



Effort Certification

Summary of Policy and Process Changes

January 2023

What is Effort Certification?



- Effort is the proportion of time spent on any activity and expressed as a percentage of total professional activity
 - Reasonable estimate for the reporting period
 - Total effort must equal 100%
 - Not based on a 40-hour work week

- Certification is required by federal regulation – OMB Uniform Guidance (2CFR 200) Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards



Why is Effort Certification Important?

- Effort reporting is federally mandated
- We have an obligation to exercise good stewardship of federal funds
 - Effort reporting is a part of that stewardship
 - Personnel costs are the majority of research costs
- Non-compliance may result in fines, loss of federal and non-federal funding for the institution
 - Examples.....

Historical Audit Findings



➤ **Northwestern University – February 2003**

- Paid \$5.5 million to settle
- Issues: failure to comply with effort reporting standards; misrepresentation of time spent

➤ **East Carolina University – August 2005**

- \$656,000 cost adjustment plus \$1.7 million set aside for adjudication
- Issues: inconsistent effort reporting system; costs not related to project

➤ **University of Pennsylvania – June 2006**

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

Effort Certification Policy and Process Changes



The Process Improvement Executive Leadership Board requested that Process Improvement Teams determine how to better reflect Unrestricted Faculty Research in the University's Financial Statements. These teams were formed in the Spring/Summer of 2022.

- One team was tasked with setting up a process to charge Faculty salaries to Unrestricted Research based on employment contracts and department expectations.
- The other team was tasked with determining the best approach for certifying research hours for the University as a whole.

Effort Certification Policy and Process Changes



It was decided to utilize the Banner 9 Effort Certification module to document the Certification of Effort for the University. As a part of the change to the new Effort Certification software, the following changes will also occur:

- The University of Memphis will require faculty to certify effort related to unrestricted faculty university research in addition to any Federal requirement for Sponsored Programs.
- For Fall 2022, Effort will be certified using the Banner Effort Certification module with the certification period July through December 2022. The effort session will be open January 1 through January 31, 2023.
- Beginning the Spring semester 2023, the Effort period will change to Monthly. The January 2023 Effort Period will be certified in February 2023.

Effort Certification Policy and Process Changes



- Starting with the Spring 2023 Effort Periods, if required Effort Certification is not performed in a timely manner – 45 days after the end of the monthly Effort Period, a new process will be in place to move any Non-Certified Effort back to the department.
- Any Effort Certification that needs to be changed can only be changed by having a Labor Redistribution completed before Banner will allow a Certification with the new percentages.
- Once an Effort Certification has been completed, the Effort Certification is considered Locked, and no Labor Redistributions can be started.
- The 'Request to Unlock Effort Certification Record' form must be completed and routed to Grants Accounting to unlock the effort. Then the Labor Redistribution and Effort Certification can proceed.

Implementation



- Training on the Banner 9 Effort Reporting module and details of the new university effort certification policy will be held in January 2023. Specific dates and times will be listed in Learning Curve.
- All faculty and monthly employees whose salary (or portion of salary) is charged to a grant or Faculty Research should attend training.
- All PI's and Academic Financial Managers should attend training.