



WAKE FOREST
UNIVERSITY

Effort Reporting at Wake Forest University

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Effort certification at Wake Forest University

Our commitment

- Wake Forest University (WFU) receives a portion of its funding from sponsored agreements, particularly in the form of contracts and grants with the federal government.
 - As a condition of receiving this funding, WFU is obligated to comply with the federal government's rules, regulations and guidelines applicable to sponsored programs.
 - Wake Forest University is committed to ensuring that:
 - effort expended on sponsored agreements is appropriately documented.
 - salaries and wages charged to sponsored agreements reasonably reflect the effort expended on those agreements.
 - effort is certified by authorized personnel in a timely manner.
 - effort certifications comply with sponsor requirements and federal regulations.
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How is effort certified at WFU?

- Wake Forest University has chosen to utilize Effort Certification Reports to verify to the granting agencies that the effort required as a condition of the award has actually been completed.
 - This after-the-fact system reflects an individual's payroll distribution to various institutional accounts, including sponsored program accounts, and their estimation of actual time spent on activities such as instruction, research, and other functions.
 - It documents the distribution of salaries and wages based on a reasonable estimate, which distinguishes between institutional activities and sponsored activities and reports on an academic period basis.
 - 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.
 - ✓ Significant means a change, or variance, exceeding 5% above or below an individual's total effort.
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Risks of non-compliance

- Over the last few years, the federal government has stepped up their compliance enforcement, including increased scrutiny and audits.
- Non-compliance with the government's effort certification policy could result in unfavorable consequences to Wake Forest University. Examples from other universities include:
 - Northwestern University - \$5.5 million, plus costs, attorneys' fees and disallowances.
 - University of Chicago – paid a combined \$650K to settle charges; University is reported to have paid \$250K, while the PI accused of the impropriety reportedly paid \$400K.

Effort certification basics

Who is required to certify effort?

- At Wake Forest University Reynolda Campus, effort certification is required for faculty, exempt staff, and graduate students who are paid, full or in part, by a sponsored project.
 - ✓ This means that all, or a percentage, of their pay is charged to a restricted grant (RG) account.
 - Certification may also be required for faculty, staff, and students who work on a 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 or a discretionary (D) account.
 - For bi-weekly paid staff and undergraduate students, the effort certification process is completed through timecard submission and approval.
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Who can certify effort reports?

- To comply with federal grants management policies and guidelines, only certain individuals can certify effort reports.
 - At WFU Reynolda Campus, those individuals are 1). the Principal Investigator, 2). the co-Principal Investigator, or 3). other individuals (e.g. department chair) with first-hand knowledge of the work performed.
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How often must effort be certified?

- At WFU Reynolda Campus, staff and graduate students have two reporting periods:
 - **Spring semester:** January – June
 - **Fall semester:** July – December
 - Faculty have three reporting periods - Spring semester, Summer, and Fall semester.
 - ✓ **Summer:** ~May 16 until ~August 15.
 - ✓ Certification of summer effort is required by faculty who are paid summer salary from sponsored project funds.
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Principal Investigator responsibilities

- It is the responsibility of the Principal Investigator to:
 - ensure compliance with effort reporting policies and procedures.
 - ensure appropriateness and accuracy of effort expended on sponsored project(s).
 - know the amount of mandatory cost share required for their grants.
 - certify direct-charged and committed cost-shared effort up to the effort level committed.
 - notify ORSP about significant changes in proposed effort (25% or more).
 - expend effort on project(s).

The Wake Forest University Effort Certification Report

Effort Certification Report source

- Information on the pre-printed Wake Forest University Effort Report is generated in COGNOS and comes directly from the Banner HR system.
- The payroll percentages are based on where your pay is being expensed (ex. your department, a restricted grant number, etc.).

Sample – Wake Forest University Effort Report



WAKE FOREST UNIVERSITY

EFFORT REPORT

Department: 123456 - Chemistry

Reporting Period:
Year: 2009
Identifier: MO - Monthly
Season: SPRING
Monthly: 1 - 6

Last Name, First Name, M: Smith, Jane WFU ID: 40001234

Activities should be reported in percentages. Individual activities must total 100% for all accounts listed below, and be equivalent to the total effort for which you were compensated during the period.

Complete all blank lines, sign and return form.

FUND EARNINGS	1 PAYROLL PERCENT	2 COST SHARING PERCENT	3 CERTIFIED EFFORT
<i>Sponsored Projects</i>			
RG0555 - 702404 - 20015 (NIH 3 (FY 2006) - J Doe)	33.30 % +	_____ % =	_____
<i>Other Funds</i>			
Chemistry - 702404 - 20015 (Unrestricted)	66.70 % -	_____ % =	_____
TOTALS	100.00 %	0%	100%

I certify that this report reasonably reflects, ± 5%, the activities for which I, or an employee for whom I have suitable means of verifying that the work was performed, am/is compensated from the University for the period covered by this report.

Printed name _____

Signature _____ Date _____

Effort Report components

- The top of the WFU Effort Report is divided into 2 main sections.
 - The **top left** section of the report contains the employee's department, name, and ID number.
 - The **top right** section of the report contains information about the reporting period.
- The **middle** section of the report contains details to include:
 - The funds from which the compensation is paid.
 - **(1) Payroll Percent** - The percent(s) of pay expensed to those fund(s).
 - **(2) Cost Sharing Percent** - Any mandatory cost share on sponsored project(s).
 - **(3) Certified Effort** - The total of all effort for each fund from which salary as paid.
- ✓ For more information on the sections listed above, see the following pages.

Fund earnings

Fund categories

- **Fund earnings** are found in the left middle section of the Effort Report.
 - Funding is divided into two categories.
 - Sponsored projects
 - ✓ Sponsored projects are those in which all, or a percentage, of an employee's pay is charged to a restricted grant (RG) account.
 - Other University or departmental funds
 - ✓ This means that all or part of an employee's pay is charged to an unrestricted account or a discretionary (D) account.
-

Sample – Fund earnings

FUND EARNINGS
<i>Sponsored Projects</i>
RG0555 - 702404 - 20015 (NIH 3 (FY 2006) - J Doe)
<i>Other Funds</i>
Chemistry - 702404 - 20015 (Unrestricted)

Effort

Payroll percent

- **Payroll Percent** (effort) is pre-printed in Column 1 of the Effort Report.
 - ✓ This column represents the percent(s) of pay that were expended to the fund(s) shown to the left.

FUND EARNINGS	1 PAYROLL PERCENT
<i>Sponsored Projects</i>	
RG0555 - 702404 - 20015 (NIH 3 (FY 2006) - J Doe)	33.30 %
<i>Other Funds</i>	
Chemistry - 702404 - 20015 (Unrestricted)	66.70 %
TOTALS	100.00 %

What is effort?

- **Effort** is defined as the actual amount of time spent by an individual on a sponsored project.

Calculating effort

- Effort on a sponsored project is expressed as a percentage of an individual's total institutional effort, not hours.
 - ✓ Effort on a sponsored project consists of both paid and unpaid effort.
- **Total institutional effort** is the total amount of time spent on University-compensated activities to include teaching, research, service, and administrative activities, etc.
 - ✓ Total institutional effort must always equal 100% regardless of the number of hours worked.
- An individual's effort on a particular project should be reported as a percentage of his/her total institutional effort during the relevant time frame. This percentage is derived from a fraction where:

$$\frac{\text{researcher's time on the project}}{\text{total institutional effort}}$$

- the numerator represents the researcher's time/effort on the project.
- the denominator encompasses both sponsored and all other activities and "reasonably reflects the activity for which the employee is compensated by the institution" (total institutional effort).
 - ✓ An average 40 hour work week may be a good starting point for most faculty
- Effort shown on the effort certification report must be reported in percentages and all effort must equal 100%.
 - ✓ Payroll percents will be shown to the nearest one hundredth; however, employees are only required to certify effort in whole percents.

Cost sharing

What is cost sharing?

- **Cost Sharing** occurs when the University “shares” a portion of a sponsored project's costs.
 - ✓ Cost sharing can take many forms, including payroll, equipment costs, facilities and administrative costs, etc.
 - ✓ At WFU, these funds come from unrestricted, departmental operation, or discretionary(D) funds
 - For effort reporting purposes, cost sharing is *effort committed in a proposal where all or part of the funding for that effort is not provided by the sponsor*.
 - ✓ In such a case, the percentage of salary charged to a sponsored project (Payroll Percent) is less than the percentage of effort devoted to that project; the difference represents cost sharing.
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Committed cost sharing

- **Mandatory Cost Sharing** is required by the sponsor as a condition of obtaining an award.
 - ✓ Mandatory cost sharing also includes cost sharing on an NIH grant when the salary of a faculty member exceeds the salary cap that NIH has placed on the compensation chargeable in whole or in part to such grant.
 - **Voluntary Committed Cost Sharing** is not required by a sponsor or by the terms of the award, but is nevertheless promised in the proposal or in subsequent communication with the sponsor.
 - Whenever mandatory or voluntary committed cost sharing is proposed, a **Cost Share Request Form** must be completed.
 - ✓ Expenses that represent mandatory and voluntary committed cost sharing must be treated consistently and uniformly, and may be counted only once toward matching requirements.
 - All Mandatory and *approved* Voluntary Committed Cost Sharing must be included in the effort certification report in order to document that the commitment to the sponsor has been satisfied and that the funding of such activity has been properly reflected (i.e., not charged to another sponsored project).
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Uncommitted cost sharing

- **Uncommitted Cost Sharing** is that which is neither required by the sponsor (i.e. mandatory cost sharing) nor committed by the Principal Investigator (i.e. voluntary committed cost sharing), but nevertheless is provided during the course of the sponsored project.
- Uncommitted cost sharing is not separately reportable, nor is it considered cost sharing on the project to which it was devoted.
 - * Including effort for voluntary uncommitted cost share is discouraged. If such effort is included it will be subject to review and approval by the Associate Provost for Research.

Cost sharing percent

Cost sharing percent

Cost Sharing Percent is reported in Column 2 of the Effort Report.

./ Use this column to report mandatory and *approved* voluntary committed cost share on sponsored project(s).

./ **Ibis** column should total zero.

FUND EARNINGS	1 PAYROLL PERCENT	2 COST SHARING PERCENT
<i>Sponsored Projects</i>		
RG0555- 702404- 20015 (NIH 3 (FY 2006)- J Doe)	33.30 o/o +	-----
<i>Other Funds</i>		
Chemistry- 702404-20015 (Unrestricted)	66.70 o/o-	_____
TOTALS	100.00 %	0%

Certified effort

Sample – Certified effort

- **Certified Effort** is reported in Column 3 of the Effort Report.

FUND EARNINGS	1 PAYROLL PERCENT	2 COST SHARING PERCENT	3 CERTIFIED EFFORT
<i>Sponsored Projects</i>			
RG0555 - 702404 - 20015 (NIH 3 (FY 2006) - J Doe)	33.30 % +	_____ % =	_____
<i>Other Funds</i>			
Chemistry - 702404 - 20015 (Unrestricted)	66.70 % -	_____ % =	_____
TOTALS	100.00 %	0%	100%

What is certified effort?

- Certified effort is the **total** of all effort for each fund from which salary as paid.
- Certified effort includes the percent of payroll plus or minus any cost share.
 - ✓ The total of this column should be 100% and should be reported in whole percents.

Preciseness of effort reporting

- Federal grants management policies and guidelines provide for “a degree of tolerance” in the preciseness of effort reporting.
- WFU has defined the preciseness tolerance at +/- 5%.
 - ✓ This means that an individual may certify a level of effort for an award or activity that is within five percentage points of their best estimate of the actual effort expended during the reporting period.
- Wake Forest University employees are responsible for communicating any significant variance in effort (5% or more above or below) to the Office of Research and Sponsored Programs (ORSP) at 758-5888.

Reporting process

General process

- 1 Pre-printed certification reports are delivered to employees approximately two weeks after the end of each reporting period.
 - ✓ Each report is generated from payroll information (BANNER) and is a representation of an individual's activity on a sponsored project.
 - 2 Employees must do the following upon receipt of the certification report:
 - Verify that all of the pre-printed information is correct, including the **Payroll Percents** in column 1.
 - ✓ Employees should request a Cost Transfer if the pre-printed payroll percent(s) do not accurately reflect the employee's payroll percent.
 - ✓ Cost transfers are not needed unless the variance is greater than 5% of the payroll effort.
 - Record mandatory and *approved* voluntary committed cost shared effort (**Cost Sharing Percent**) as applicable in column 2.
 - ✓ The total of column 2 should be 0% as all cost share for sponsored projects should be offset by decreases in effort from unrestricted, departmental operation, or discretionary (D) funds.
 - Total the **Certified Effort** in column 3.
 - ✓ The employee or reviewer should make sure that the total of columns 1 and 3 is 100%.
 - * An employee's effort should never be more than 100% regardless of the number of hours he/she worked.
 - ✓ Effort percentages can be rounded so certification is based on whole percentages.
 - 3 Reports should be signed and returned to The Office of Research and Sponsored Programs (ORSP) by the date requested.
 - ✓ It is imperative that Effort Reports are returned by the requested date to avoid audit findings.
 - ✓ Reports should be signed by the employee and/or the Principal Investigator of the sponsored project(s).
 - * Clerical/administrative staff should not sign effort certification forms.
 - ✓ All signatures must be originals and in ink.
 - * Per signatures and signature stamps are not acceptable.
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Making corrections

- All changes to the certification reports must be made in ink.
 - * The use of white-out is not permitted.
- If changes must be made, reviewers should strike through the incorrect information, write the correct information in ink, and initial the change.

Verification

Assistance ➤ Employees needing assistance in completing Effort Reports are encouraged to contact ORSP at 758.5888.

Verification ➤ To verify that you have reviewed the information provided in this manual, you may do one of the following:

- Sign and date the form below and return it via inter-office mail to
Office of Research and Sponsored Programs
306 Reynolda Hall

OR

- Email Susan Edwards, Office of Research and Sponsored Programs, at edwardss@wfu.edu with a verification statement similar to that below.

Verification form I verify that I have read and understand the content of this manual.
Print Name: _____
Signature _____ Date _____