

Procedure Title: Effort Certification on Sponsored Projects Procedure

Related Policy: Effort Certification on Sponsored Project Policy

Policy Section: Sponsored Research

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Responsible Executives:

Vice President for Finance and Treasurer

Responsible Office:

Sponsored Research Accounting (SRA)

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I. Procedure Statement

As a recipient of federal funds, the University maintains an accurate payroll distribution system allowing for certification of effort devoted to sponsored research projects on a semi-annual basis. This certification provides assurance that salary and wage charges made to sponsored projects as direct costs or to meet cost-sharing requirements are appropriate and reasonable in relation to the work performed. OMB 2 CFR Part 200 Subpart E §200.430 contains the federal regulatory standards for documentation of personnel expenses on sponsored projects.

This procedure applies to all federally and non-federally funded sponsored awards; and will facilitate compliance with the University's system of internal controls that includes an after-the-fact review of interim salary and wage charges made to sponsored projects based on budget estimates, defining authorized effort certifiers, and clarifying roles and responsibilities for the effort certification process.

II. Who is Affected by this Procedure

This procedure should be understood by relevant University faculty and staff, including Principal Investigators (PIs), Grant Managers, Department Managers, Department Chairs/Directors, Deans, Dean for Research, Sponsored Research Accounting (SRA), and the Office of Research and Project Administration (ORPA).

III. Definitions**Committed Effort**

The amount of time or effort promised or committed to a sponsor, without respect to whether that effort is budgeted or paid.

Cost Sharing, Mandatory

Project costs that are not paid by the sponsor and are required as a condition of the award. Mandatory cost sharing must be tracked and reported.

Cost Sharing, Voluntary Committed

Costs specifically pledged on a voluntary basis and specifically included in the award budget. Voluntary committed cost sharing must be tracked and reported.

Cost Sharing, Voluntary Uncommitted

Costs not required by the sponsor or included in the award budget. Voluntary uncommitted cost sharing is not quantified at the proposal stage, and should not be tracked or reported at the award stage.

Duty Time

The percentage of time the employee works.

Effort Certification

An after-the-fact review of interim salary and wage charges made to sponsored projects based on budget estimates in order to confirm the final amounts charged are accurate, allowable and properly allocated.

Effort Reports

Records for documenting at the sponsored project level, the payroll percentage and amount charged for each individual working on sponsored projects.

Firsthand Knowledge

Direct knowledge of work performed. PIs are required to certify effort reports because of their direct knowledge of the work being performed. In exceptional circumstances, someone other than the PI may be approved to certify effort reports.

Full Time Equivalency (FTE)

The amount of effort corresponding to full-time employment by an individual for one year. For faculty, 1.0 FTE represents full-time duty for the academic year.

Institutional Base Salary (IBS)

Annual compensation paid by the University for an employee's appointment (9 or 12 months), whether that individual's time is spent on research, teaching or other activities. IBS does not include bonuses, one-time payments, or incentive pay. Additionally, IBS does not include payments from other organizations or income that individuals are permitted to earn outside of their University responsibilities, such as consulting. IBS must be used as the base salary on all grant proposals unless there is a statutory limit on compensation (e.g. NIH cap).

Payroll or Salary Allocation

The process of assigning/encumbering salary charges to one or more sponsored projects and other University activities based on budget estimates, in reasonable proportion to the benefit provided.

Responsible Unit

The unit to which fiscal and program responsibility for the award would revert if, for any reason, the PI is unable to complete the assignment.

Responsible Person

A person having firsthand knowledge of work performed on a sponsored project. For the purposes of this policy, typically, this is the PI of a sponsored project.

Sponsored Project

A project funded by a federal or nonfederal sponsor through a grant, contract, cooperative agreement, or other instrument under which the University agrees to perform a certain scope of work, according to specified terms and conditions, for a specific budgeted monetary compensation.

University Effort

The sum of all activities that constitute workload at Princeton. This includes research, instruction, public service, other sponsored activities, and administration. University Effort totals 100% of the Princeton appointment, regardless of the number of hours worked.

IV. Procedures

This document outlines the University procedures required in order to comply with the Effort Certification Policy on Sponsored Projects and is designed to document University effort for any employee participating in sponsored projects or programs.

Effort certification is an internal control process to review after-the-fact interim salary and wage charges made to sponsored projects based on budget estimates in order to confirm the final amounts charged are accurate, allowable and properly allocated.

Effort certification is administered at the sponsored project level and effort reports serve as the records for documenting the payroll percentage and amount charged for each individual working on sponsored projects. The University uses an individual's appointed duty time and full-time equivalent (FTE) base to calculate the payroll percentage and amount recorded on the effort report, regardless of the total number of hours worked. For example, a part-time individual appointed at 50% duty time (e.g. working 20 hours of a 40-hour work week) will have an FTE base of 0.5. Therefore, if their effort is expended on a single sponsored project, the payroll percentage will be reported as 50% on that project, which in this case represents 100% of their total effort.

Effort reports are maintained electronically in the Effort Certification module within the Labor Accounting System and can be retrieved by using the sponsored project number or the project-owning PI's information. The semi-annual effort certification process occurs within this module and PIs gain access via their password protected login-in credentials. Other authorized departmental administrators may also have access to view or review effort reports on behalf of PIs.

Authorized Effort Certifiers

Responsible persons with firsthand knowledge of the work performed are designated to certify effort reports. The University has determined that these persons should be the project-owning PIs. In exceptional circumstances, someone other than the PI may be approved to certify effort reports. Departments should contact SRA for assistance in these matters.

Degree of Tolerance

OMB federal regulations recognize 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 reasonable degree of tolerance is appropriate.

In considering effort certifications for sponsored activities, if the estimated payroll percentage or amount on the effort report is reasonably commensurate with the actual work performed (within a tolerable variance threshold of plus or minus 5%), then the amount may be certified as final. If the estimated payroll percentage or amount varies by more than 5% from the actual effort, then the PI should inform an

authorized department administrator to process an adjustment to reflect the appropriate payroll percentage and amount on the sponsored project before certifying as final.

Change in Committed Effort

In making any payroll adjustments to committed effort, the PI and department must adhere to Uniform Guidance and sponsored award requirements specifically related to reductions in effort from what was proposed and approved. Substantial reductions (normally 25% or greater from proposed commitments) will require prior sponsor approval. If committed effort is reduced during the course of the award at a percentage greater than the tolerable threshold, then a payroll adjustment should be processed, as appropriate. Payroll adjustments should be processed in a timely manner to allow for future generation of accurate effort reports.

Effort Certification Periods and Schedule

The University's effort certification process occurs semi-annually for work performed during periods July to December and January to June. Shortly after the close of each semi-annual period, SRA formally initiates the certification process.

Please see the chart below for an overview of the notifications that are sent to facilitate each semi-annual effort certification cycle:

| SRA NOTIFICATION PROCESS (VIA EMAIL) | | |
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| Audience | Content | Frequency |
| Effort Reviewers | Formal notification that the two-week review period of effort reports has begun. This notification is sent out in advance of PI notifications. | A one-time notice is sent, typically in January for the June to December semi-annual period; and in July for the January to June semi-annual period. |
| PIs and Effort Reviewers | Formal notification that the 30-day certification period has begun. | Notices sent on Days 1, 15, 25 and 30, typically in February for the June to December semi-annual period; and in August for the January to June semi-annual period. Once a PI certifies their effort reports, the notices cease. |
| PIs, Effort Reviewers and Chairs/Deans associated with effort reports that were not certified by the 30-day certification due date | Formal notification that the 30-day escalation period has begun to address noncompliance. Effort reports that remain uncertified at the end of the escalation period, the salary costs will be moved to non-sponsored funds by the SRA office. | Notices sent on Days 1 and 25 to all parties, typically in March for the June to December semi-annual period; and in September for the January to June semi-annual period. Notices sent on Days 15 and 30 to PIs and Effort Reviewers only. Once a PI certifies their effort reports, the notices cease. |
| PIs, Effort Reviewers and Chairs/Deans associated with | Formal notification acknowledging the removal of uncertified salary costs from the sponsored project and to the department's A0014 fund. | One-time notice sent, typically in April for the June to December semi-annual period; and in October |

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| effort reports that were not certified by the 30-day escalation due date | Note: The A0014 is a temporary holding fund for sponsored project costs. The PI and Effort Reviewer will need to transfer the uncertified salary costs to departmental or PI discretionary funds. | for the January to June semi-annual period. |
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If departments encounter extenuating circumstances that prevent certification of effort reports by the 30-day escalation due date, they should contact SRA for assistance.

Changes Made After the Original Certification – Recertification

Since compensation costs represent on an annual basis the majority of sponsored research expenditures, it is important to monitor these costs for accuracy. A monthly review is recommended as a best practice to address discrepancies and minimize late payroll cost transfers. Departmental administrators should work closely with PIs to ensure personnel working on sponsored projects have been properly assigned and allocated, and to timely address any payroll corrections or changes before effort reports are certified.

As previously noted, effort certification is an internal control process that confirms the final payroll amounts charged to sponsored projects are accurate, allowable and properly allocated. Once this certification has been completed, only in rare circumstances will salary cost transfers requiring a recertification be permitted.

Since recertifications often raise audit issues, any recertifications made after a semi-annual escalation due date will require the completion of a Cost Transfer Justification Form and approvals by the project-owning PI and SRA. Please see the Cost Transfer Policy for more details and related procedures.

Faculty Academic Year & Committed Cost Share Effort

In accordance with the Dean of Faculty (DOF) policy on Duty Assignment in Sponsored Research Programs/Projects, *“commitments to sponsored research programs normally may not entail more than 50 percent of a faculty member’s duty time during the academic year and may not include any reduction of teaching, advising or service responsibilities.”*

Generally, faculty academic year research time cannot be direct charged to sponsored projects and therefore is treated as either committed or uncommitted cost share. If a faculty member’s academic year effort has been committed as mandatory or voluntary cost share in a proposal and approved in the award agreement, then certification of this effort is required by including the following chart fields in the Labor Accounting distribution chartstring: faculty member’s home department, A0000 fund, salary account code, project and activity. This process ensures compliance with both the University’s Cost Sharing Policy and the Effort Certification on Sponsored Projects Policy. **Note:** *Voluntary uncommitted cost share is normally not tracked or reported to the sponsor.*

Faculty Summer Salary

In accordance with University policy, faculty members on nine-month appointments have the opportunity to direct charge up to two and a half months (2.5) of salary for work performed during the summer period (June - August) to their sponsored projects, subject to sponsor award policies. Generally, the faculty member’s IBS rate is utilized during proposal development to inform the summer salary monthly rate of pay. For example, if a faculty member’s 9-month IBS is \$90,000, the monthly rate would be \$9,000, which would be utilized to inform the summer monthly rate and is exclusive of any permitted ‘supplemental compensation’ in addition to the IBS.

The charging of summer salary to one or more sponsored projects must be in direct proportion to the effort expended on those projects to benefit the research goals and aims during the summer period. Faculty who receive summer salary from sponsored projects must certify the effort expended on those project(s) during the semi-annual certification process.

National Institutes of Health (NIH) Salary Cap

Congress limits the direct salary an individual may receive under an NIH grant to the Executive Level II of the Federal Executive Pay scale. Funding from NIH awards cannot be used to pay salary that exceeds the legislative salary cap. The amount of salary that is unallowable under this provision must be separately identified in the general ledger.

An automated process to account for the NIH Salary Cap restriction on compensation is in place using the Labor Accounting System. Faculty members who receive salary support under at least one NIH award and whose IBS exceeds the NIH salary cap limitation should pay special attention to the completion of their effort reports. Refer to the following website for historical NIH salary caps:
https://grants.nih.gov/grants/policy/salcap_summary.htm.

Postdoctoral Research Associates

Most postdoctoral research associates (postdocs) who work on sponsored projects or programs may also participate in non-sponsored research activities such as administration and developing proposals. For this reason, postdoc effort should not exceed 97% to federally funded sponsored projects or programs in order to allow 3% of their time and effort to support other non-sponsored research activities. For extenuating circumstances, the department may request approval to charge 100% of a postdoc's effort to a federal sponsored project by submitting the "[Postdoc Waiver Request Form](#)."

Please note that the 97% effort limitation does not apply to federally funded Institutional Training Grants or Individual Fellowships that are supporting postdoctoral research fellows.

Graduate Student Assistant in Research (AR) Salary and Tuition

The graduate student AR salary should be applied at the same rate as their effort on a sponsored project or program, and is subject to the effort certification process.

The University subsidizes 50% of graduate student AR tuition costs in support of sponsored projects when the full Facilities & Administrative (F&A) rate is in effect. This subsidy alleviates applicable sponsored projects from the full burden of direct charging 100% of these eligible AR tuition costs.

For example, if a graduate student expends 100% effort during the academic year on a sponsored project that allows the full F&A rate, then both the AR salary and the subsidized AR tuition costs can be charged to the sponsored project. Alternatively, if a graduate student expends 100% effort during the academic year on a sponsored project that does NOT allow the full F&A rate, then the AR salary and the full (unsubsidized) AR tuition costs can be charged to the sponsored project.

Departments are encouraged to use subsidized AR tuition costs, if applicable to meet mandatory cost sharing commitments.

V. Links to Related Policies & Procedures

[Effort Certification on Sponsored Projects Policy](#)

[PI Salary Certification Quick Reference](#)

[Cost Sharing Policy](#)

[DOF Duty Assignment in Sponsored Research Programs/Projects](#)

VI. Related Forms

Postdoc Waiver Request Form
Cost Transfer Justification Form

VII. Contact Roles and Responsibilities

SRA

Establish and communicate policy and procedures related to effort certification, which are consistent with the requirements of federal regulations. Provide education to and heighten the awareness of those involved in the effort certification process. Generate and distribute semi-annual effort reports in a timely manner. Ensure follow-up actions are taken in instances of non-compliance in accordance with this policy and Effort Certification Procedures. Perform post-certification reviews and monitoring to assist in compliance with Federal, Sponsor, and University requirements. Maintain certified effort reports as required by record retention policy and procedure. Assist with questions from individuals involved in the process.

PI/Department Administrator/Department Chairs & Division Heads/SRA Compliance & SRA Analysts

Understand policy & procedures related to accurate & timely certification of effort reports.

Department Chairs/Directors

Oversee effective processes in the department to assist with compliance with these procedures and associated policies.

Department Administrator

Establish effective processes to assist in compliance with this policy and associated procedures. Assist & provide guidance to Principal Investigators/Certifiers in their accurate & timely certification of effort. Coordinate/process any Labor Accounting adjustments necessary based upon discrepancies noted by the PIs/Certifiers.

PI/Department Administrator/Department Chairs & Division Heads

Take appropriate action when notified of outstanding effort reports.

PI

Ensure all committed effort obligations are accurately reflected on the effort reports. Ensure that their own effort and that of other individuals working on sponsored projects under their direction is certified accurately and in a timely manner. Respond to any questions posed by reviewers regarding the certification of effort on sponsored activities.