Contract & Grant Accounting Policy 13 Certification of Effort Reporting

The University of North Carolina at Greensboro

Approved by Steve Honeycutt, Interim AVC for Finance, July 1, 2021

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1. Purpose/Introduction

Effort reporting is a process mandated by the federal government to verify that direct labor charges to, or cost shared on, sponsored projects are accurate, timely, and reflect the actual level of work performed. The University’s policy is to comply with applicable federal regulations and guidance regarding time and effort reporting to ensure good stewardship of the funds provided to the University for sponsored projects. The University’s definition and expectations for reporting reflect the standards provided in the Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UG) found in 2 CFR 200, Section 200.430 (Compensation-Personal Services).

The Uniform Guidance (UG) specifies activities contributing and directly related to work under an agreement as allowable activities for charging to sponsored funds, including:

- Delivering special lectures about specific aspects of the ongoing activity
- Writing reports and articles
- Developing and maintaining protocols (humans, animals, etc.)
- Managing substances/chemicals, managing, and securing project-specific data
- Coordinating research subjects
- Participating in appropriate seminars
- Consulting with colleagues and graduate students
- Attending meetings and conferences

The following instructional and administrative activities should be charged to institutional funds, as they are not considered allowable activities for sponsored funds:

- Writing grant proposals (including competing renewals)
- Department meetings
- Supervising students in non-grant related activities
- Interviewing students
- Participation on Institutional Committees such as search committees, Institutional Review Board (IRB) or Institutional Animal Care & Use (IACUC)
The UG requires charges to a Federal award to be based on records that accurately reflect the work performed. The salary distribution system also must include a periodic review to confirm the reasonableness of salary charges to the federal projects.

UNC Greensboro employs an After-the-Fact effort reporting system that provides the principal means for certifying that the salaries charged to sponsored projects are reasonable and consistent with the portion of total professional activity committed to the projects.

2. **Scope**

This guidance applies to all salaries and wages charged to sponsored projects.

3. **Definitions and Roles and Responsibilities**

3.1 **Definitions**

*Effort* – the portion of time spent on any activity, expressed as a percentage of the total activity. Effort is not calculated on a 40-hour work week but is calculated as a percentage based on the total hours spent on work-related duties. For example, if a person averages 60 hours per week during a reporting period and spends an average of 15 hours on a Sponsored Project, that person has spent 25% effort on the sponsored project and 75% effort on other activities.

*Effort Report* – the mechanism used to provide a sponsoring agency with a reasonable assurance that salaries paid from a grant are appropriate and reflect a reasonable estimation of the time spent working on the project.

*Total Effort* – the total appointed time in the payroll system and all work-related activities paid is the total effort or 100% effort of the employee. The total number of hours worked does not affect total effort. For example, if a person worked on average 20 hours or 40 hours a week, either equates to 100% of their total effort.

*Committed Effort* – the amount of time proposed for the PI and key personnel in the approved sponsored agreement. For example, if an NIH grant application proposes that an employee will devote 30% of his or her effort to the grant, with salary support for 10% of effort, 20% of the effort will be voluntarily committed cost share, and 10% charged to the grant, for a total of 30%.

*Voluntary Committed Cost Sharing* – cost share proposed by the University when it is not a specific requirement of the sponsor. When an award is received which proposed
voluntary committed cost sharing, the cost sharing becomes a binding commitment that the University must provide as part of the performance of the sponsored agreement.

**Voluntary Uncommitted Cost Sharing** – is not required by the sponsor as a condition for the award and is not committed in the proposal budget. It is typically the PI’s or other key researcher’s effort that is over and above the effort committed and budgeted for in a sponsored agreement.

**Institutional Base Salary (IBS)** – the compensation paid by an organization for an employee’s appointment, whether that individual’s time is spent on instruction, research, or other institutional activities, and is specifically set for a 9-month, 10-month or 12-month period depending on the individual’s appointment. IBS does not include bonuses, one-time payments (lump sum), summer pay for 9-month faculty, or incentive pay. Also excluded from IBS is any income that an individual is permitted to earn outside of duties at UNC Greensboro.

**Suitable Means of Verification** – the process through which one receives assurance that work was performed so as to provide a certification of effort on the quarterly effort reports. This process must take into consideration other university records and provide for the documented review of such records in support of work performed. Some examples of these records might include calendars, teaching schedules, or logbooks. Other means of verification may also suffice, including e-mails attesting to effort devoted based upon firsthand knowledge. Oral verification from the employee/Principal Investigator will not suffice as a suitable means of verification.

### 3.2 Roles and Responsibilities

The Principal Investigator is responsible for:

- Ensuring that the proposed level of effort is reasonable and necessary to carry out the proposed project
- Reviewing and certifying effort following the close of each quarter to ensure accuracy
- Requesting any changes needed to modify effort distribution as necessary

Contract & Grant Accounting is responsible for:

- Maintaining the effort reporting system
- Maintaining and reporting committed cost share effort
- Distributing and collecting quarterly effort certification reports
4. **Policy**

The University is committed to ensuring that effort reports completed in connection with sponsored projects are accurate and timely. Effort reports are required when any portion of compensation is paid from a sponsored project or cost share is committed to a sponsored project.

Faculty and staff are expected to commit some level of effort on proposals in which they are listed as principal investigator, project director, or key personnel, and this effort should be consistent with the actual effort that each employee is expected to expend on the project during the relevant project period(s). The total amount of effort committed to the project must be provided and ultimately certified. Sponsors generally consider estimates of effort (and corresponding salary requests) in project proposals to be commitments if such proposals are subsequently awarded.

A time and effort report is created each quarter for all employees (excluding those required to complete timesheets) with compensation paid from a sponsored project during the reporting period. The reports are sorted by department, based on the home department assigned to the employee in Banner HR.

These Time and Effort Certification Reports:

- Shall reasonably reflect the percentage distribution of time and effort expended by faculty and staff and students involved in externally sponsored projects
- Shall be certified by each employee or the Principal Investigator, Department Head or a person with first-hand knowledge of an individual’s activities whose salaries are charged to sponsored projects; confirmation is indicated by a countersignature on the form
- Will be countersigned by the Project Director or another individual with delegated authority above the person whose effort is being certified if the form documents a faculty or professional staff’s effort and he/she is not the Project Director
- Must be completed within eight (8) weeks from the release and distribution of the forms; at the end of eight weeks, for any outstanding certifications, CGA may unilaterally disallow costs and move uncertified salary costs to a non-sponsored fund.

5. **Compliance and Enforcement**

Contract & Grant Accounting is responsible for ensuring compliance with this policy.
6. **Additional Information**

6.1 **Supporting Documentation**

Contract and Grant Accounting Procedure 13P Certification of Effort Reporting 2 CFR 200.430

6.2 **Approval Authority**

This policy will be approved by the Interim Associate Vice Chancellor for Finance.

6.3 **Contacts for Additional Information**

- Responsible Executive: William Walters, Director Contract & Grant Accounting, (336)334-5824, wdwalter@uncg.edu