost sharing).

- Even though there was no salary support from Award B, it is important for Dr. Davis to certify the cost shared effort he spent on this award.
From 7/1/03 to 12/31/03:

- Dr. Rosenbluth averaged 20 hours per week on Grant A and 30 hours per week on Grant B.

- Each week, Dr. Rosenbluth also worked an average of 4 hours on various committees and other university commitments.

- Even though Dr. Rosenbluth's payroll was set up for him to receive 100% of his salary from sponsors, he is not spending 100% of his time on these projects. Dr. Rosenbluth's appointments should be corrected to reflect the actual time spent on each project and effort adjusted in the effort certification system accordingly.

- Dr. Rosenbluth and his administrator should try to identify situations like this prior to actual payroll payments so that appointments properly reflect effort. This will reduce the need for after-the-fact changes in the effort certification system and associated salary transfers.
Module 4: Calculations

- **Grant A** - 20/54 = 37%
- **Grant B** - 30/54 = 56%
- **Dept/Univ Admin & Support Svc.** - 4/54 = 7%

**Total University Activity = 100%**
Module 4: Award Received that Moves Committed Effort Over 100%

- In October of 2003, Dr. Wayer received a new Notice of Award for Award C that included a 25% effort commitment.

- However, Dr. Wayer was already working on Award A (with 50% committed effort), Award B (with 30% committed effort), and various departmental activities that accounted for the remaining 20% of Dr. Wayer's time.

- Since Dr. Wayer is already fully committed, acceptance of Award C would require some change to his existing commitments. Dr. Wayer should:
  - Coordinate with OSP to contact sponsors so that effort commitments on the new and/or existing awards can be reduced
  - Reduce the effort on other activities
  - Both of the above, or
  - Refuse the award
Good job! You have completed the Effort Certification course and are ready to take the Effort Certification exam.

In this course, you:

- Defined effort and effort certification
- Identified the importance of completing effort certification forms
- Gained an understanding of committed effort
- Defined the categories of effort
- Identified how to report actual effort on the effort certification form
- Gained an understanding of the most common effort certification situations
Sponsored Project Award Administration

Effort Team

Contact Information

effort@austin.utexas.edu