

VANDERBILT UNIVERSITY EFFORT REPORTING POLICY

Introduction

Vanderbilt University maintains systems and procedures documenting the distribution of activity to individual sponsored agreements in compliance with federal regulations as defined by the Office of Management and Budget (OMB) Circular A-21 Cost Principles for Educational Institutions. Any individual who performed work on a federally funded project or the project's principal investigator must certify effort, unless in their absence, this task is delegated to a designee who must have suitable means of verification of the distribution of effort.

Purpose

The University receives significant funding for sponsored programs from the federal government and other external sources. OMB Circular A-21 requires that any individual, who performed work on a federally sponsored project, including federally funded subawards received from other institutions, industry or State, must certify that the effort, paid or committed, is reasonable. Non-compliance with these requirements would result in disallowance of cost for salary and wages and would limit the recovery of Facilities and Administrative (F&A) costs (i.e. indirect costs) due to the University's failure to isolate research salaries and wages from costs associated with other University activities. Non-compliance would negatively affect the University's reputation and could jeopardize future funding from the federal government and collaborations with other institutions.

Background

On July 23, 1982, the Office of Management and Budget (OMB) revised Circular A-21 "Cost Principles for Educational Institutions" to allow institutions to develop effort systems other than monitored workload and personnel activity report systems for the purpose of identifying costs associated with federal sponsored activities. In addition, effective July 1, 1987, OMB revised Circular A-21 to eliminate the need for faculty to certify to their administrative effort. Faculty members are still required to certify direct effort on sponsored programs, as are staff members. In response to these changes in federal requirements, Vanderbilt University began utilizing the plan confirmation system effective July 1, 1989. The plan confirmation system allows effort to be certified as part of payroll processing activities. Vanderbilt now utilizes a web-based effort reporting system, Electronic Personnel Action Change (ePAC) to allow effort to be certified electronically.

In an OMB clarification dated January 5, 2001 to OMB Circular A-21, there is an indication that most federally funded research programs should have some level of committed faculty (or senior researchers) effort, either in the form of a direct charge or committed voluntary cost sharing. This effort can be provided at any time within the fiscal year (summer months, academic year, or both). Some types of research programs such as programs for equipment and instrumentation, doctoral dissertations, and student augmentation do not require faculty effort, paid or unpaid by the federal government.

Faculty and staff members are required to certify direct effort (and direct cost shared effort) on federal (or federal flow through) sponsored programs through the plan confirmation system. An annual after

the fact certification process will occur for faculty members paid summer salary from federal restricted funds (see Special Considerations).

Standards

OMB Circular A-21 sets forth the standards for the effort certification processes including the plan confirmation system which is used here at Vanderbilt. The OMB Circular A-21 can be located at the following link, http://www.whitehouse.gov/omb/rewrite/grants/grants_circulars.html.

Who Must Comply

Acceptance of federal funding by any part of the University requires the institution to adhere to the effort reporting requirements prescribed by OMB A-21.

Academic and Administrative Responsibilities

It is the responsibility of the:

Principal Investigator (PI) to:

- Ensure compliance with the Effort Reporting policy.
- Ensure personnel under the PI's direction are familiar with the Effort Reporting policy.
- Complete certifications of their own effort and of any individual's effort delegated to them in a timely manner.

School Dean's Office/Department/Institute or Center to:

- Ensure compliance with the Effort Reporting policy.
- Ensure that all faculty, staff, and students who are working on federally funded projects understand the Effort Reporting policy and the procedures to certify effort in ePAC.
- Maintain an effective system of processing new hire information, payroll changes, and earnings distribution changes to ensure timely, reasonable distributions to sponsored projects and other departmental centers.
- Maintain an effective system of processing after-the-fact effort certifications administered outside of the institution's prescribed effort reporting system in a timely manner.
- Ensure all payroll forms being processed outside of ePAC have the certification statement signed when appropriate.

Office of Contract and Grant Accounting (OCGA) to:

- Ensure that the Effort Reporting policy and resources are accessible to all individuals and to provide training periodically.
- Monitor and follow-up on delinquent effort certifications and to adhere to established procedures for non-compliance noted in processes of past due effort certifications (Attachment A).
- Review and approve retroactive distribution changes (RDC) in ePAC (subject to the Cost Transfer policy).
- OCGA will process and retain after the fact certification forms for faculty summer salary paid from federal sources in a timely manner.

Human Resources to:

- Ensure the ePAC system is technically working effectively.
- Retain and archive all original documents.
- Provide access to information for external and internal audit purposes.

Payroll to:

- Retain and archive all original timesheets and additional pay forms not processed through ePAC.
- Provide access to information for external and internal audit purposes.
- Assist in the review of all timesheets and additional pay forms to ensure that certification statements are properly signed.

Internal Audit to:

- Independently evaluate the effort reporting process to ensure the system's effectiveness and compliance with the overall requirements of OMB Circular A-21.

Certification Process

A certification of effort is required for those individuals whose salary is being charged directly or cost shared on federal or federal flow-through sponsored programs. Individuals classified as exempt employees will be presented with an after the fact effort report. The effort report is generated when a change in distribution is processed or termination occurs. The effort is reported in terms of 100% regardless of the number of hours spent in any given period. When an individual is presented with an effort report, the individual must review the distribution to determine whether the percentages for the time period reflects the actual effort devoted to the functions and sponsored programs being charged. If the payroll distribution is correct, the individual should sign or electronically sign the certification. If the payroll distribution is incorrect, the individual should not certify the report and contact the department administrator to correct the payroll distribution. Hourly employees certify in conjunction with the submission of their timesheets and should review for accuracy. Any inconsistencies should be communicated with their supervisor or department administrator.

The certification must be signed (or electronically certified) by the individual, PI, or a designee who has suitable means of verification of work performed. Verification could be in the form of a dated fax, memo, letter or email, signed or electronically authenticated, to the designee or a documented phone conversation between the individual and designee stating that the charges were reasonable in relation to the work performed. This documentation, regardless of medium, must be available and accessible at all times for audit purposes.

Special Conditions

Faculty Summer Salary

If summer salary is paid to faculty from federal restricted funds, an after the fact certification must be obtained. The Office of Contract and Grant Accounting will send out a certification form in the fall of the academic year following the summer periods to the departmental administrators for each faculty member in their department that was paid from federal funds during the previous summer. The departmental administrator is responsible for obtaining the effort certification signature from the faculty member or, in case of an absence, a designee may sign, provided that the designee has suitable means of verification of the work performed and returning the signed form to the Office of Contract and Grant Accounting in a timely manner. Verification could be in the form of a signed and dated fax, memo, letter or email to the designee that the work performed and the charges were reasonable. This documentation, electronic or other, must be available and accessible at all times for audit purposes.

Timeliness of Certifications

It is critical to certify effort when prompted by ePAC in a timely manner. OCGA will periodically perform a review of delinquent effort certifications. Each central office will notify the department administrator and/or Dean's Office of all individuals delinquent at the time of review. A timeline of the notifications and consequences of non-compliance is outlined in a separate document (Attachment A) and will be accessible on the websites of OCGA.

Falsification of Effort Certifications

Falsification of effort certification may lead to disciplinary action and/or other sanctions against any individual who falsely certified the information and negatively affect Vanderbilt's reputation as one of the leading research institutions in the country.

Certification Re-Assignments within ePAC

Reassignments of effort certifications will only be allowed in rare instances. For individuals who have not certified their effort because they no longer work for Vanderbilt or have limited access to the internet due to travel, the effort certification can be reassigned to the PI or to an individual who has suitable means of verification of the work performed by such individual. Verification could be in the form of a dated fax, memo, letter or email, signed or electronically authenticated, to the designee or a documented phone conversation between the individual and designee stating that the charges were reasonable in relation to the work performed. This documentation, regardless of medium, must be available and accessible at all times for audit purposes. To request the reassignment, the department administrator must send a documented request to OCGA stating the individual's name, the reason for reassignment, to whom to reassign the certification, and how the designee obtained verification of the work performed.

COMMONLY ASKED QUESTIONS

Question: Is the budget a reasonable method for allocating payroll distribution charges and certifying effort on restricted centers?

Answer: No. A person should be charged and certified on the center(s) where the actual work was performed.

Question: How long should the payroll documents be retained?

Answer: The institution's Departmental Record Retention Guidelines for Financial Documents should be followed, <http://www.vanderbilt.edu/accounting/PolProcForms/policy216.htm>.

Question: Does cost shared effort on a federal award have to be certified?

Answer: Yes.

Question: Can anyone sign the effort certification?

Answer: With ePAC, an individual can only access his or her own effort certifications. Also, the University's policy regarding certification requires that the individual who performed work on a federally funded project or the project's Principal Investigator, unless in their absence, this task is delegated to a designee who must have suitable means of verification of the work performed by the individual can certify the effort. For the Principal Investigator or designee to certify on behalf of an individual, the Office of Contract and Grant Accounting (University) or Department of Finance, Academic & Research Enterprise (Vanderbilt University Medical Center) must be contacted to reassign the certification in ePAC to the PI or designee. Refer to *Certifications Re-Assignments within ePAC* above.

Question: What happens if effort is not certified when it should be?

Answer: A variety of possible outcomes could occur, such as audit findings, disallowance by sponsors, large settlement amounts, and newspaper headlines. There is also a risk of extrapolation of findings to other grants and grant years.

Question: I generally work 50 to 60 hours per week. Is my effort computed as a fraction of the standard 40 hour work week?

Answer: No. Your effort should be computed as a fraction of the total hours you spend in your Vanderbilt professional capacity, not as a fraction of a 40 hour week.

Question: In my proposal, I committed 5% of my time to a research grant without requesting salary support. Can I leave that off my effort certification since I didn't request salary support?

Answer: Since this effort was committed (regardless of whether salary support was requested), the effort you actually worked on the project must be reported. Since there was no salary support for this effort, it must be reflected as cost shared effort.

Question: How is my effort preparing my next new or competing grant proposal reported and funded?

Answer: Time spent in preparing a non-competing renewal/progress report, a new proposal and a competing renewal are viewed and charged differently. Time spent preparing a non-competing renewal/progress report on a project is viewed as chargeable to the grant. Similarly, time spent preparing competing renewals and proposals that are a logical extension of currently funded research are also viewed as chargeable to sponsored projects. However, time spent preparing a competing renewal related to new proposed work for the future or a new proposal is not allowable and should be funded from unrestricted or other discretionary funds.

For further assistance or questions regarding effort certification contact:
Office of Contract and Grant Accounting (OCGA):
343-6655