Effort Certification

Summary of Policy & Process Changes

December, 2007
What is effort certification?

- Effort is proportion of time spent on any activity & expressed as a % of total professional activity
  - Reasonable estimate
  - Total effort must equal 100%
  - Not based on a 40 hour work week
- Certification required by federal regulations (Circular A-21)
Why is effort important?

- Obligation to exercise good stewardship of federal funds
  - Effort reporting is a part of that stewardship
  - Personnel costs are the majority of research costs
- Compliance environment has become more stringent
  - Examples...
Recent settlements

- Northwestern Univ - February 2003
  - Paid $5.5 million to settle
  - Issues: failure to comply w/effort reporting standards; misrepresentation of time spent

- East Carolina Univ - August 2005
  - $656,000 cost adjustment + $1.7 million set aside for adjudication
  - Issues: inconsistent effort reporting system; costs not related to project
June 2006 - U. of Penn

- NSF Office of Inspector General found two major weaknesses in effort system
  - UPENN’s business managers were certifying labor effort reports, although they were not in a position to know whether work was performed
  - effort reports were not certified in a timely manner as specified by UPENN policy

For more information: http://www.costaccounting.org/CBAudit.html
Recent history at UoM

• 2004 - effort & faculty planning/evaluation cycle merged
• Plan-confirmation method of effort adopted
• All faculty completed plan & confirmation of plan
  - At that time, it was important to capture departmental research for formula funding
• All GAs & staff paid out of academic units certified on paper
Analysis of Process Began in 2006

- Cross functional team, with faculty representation, appointed in Sept., 2006
- Implementation of Banner required changes to be made
- Team also charged with reviewing process and policy for possible improvements
Work team’s analysis found that...

- Data collected as part of process weren’t being used as intended
  - Faculty evaluation cycle is now based on calendar year
  - State funding formula changed - don’t need departmental research figures

- Compliance a possible issue
  - Need to educate PIs & faculty about process & its purpose
Significant Policy Changes Made

- Adopted after the fact method of certification

- Certification required only for those paid on a sponsored program or U. cost share
  - Previously, “all personnel assigned or appointed to academic units” had to certify
  - Now, twice per year (instead of once)

- PIs must approve; dept. chairs have access to review but do not need to approve
Impact of policy changes: the #s

No longer required to complete institutional plan & effort confirmation

<table>
<thead>
<tr>
<th></th>
<th>With grant</th>
<th>W/O grant</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>F9</td>
<td>80</td>
<td>704</td>
<td>784</td>
</tr>
<tr>
<td>FA</td>
<td>23</td>
<td>84</td>
<td>107</td>
</tr>
<tr>
<td>FD</td>
<td>18</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>GA</td>
<td>253</td>
<td>937</td>
<td>1190</td>
</tr>
</tbody>
</table>

Dept. no longer required to complete effort forms for these GAs
Impact of policy changes

• Enhances compliance w/federal requirements
• Reduces administrative burden for
  - all faculty
  - department chairs
• Modifies burden for faculty w/sponsored programs
• May increase administrative burden & accountability of PIs
Implementation

• Modified online tool for certifying effort
  - Linked to Banner data
• Certification for July - December, 2007 time period in January, 2008