Effort Certification Training

Regulatory Requirements
What is Effort Reporting?

- Mechanism for Confirming Salary and Wage Charges to Sponsored Agreements
  - Confirms Salary Charged to Sponsored Agreements is Commensurate with Actual Work Performed
  - Effort is expressed as a percent of an employee’s total professional effort

- Described in and Required by OMB Circular A-21
What does A-21 Require?

- Payroll System Part of University Official Records
- Charges to Sponsored Agreements
  - Conform to the Policies of the Institution
  - Applied Consistently Regardless of Funding Source
  - Reasonably Reflect Effort Performed on the Project
  - Supported by an Effort Report Certified by a Person with Suitable Means of Verification that the Work was Performed
- Changes in Effort >5% be Entered into Payroll System
What is an Effort Report?

- The Certification report constitutes the primary basis for reimbursement to the University by the Federal government of salaries applied directly to sponsored research, sponsored instruction, other sponsored activities, faculty research grants and other Federal funds.
Who Has to Certify?

- Salaried Employees with Salary Directly Charged to a Sponsored Agreement
  - General Faculty
  - State Classified Personnel
  - Graduate Assistants
  - Administrative Professionals

- Responsible Person With/Using Suitable Means of Verification that the Work was Performed
What Is “Suitable Means of Verification”? 

- First-Hand Knowledge
  - Person Performing Effort
  - Supervisor (e.g., PI) of Person Performing Effort
  - Not Departmental Administrator/Business Officer
- Needs to be Sufficient to Support a Reasonable Estimate of Effort Expended
  - Calendars, Logbooks, Timesheets
  - Oral Verification Does Not Meet the Audit Standard
What is My Effort?

- Represents All Effort You Have to Allocate Among All the Duties for Which You are Compensated (i.e., Institutional Base Salary) by the University
- Institutional Base Salary is the Annual Compensation Paid by the University for Your Appointment
  - This Amount Excludes Income You are Permitted to Earn Outside your University Duties
What is My Effort?

- Total Professional Effort is Not Based on a Defined Number of Hours
- Everyone has 100% Effort
  - For Example Employee 1 May Complete Their Responsibilities in 40 Hours in One Week While Employee Two May Work 50 Hours to Accomplish Their Duties.
  - Both have 100% Effort to Allocate Among Their Duties
What is the CSU Process?

- Human Resources Manual Section 9

- Certification Reports Cover Each of the Standard Four Quarters of the Year

- Certification Reports will be Available on Vista Plus One Month After Each Quarter End
What is the CSU Process?

- An Email Notice Will be Sent Via the Oracle ListServ When Reports are Available
- Submit Signed Copies of the Reports to the HR-Payroll Office by the Date Indicated on the Certification Report
  - Review all Reports and Submit Corrections via PPDA
  - Copies of Reports are Acceptable but Signatures Must be Readable in Order to Pass Audit
  - Single Sided Reports Only
- Updated Prior Quarter Certification Reports will Continue to be Printed and Distributed by HR-Payroll
When Do I Need to Change My Effort Report?

“In the use of any method for apportioning salaries, it 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.” (A-21, J.10 b. (1)(c))
When Do I Need to Change My Effort Report?

- Any Changes in Effort (i.e., >5%) Should be Communicated to the Appropriate Responsible Official Handling Payroll

- Significant Effort Changes (i.e., >25%) Often Require Prior Approval From the Sponsor
  - Contact Your Sponsored Programs Administrator for Further Details

- Update Your Labor Distribution in Advance of the Effort Report When You Know Your Effort Will Change
What is the CSU Process for Changes?

- Changes to the Distribution of Activity for Salaried Employees are Handled in Two Ways
- Changes to distribution for months not yet paid
  - Modify Schedule Lines of Labor Schedule Screen
    - Unit 7 Labor Distribution HRMS User’s Guide
    - [http://www.hrs.colostate.edu/pdfs/hr-system-user-guide-7-labor.pdf](http://www.hrs.colostate.edu/pdfs/hr-system-user-guide-7-labor.pdf)
What is the CSU Process for Changes?

- Changes to Distribution for Months Already Paid
  - Changes Must be Accomplished with a Past Period Distribution Adjustment (PPDA)
    - Unit 7 Labor Distribution HRMS User’s Guide
    - [http://www.hrs.colostate.edu/pdfs/hr-system-user-guide-7-labor.pdf](http://www.hrs.colostate.edu/pdfs/hr-system-user-guide-7-labor.pdf)
What are the Key Issues?

- Effort Reports are Auditable Documents
- Salary and Wage Expense Typically Represents More Than Seventy Percent of all Direct Costs Charged to Sponsored Programs
- Effort Reports and the Effort Reporting Process are Regularly Audited
- Risks of Non-Compliance are High
What are the Risks of Non-Compliance?

- False Claims Act Liability
- Direct Cost Refunds
- Jeopardizing Future Funding
- Jeopardizing the University’s Status as a Low-Risk Auditee
- Possible Individual Criminal Charges
What If I Have Questions?

- For Questions Regarding Sponsored Programs Issues Please Contact Your Senior Research Administrator
  - [http://web.research.colostate.edu/OSP/staff_detail.aspx](http://web.research.colostate.edu/OSP/staff_detail.aspx)

- For Questions Regarding Human Recourses or Payroll Issues Please Contact Payroll
  - [http://www.hrs.colostate.edu/contacts/](http://www.hrs.colostate.edu/contacts/)