

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**

**AGENDA ITEM: 6 – H**  
**DATE: December 5-7, 2017**

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**SUBJECT**

**BOR Policy 5:24 – Effort Certification (Second Reading)**

**CONTROLLING STATUTE, RULE, OR POLICY**

[BOR Policy 5:24 – Effort Certification](#)

**BACKGROUND/DISCUSSION**

The Effort Certification Policy 5:24 had not been reviewed since June of 2011. In an effort to make sure that all of our policies are up to date, the board office staff asked the Research Affairs Council and the Grants Module to review the policy and make suggestions for changes. Attachment I is the policy with those recommended changes. The policy has also been changed to reflect the newly adopted format.

**IMPACT AND RECOMMENDATIONS**

After the first reading in October, the Grants Module Group suggested some grammatical changes as well as changing references referring to the old federal guidance. The changes brought forth in October are in red; the changes recommended by the Grants Module Group are highlighted in yellow. The staff at the central office recommends the policy as it is presented in Attachment I.

**ATTACHMENTS**

Attachment I – BOR Policy 5:24 Effort Certification

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**DRAFT MOTION 20171205\_6-H:**

I move to approve the second and final reading of BOR Policy 5:24 – Effort Certification as presented.

# SOUTH DAKOTA BOARD OF REGENTS

## Policy Manual

**SUBJECT:** Effort Certification Policy

**NUMBER:** 5:24

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### A. PURPOSE

#### 1. Preamble

~~A. Effort allocation and certification is required by the federal government and other awarding agencies. It is the responsibility of each University, its departments, and individual employees to ensure compliance with sponsored project effort reporting requirements, which includes the appropriate allocation of time and costs budgeting charging, and certification of effort, by each university, its departments, and individual employees.~~

### B. 2. Definitions DEFINITIONS

~~1. A. Annualized Base Amount (ABA):~~ — is ~~†~~ The maximum amount the employee would receive for the designated position if he/she were to work full-time (1.0 FTE) for the full year (12 months.) Each employee can have only one ABA on the database at a time. For nine-month employees, ABA is 4/3 of the nine-month salary, for example. Any compensation earned outside the base contract is not included in the ABA.

~~2.B:~~  Certification: — is ~~†~~ The act of attesting to the effort expended.

~~3. Effort Certification Report:~~  A report that any employee expending effort on a sponsored project must complete to be in compliance with the federal regulations.

~~4.C:~~  Principal Investigator (PI): — is a ~~†~~ An individual designated by the sponsor to direct the project or activity being supported by the grant or contract. The principal investigator is responsible and accountable to the grantee and agency for the proper conduct of the project or activity.

~~5. Reasonable/Reasonableness:~~  As defined in Uniform Guidance 2 CFR 200.404 and 200.430(b).

~~6.D:~~  Responsible Official: — may be a ~~†~~ The Principal Investigator, department chairperson, or supervisor with ~~firsthand~~ knowledge of the work performed by the employee, depending on the circumstances.

~~7.E:~~  Time and Effort Reporting (TER): — a ~~†~~ requirement for overtime eligible and overtime exempt employees who expend effort on sponsored projects for which reimbursement is claimed from the grantor to certify their time.

~~F. **Effort Certification Report** is a report that any employee funded through expending effort on a sponsored project must complete to be in compliance with the federal regulations.~~

## C. POLICY

Effort allocation and certification is required by the federal government and other awarding agencies.

### 1. 3. ~~Circular A-21~~ **Uniform Guidance 2 CFR 200 Rules and Procedures**

The U.S. Office of Management and Budget (OMB) requires an effort reporting system as governed by Circular A-21 Uniform Guidance 2 CFR 200 requiring. ~~OMB Circular A-21 requires:~~

- ~~A. Consistency in estimating, accumulating, and reporting costs by educational institution. Be supported by a system of internal control that provides reasonable assurance about the accuracy, allowability, and proper allocation of the charges.~~
- ~~B. Effort should be budgeted (estimated) in proposals, charged, certified (accumulated), and reported consistently. Charges to Federal awards must be based on records that accurately reflect the work performed (2 CFR 200.430(i)(1)). In addition, the records must encompass both federally assisted and all other activities compensated by the institution on an integrated basis, i.e. reflect 100% of the employees compensated activities or Institutional Base Salary.~~
- ~~C. Substantiation and documentation of direct and indirect (F&A) payroll costs charged to federal grants and contracts. Be incorporated into the entity's official records.~~
- Charges for cost sharing or matching requirements must be supported in the same manner as direct charges or personal compensation.

### 2.4. BOR Effort Certification Reporting Requirements

The BOR has established Effort Certification Reporting for all employees ~~funded on~~ expending effort on a sponsored project. To comply with the requirements, the Universities have established after the fact Time and Effort Reporting procedures that must show:

- ~~1)~~ 100 percent of the effort expended in fulfilling the obligations of the employee's university appointment, and
- ~~2)~~ the percentage distribution of payroll by fund source to each sponsored project.

2.1.A. The Effort Certification Report listing the major direct personal services cost categories is to be prepared for each individual required to report. The report will also list the employee's total payroll distribution in percentages. The employee or responsible official will be asked to review the percentage payroll distribution including cost share/match commitments provided, make any necessary adjustments,

and then certify the report. The effort reporting system provides the principal means for certifying that the salaries and wages are consistent with the portion of effort committed to the grants and contracts charged to sponsored project funds represent a reasonable reflection of effort devoted for the period. If the percentage of distribution is changed appropriate earnings will be adjusted and then certified. Note that a sponsoring agency must approve in writing any change in effort in which key personnel withdraw from a project entirely, are absent for three continuous months, or reduce effort by 25% of the percentage approved in the award. ~~See the training website at <http://mytraining.sdbor.edu>, (for internal use only) for more information regarding effort certification and examples.~~ Individual grants or contracts may have more restrictive requirements.

~~2.2.B.~~ Total reported effort, which is the time required to complete all ABA uUniversity duties, must be reported ed in terms of 100% regardless of the number of hours spent in any given period. Total effort includes teaching assignments, research or creative activity, clinical practice, and service assignments (including administrative assignments), irrespective of funding source. Thus ~~e.g.~~, all teaching, research or other assignments must be captured whether they are funded by federal, state, private, or institutional funds.

~~2.3.C.~~ Salaries for teaching, administration, university service, clinical activity, institutional governance, and proposal preparation must be accounted for in accordance with ABA.

Full time overtime exempt employees, including faculty are expected to work a minimum of 40 hours per week during their contract periods. An average work week is calculated over the reporting period; weekly effort is expected to vary. Please note that the BOR and the federal government recognize that in an academic setting teaching, research, service, and administration are inextricably intermingled. Therefore, one must rely on estimates in which a degree of tolerance is appropriate. This standard does not put faculty or others on a specific time-clock but applies a standard of reasonable, allocable effort.

Request for changes should be made on the Effort Certification for ~~any~~ reasonable variances of actual effort expended compared to the percentages listed on the report. After the adjustment to payroll on the appropriate fund source the effort can be certified.

~~2.4.D.~~ Salaries (including additional duty pay and summer support) and any other allowable compensation related benefits, and indirect costs should be charged to sponsored projects by determining that percentage of a faculty member's average work month devoted to a project and charging no more than that percentage to a sponsored project. Charging less than this percentage is allowable if specifically approved by the institution. Salary caps, such as the NIH salary cap, may apply to some individuals. Effort that is committed to a sponsor and not reimbursed should be classified as cost sharing.

### **3.5. Responsibility for Effort Certification Reporting**

~~3.1.A.~~ The Principal Investigator – The PI has responsibility for the fiscal management of a sponsored award including associated effort reporting. Responsibility may be delegated ~~but~~ accountability remains with the PI.

~~3.2.B.~~ Effort Report ~~Signature~~ Signatory Responsibility – The effort report is to be signed electronically or manually by the employee or a responsible official with ~~firsthand~~ knowledge of the work performed by the employee.

~~3.3.C.~~ Research/Grants Accounting and Grants & Contracts departments are responsible for policy administration and monitoring.

#### ~~4.6.~~ **Educating Faculty, Staff, and Students Involved in Effort Reporting**

Deans and department chairs (or their equivalent) will inform their faculty, administrative staff, other professionals and student employees of the University's University and BOR policies and procedures for effort reporting and monitor compliance. Guidelines are available ~~on the BOR web site http://mytraining.sdbor.edu, (internal use only)~~ on the individual institutions website or internal portal.

#### ~~6.~~ **Forms**

~~Effort Certification Forms – The Regents Information System houses the Effort Certification Web Form, which will be implemented in the future. Prior to web implementation, paper forms are used.~~ ~~5.8.~~ **Frequency of Reporting**

Time and effort will be certified monthly which corresponds with the monthly payroll cycle.

#### **FORM/APPENDICES:**

The Regents Information System houses the Effort Certification web form.

#### **SOURCE:**

BOR, August, 2010; June 2011; \_\_\_\_\_.