I. PROCEDURE STATEMENT

As a recipient of federal funds, the University must maintain an accurate payroll distribution system allowing for periodic certification of effort devoted to specific activities. This requirement is set forth in Office of Management and Budget (OMB) Circular A-21 Cost Principles for Educational Institutions, Section J.10.

This procedure applies to all federally-funded and non-federally funded sponsored project or program awards.

The University must exercise due diligence in the review of periodic effort reports to ensure reasonableness in charging salary/wage costs to external sponsors and to document salaries that are being used to meet cost sharing requirements.

This procedure will facilitate compliance with the University’s requirements by recognizing the “after-the-fact confirmation” method, clarifying roles and responsibilities, and defining authorized certifiers of effort.
II. WHO IS AFFECTED BY THIS PROCEDURE

All units of the University that accept sponsored program or project funding are required to employ effort reporting practices that meet the requirements of OMB Circular A-21 Section J.10. This procedure should be understood by relevant University faculty and staff, including Principal Investigators (PIs), Grant Managers, Department Managers, Department Chairs, Deans, Dean for Research, Sponsored Research Accounting (SRA), and the Office of Research and Project Administration (ORPA).

III. DEFINITIONS

**After-the-Fact Activity Records:** Verification, using suitable means, and certification that work on a particular funding source was performed, and that salaries and wages charged are reasonable in relation to work performed.

**Base Salary:** The annual compensation that the University pays for an employee's base appointment, whether that employee’s time is spent on research, teaching, administration, or other activities. Base Salary excludes compensation for an employee’s outside consulting activities and other compensation received from an entity other than the university. Base salary normally does not include supplemental pay on a separate appointment, or special pays, such as job-related allowances.

**Cost Sharing:** A portion of total project or program costs related to a sponsored agreement that is contributed to a sponsored project or program by someone other than the primary sponsor.

**Effort Certification (formerly known as “salary certification”):** The final affirmation by the principal investigator (PI) completing the Labor Accounting (LA) effort report that the percentages of effort reported on the report for the timeframe being considered are accurate.

**Facilities & Administrative (F&A) Costs:** Costs that are incurred for common or joint objectives and, therefore, cannot be specifically identified with a particular sponsored project, an instructional activity, or any other institutional activity. F&A costs are synonymous with indirect costs.

**Firsthand Knowledge:** Direct knowledge of work performed. If someone other than the principal investigator (PI) certifies the effort report, the certifier must be able to demonstrate suitable means of verification of the work performed.

**Payroll or Salary Allocation:** The process of assigning salary charges to sponsored projects and other University activities.
**Responsible Unit:** The unit where fiscal and program responsibility for the project grant may revert if, for any reason, the Principal Investigator is unable to complete the assignment.

**Sponsored Project (or Sponsored Program):** A project funded by a 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. (See definition of Base Salary). This includes research, instruction, public service/other sponsored activities, and administration. University Effort totals 100%, regardless of the number of hours worked.

### IV. Links to Related Policy & Procedures

- Effort Certification on Sponsored Projects Policy
- PI Salary Certification Quick Reference
- Cost Sharing Policy
- Guidebook for Department Chairs

### V. Procedures

This document outlines the University procedures required in order to comply with the Effort Certification on Sponsored Projects Policy and is designed to account for University effort of faculty, monthly staff, hourly staff, and graduate research assistants participating in sponsored projects or programs.

**EFFORT REPORTING**

Effort reporting is the process by which the University determines and documents the effort expended on sponsored projects during each effort reporting period. The effort reports document the percentage of time devoted to sponsored projects. Effort is calculated based on individuals working as full-time employees, irrespective of the total number of hours worked during the effort reporting period.

The University reports individuals’ effort based on their full-time equivalency (FTE). For example, a part-time employee working 20 hours of a 40-hour week on a sponsored project will only have their effort reflected at 50% although all of their time (100%) is spent on that project.
EFFORT REPORTING PERIODS AND SCHEDULE
In accordance with OMB Circular A-21, Section J.10, the University certifies effort using the “After-the-Fact Confirmation” method. The University’s effort reporting certification process occurs at the end of each of the University’s three academic terms: (1) September through January, (2) February through June, and (3) July through August.

After each semester, PIs are provided a sixty (60) day period from the date of initial SRA communication to certify effort and related salary/wage expenditures.

SRA will notify the PIs and department managers to complete the effort reporting process after the end of each academic term in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Academic Term Schedule</th>
<th>SRA Communication with Departments Begins</th>
<th>Effort Certification Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fall</strong></td>
<td>Early February</td>
<td>Mid April</td>
</tr>
<tr>
<td>(September 1 through January 31)</td>
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<tr>
<td><strong>Spring</strong></td>
<td>Early July</td>
<td>Mid September</td>
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<tr>
<td>(February 1 through June 30)</td>
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<tr>
<td><strong>Summer</strong></td>
<td>Mid September</td>
<td>Late November</td>
</tr>
<tr>
<td>(July 1 through August 31)</td>
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</tbody>
</table>

FACULTY EFFORT
Faculty generally have responsibilities for such activities as non-sponsored research, instruction, administration, and proposal preparation that would preclude their devoting 100% effort to sponsored projects and programs. Salary support for these activities must come from non-sponsored funds, except for sponsored projects or programs specifically awarded for those activities.

Although all university activities must be included in a faculty member's effort for reporting purposes, not all of a faculty member's professional activities must necessarily be considered university activities. For example, outside consulting would normally be deemed as a non-university activity.

FACULTY SUMMER SALARY
In accordance with University policy, faculty compensated for 9-month academic appointments are permitted to expend up to 2.5 months of summer effort on sponsored projects or programs.
in the period beyond the academic year (i.e., during the 3-month summer period) and, therefore, receive up to 2.5 months of salary for that effort, subject to sponsor award policies. In addition, whenever support is requested for more than two summer months, the faculty members requesting this level of remuneration must submit certifications to their department's main office. These certifications verify that they are actually spending a full 2.5 months on the projects for which they are receiving a summer salary. These certifications are subject to audit review and are to be kept on file by the department for such purposes.

Applying summer salary to one or more sponsored projects or programs implies that at least a commensurate amount of effort has been expended on those projects during the summer effort period. Faculty who receive summer salary from sponsored projects or programs must certify to the effort expended on those projects during the summer effort period. Effort expended during the academic year cannot be included in this effort certification.

POSTDOCTORAL RESEARCH ASSOCIATES
Most postdoctoral research associates (postdocs) who work on sponsored projects or programs also participate in activities such as administration, developing proposals, and other non-sponsored research. For this reason, postdoc effort should not be charged 100% to federally-funded sponsored projects or programs. Unless the department justifies a departure from this rule and submits a signed and certified “Postdoc Waiver Request Form”, the maximum time/effort that a postdoc can devote to federally-funded sponsored project or program is 97%. Please note that the 97%/3% funding rule does not apply to federally-funded Institutional Training Grants or Individual Fellowships that are supporting postdocs.

GRADUATE STUDENT ASSISTANT IN RESEARCH (AR) SALARY AND TUITION
The graduate student AR salary and tuition should be applied at the same rate as the graduate student’s effort on a given sponsored project or program. If the sponsored award qualifies for tuition cost-sharing, the cost-shared portion counts towards the percentage applied. For example, if a graduate student AR applies 100% effort during the academic year on a sponsored project or program that allows full F&A costs, then both the full academic year AR salary and the 50% tuition should be applied to that sponsored project or program. Alternatively, if a graduate student AR applies 100% effort during the academic year on a sponsored project or program that does not allow the University's full F&A costs, the full academic year AR salary and the full tuition should be applied to that sponsored project or program.

EFFORT REPORT
Effort reports for sponsored projects and programs are generated according to the PI under whose supervision the work is performed, and the reports roll up for certification purposes under that PI’s name. These reports can be accessed online via the Web-based “Labor Accounting (LA) Effort Certification” application. The actual certification is completed electronically within this application.
The reports can also be reviewed by the PI’s authorized departmental administrators who can affect any necessary changes in salary distribution in order to reflect actual estimated effort prior to the PI’s actual certification.

For all faculty and staff including postdoctoral research associates and graduate students, if the percentage of effort expended in a given effort reporting period is less than the percentage of salary charged to the sponsored project during the period, the salary charges must be reduced to reflect actual effort.

**COMMITTED COST SHARED EFFORT**
If committed cost shared effort has been included in a proposal and reflected in the subsequent sponsored award, certification of this commitment is required of the PI under whose supervision the work is performed. In accordance with the University Cost Sharing Policy, if effort is committed as cost sharing in a proposal and subsequent sponsored award, it is required that the University record and document that effort.

**SALARY CAP - NATIONAL INSTITUTES OF HEALTH**
Faculty members who received salary support under at least one NIH award and whose University base salary exceeds the NIH salary cap limitation should pay special attention to the completion of their effort report.

For several consecutive years there has been a legislatively mandated provision for the limitation of salary charged to NIH awards. The Department of Health and Human Services (DHHS) Appropriation Act for each fiscal year restricts the amount of direct salary an individual can receive from NIH awards to the rate for Executive Level I of the Federal Executive Pay scale. Please check with your departments SRA analyst to verify the appropriate salary cap amount for the respective fiscal year or the time period in which you are certifying effort. Visit the NIH website at [http://grants2.nih.gov/grants/policy/salcap_summary.htm](http://grants2.nih.gov/grants/policy/salcap_summary.htm) to receive historical and current cap amounts.

**COORDINATION OF EFFORT REPORT CERTIFICATION AND LABOR ACCOUNTING (LA) ADJUSTMENTS**
Since payroll costs represent the vast majority of sponsored project or program expenditures, it is important to consistently monitor these costs. In order to prevent the need for LA adjustments, monthly account review is recommended.

**SUFFICIENT KNOWLEDGE - AUTHORIZED CERTIFICATION**
Effort reports may only be certified by responsible individuals with sufficient knowledge of the work performed. This is usually the PI in charge of overseeing the project or collaborating faculty members who work on the project. In the event that the PI listed on the University-generated effort report is unable to certify the effort report, an authorized representative who is knowledgeable of the work performed on the project will certify the report. In any audit
situation it would be the responsibility of the individual certifying the effort report to provide sufficient justification that all certification requirements were met.

**LEVEL OF PRECISION IN EFFORT CERTIFICATION**

The federal government understands that certification of effort percentages is an estimate. Circular A-21 states that “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.”

In considering effort certifications for sponsored activities, if the payroll percentage on the effort report reasonably reflects one’s effort within a tolerable variance threshold (plus or minus 5%), then the amount may be confirmed as a reasonable estimate. If the difference between the estimate and the payroll percentage for a sponsored project is greater than the tolerable variance threshold of 5%, then the PI needs to inform the department manager to process payroll corrections to reflect the correct percentage effort.

**Changes Made After the Original Certification – Recertification**

When changes are made in Labor Accounting that if submitted and approved, would change effort certification information that a PI has already certified, the LA system will display a warning message. If the change is approved, the PI will have to recertify the salary. Since recertifications often raise audit issues, the warning message advises the LA user to contact Sponsored Research Accounting before proceeding. Pressing OK will require the PI to recertify and justify why a change to the original certification is necessary. The Cancel button will not submit the change and returns you to the LA Summary screen where you may Quit, Edit to remove the changes or press the Save button to keep the changes on hold while you discuss the proposed change with the either the PI and/or Sponsored Research Accounting.

Once certification of salary has been completed, only in rare circumstances will salary adjustments be permitted. Please see the Cost Transfer Policy for more details and related procedures.

There may be some cases where recertifications are needed. For example, if a grant is overspent at the end of a project period, it may be appropriate to transfer a portion of salary from the sponsored project to department funds. However, recertifications can call into question the reliability of the certification process. Therefore, recertification requests should justify why previous effort was certified, and why the requested change is more appropriate within the context of federal requirements or University policies and procedures.

**CHANGE IN PROPOSED EFFORT**

In making any adjustments to committed effort, the PI and department must adhere to 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 devoted effort is reduced from what was proposed, then a LA adjustment must be processed in order to bring payroll distributions in line with certified effort. LA adjustments should be processed in a timely manner to allow for future generation of more accurate effort reports.

**TIMELY CERTIFICATION**
It is expected that effort reports are properly adjusted, reviewed, and certified by the Effort Certification Due Date. Extenuating circumstances that prevent the timely certification of effort reports should be brought to the attention of the SRA Analyst of the Responsible Unit. You may contact the contact name in the header of this policy for more information. In addition, the SRA Analyst of the Responsible Unit is available to consult.

**COMPLIANCE WITH POLICY**
If effort is not properly reviewed and certified within one year of the effort certification due date, the cost will be moved to department funds in the following order:

1. PI research rebate
2. PI start-up matching funds
3. PI start-up funds
4. Departmental research rebate
5. Departmental savings

Compliance with these procedures will be monitored through various compliance measures.

**VI. RELATED FORMS**

- Postdoc Waiver Request Form

**VII. CONTACT ROLES AND RESPONSIBILITIES**

Each individual with responsibilities in University 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 toward individual sponsored activities and to clinical activities during the report period.

The following offices and positions have roles and responsibilities in the effort reporting process.
<table>
<thead>
<tr>
<th>Establish &amp; communicate policy &amp; procedures related to effort certification which are consistent with the requirements of Circular A-21, Section J.10</th>
<th>PI</th>
<th>Department Administrator</th>
<th>Department Chairs/Division Heads</th>
<th>SRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understand policy &amp; procedures related to accurate &amp; timely certification of effort reports</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Provide education to &amp; heighten the awareness of those involved in the effort reporting process</td>
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<tr>
<td>Generate &amp; distribute the periodic effort reports in a timely manner</td>
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<td>X</td>
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<tr>
<td>Oversee effective processes in the department to assist with compliance with this policy and associated procedures</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
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<tr>
<td>Establish effective processes to assist in compliance with this policy and associated procedures</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
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<tr>
<td>Assist &amp; provide guidance to Principal Investigators/Certifiers in their accurate &amp; timely certification of effort</td>
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<td>X</td>
</tr>
<tr>
<td>Ensure that all committed effort obligations are accurately reflected on the effort reports</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Ensure that his/her own effort and that of other individuals working on sponsored activities under their direction is certified accurately &amp; in a timely manner</td>
<td>X</td>
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<tr>
<td>Task</td>
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<tr>
<td>Coordinate/process any Labor Accounting adjustments necessary based upon discrepancies noted by the Principal Investigators/Certifiers</td>
<td>X</td>
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</tr>
<tr>
<td>Take appropriate action when notified of outstanding effort reports</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>Respond to any questions posed by reviewers regarding the certification of effort on sponsored activities</td>
<td>X</td>
<td></td>
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<tr>
<td>Ensure follow-up actions are taken in instances of non-compliance in accordance with this policy &amp; Effort Certification Procedures</td>
<td></td>
<td></td>
<td>X</td>
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<tr>
<td>Maintain certified effort reports as required by record retention policy and procedure</td>
<td></td>
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<td>X</td>
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<tr>
<td>Assist with questions from individuals involved in the process</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

### VIII. UPDATE LOG

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/15/12</td>
<td>Approved</td>
</tr>
</tbody>
</table>