



Effort Certification Administrative Policy

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Responsible Official: Assistant Vice President for Finance & Controller

Related Documents: Effort Certification Procedure

Policy

Administrative Policy Statement

The federal government (per the Uniform Guidance Subpart E §200.430) sets requirements for internal controls over certifying time expended on sponsored projects and requires that salaries paid fully or partly from federal or state sponsored awards be “certified” in a process that is distinct from appointment and payroll procedures. This payroll certification process is known more generically as “effort reporting.”

Uniform Guidance Section §200.430(c) and University Policy stipulate that:

- Salaries paid must “reasonably reflect the activity for which the employee is compensated by the institution....”
- An “after-the-fact confirmation” of activity must be performed, so that the certification is based on actual, not proposed, costs.
- Activities must be “confirmed by responsible persons with suitable means of verification that the work was performed.”
- Pay must be allocated proportionally among multiple activities in which the employee is involved.
- Salary certification “may reflect categories of activities expressed as a percentage distribution of total activities,” since different institutions define a “full workload” differently.

Primary Guidance and Responsibilities

Effort reports at Wake Forest University (WFU) are based on after-the-fact activity records. Effort reports should reflect the distribution of activity expended by employees. These reports will reflect an after-the-fact reporting of the percentage distribution of employees' activities. Payroll charges may be made initially on the basis of estimates made before the services are performed, provided that such charges are promptly adjusted if significant differences are indicated by activity records. For this purpose at WFU, "significant" means a change, or variance, exceeding 5% above or below an individual's total effort. These changes must be made to comply with some sponsor's guidelines. In no case should a sponsored agreement be charged for effort when no work was done during the reporting period, except in documented unexpected or extraordinary circumstances. These circumstances would need to be officially declared by the Government, the state of North Carolina, or by Wake Forest University directly. During these circumstances, employees are expected to continue charging their time in the same manner as they were prior to the start of the declared period, unless directed by their supervisor or other University Leadership to do otherwise. Employees paid by a sponsored project should continue to charge their time to that project in the same capacity unless specifically prohibited by the sponsoring agency, the Government, the State of North Carolina, or other conflicting University policies. It is important to note that unexpected or extraordinary circumstances may result in employees who are unable to work in part or in full capacity, or have "idle" time. Under this policy, Effort Reports may include this time and employees will be expected to certify with language that includes this. During these declared periods, any idle time on sponsored projects will be documented through a separate process by the University.

At WFU Reynolda Campus, effort certification is required for faculty, staff, and graduate students who are paid, full or in part, by a federal or state sponsored project. This means that all, or a percentage, of their pay is charged to a federal or state sponsored grant or project. Certification may also be required for faculty, staff, and graduate students who work on a federal or state sponsored project even though they are compensated through University or departmental funds. This means that all or part of their pay is charged to an unrestricted account. For undergraduate students, the effort certification process is completed through timecard submission and approval.

The effort certification process is a way to verify that salaries and wages charged to a sponsored project are consistent with the effort expended on the sponsored project. If effort is not properly certified, WFU cannot verify that funds were properly expended for salary and wage expenses. As a result, these expenses must be transferred from the federal and state sponsored projects.

Non-compliance with this effort certification policy could result in unfavorable consequences to the University. In the case of federal audit, errors in effort certification may lead to disallowance of costs charged to sponsored projects, repayment of grant funds, and withdrawal of grant funding by sponsoring agencies.

It is the University's expectation that faculty members will have non-sponsored professional activities and responsibilities as part of their faculty obligations and appointment such as those listed below. As a result, adequate University time must be set aside for their non-sponsored University activities.

These may include:

- Instruction
- Administration
 - Writing grant proposals (including competing renewals)
 - Departmental meetings
 - Participation on institutional committees such as search committees or Institutional Review Board (IRB).

The following should be included in sponsored research effort regardless of where (e.g. office, home) or when (including after hours, on vacation, on weekend) effort is expended:

- Effort on current federal and state grants or contracts
- Writing progress reports
- Lab meetings
- Attending scientific conferences

Financial Services will conduct an effort review of faculty that report 90% or greater of their salary as being paid from federal or state grants or contracts. These reviews will be shared with the Office of the Associate Provost for Research and Scholarly Inquiry for final review and approval.

Definitions

Contributed Effort – effort paid for by WFU; considered cost share, in-kind, or match in support of a sponsored project.

Cost Share – the portion of the total costs of a project not borne by the sponsor; also referred to as in-kind or match/matching funds.

Effort – the proportion of time spent on a given activity, expressed as a percentage of total activity. Total effort on a sponsored project consists of both paid and unpaid effort. Total activity equals an employee’s effort on all activities such as teaching, researching, committee work, etc.

In-kind – see cost share

Institutional Base Salary – Annual salary paid by the University for an employee’s appointment, whether that individual’s time is spent on research, teaching, or other activities. Base salary excludes any consulting income that faculty are permitted to earn outside of their duties for WFU. Base salary may not be increased as a result of receiving funds for salary in a sponsored award.

Mandatory Cost share – cost share that is required by the sponsor, stated in the grant solicitation/guidelines, and included as a condition of an award.

Match – see cost share

Principal Investigator – the WFU employee responsible for overseeing all aspects of a sponsored project. Also called the PI or Project Director.

Significant Variance – a variance of 5% or more above or below an individual’s total effort.

Sponsored Research / Sponsored Project – research or other projects that are sponsored/supported by funding from federal, state, or private agencies and organizations. These are also referred to as grants or contracts.

Voluntary Committed Cost share – cost share that is not required by the sponsor but is shown in the budget and/or included in the proposal.

Voluntary Uncommitted Cost Share – cost share over and above any amount of cost share specified in the budget of an award.

Responsible University Office or Officer

Procedure Contacts: Financial Services; Grants Accounting

Who Is Governed By This Administrative Policy

Any person paid by federal or state sponsored awards from a Wake Forest University account.

Who Should Know This Administrative Policy

All Wake Forest University faculty, staff, and students who administer federal or state sponsored awards.