

Office of Sponsored Programs

Effort Certification Policy

Policy ID: OSP 0005

Date: 08/31/2021

Status: Approved

Policy Type: Public

Issuing Office: Office of Sponsored Programs

Responsible Executive: Provost

Affected Parties: Liberty University faculty and staff receiving external funding in the form of sponsored programs.

Reason for Policy: The Uniform Guidance Subpart E §200.430 contains the federal regulatory requirements for internal controls over certifying time expended on sponsored projects. The University's practice is to utilize an after-the-fact effort reporting system to certify that salaries charged, or cost shared to sponsored awards, are reasonable and consistent with the work performed. The individual's effort is first assigned to specific awards in the payroll system based on anticipated activities. Actual effort expended on each project is certified by a responsible person with suitable means of verification that the work was performed, generally the principal investigator, at the end of the specified reporting periods. The effort certification should be a reasonable estimate of how time was expended. Section §200.430 (c) states, "It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal Awards for IHEs (Institutions of Higher Education) a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected."

Effort Certifications are the primary means for complying with the federal regulations relating to effort certification.

Policy Statement: As a recipient of federal funding, Liberty University is required to comply with the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as well as other federal requirements for certifying effort expended on sponsored awards. Liberty University requires all individuals who receive federally sponsored funding to comply with both University policies and the sponsoring agency regulations regarding the proposing, charging, and reporting of effort on those awards.

University faculty and staff are expected to charge their time to sponsored awards commensurate with the committed effort expended on all activities they perform. Payroll charges to sponsored awards, and cost sharing recorded for faculty and staff, serve as the initial data points for the University's effort reporting.

Procedures:**Who Must Comply**

All individuals involved with the administration and conduct of federally sponsored award activities, including central sponsored program office administrators, administrators at the department level, principal investigators, and other research personnel must comply with this policy.

Adherence to this policy is required for all effort related to federally sponsored awards as well as any non-federal awards, when required by the sponsor.

Proposing Effort and Requesting Salary Support

Levels of effort proposed in any sponsored project application should be consistent with the actual effort that each individual is expected to expend on the project during the relevant project period(s). The amount of salary support requested should normally be determined by multiplying the proposed level of effort by the individual's Institutional Base Salary (IBS). Sponsor supported salary for proposed effort is normally requested in the budget and/or budget justification of the proposal, unless the type of submission/award would preclude such a request.

For proposal purposes, proposed level of effort must be expressed in accordance with sponsor requirements. Some sponsors require that level of effort be proposed in terms of person months (e.g., three person months of a 12-month appointment). Other sponsors expect the proposed level of effort to be expressed in percentage terms (e.g., 25% of total effort). In either case, the requested salary support should normally be determined by multiplying the proposed level of effort by the individual's IBS. For example, if the proposed level of effort is 25% (or three months in a 12-month appointment), and the individual's IBS is \$100,000, normally the requested salary support would be \$25,000 per year.

In some cases, the amount of requested salary support may be less than this amount, such as the NIH Salary Cap. In no event should the requested salary support exceed the amount determined by multiplying the proposed level of effort by IBS.

In general, an individual's IBS includes all amounts paid to the individual by the University as compensation for services rendered. There are certain elements of compensation, however, that are excluded from IBS. Refer to OSP 0001 *Institutional Base Salary Policy* (see also table below).

In general, the following types of pay are included or excluded in IBS:

Included	Excluded
<ul style="list-style-type: none">• Annual Base Salary (contracted or adjunct)• Administrative and Endowed Supplements	<ul style="list-style-type: none">• Overload Compensation• Summer Compensation in excess of contracted teaching load• Bonuses and Awards• Temporary Supplements (Ancillary Work)• Outside Consulting• Dual Employment• Compensation paid from other organizations

Sponsors generally consider estimates of effort (and corresponding salary requests) in project proposals to be commitments if such proposals are subsequently awarded. Principal Investigators and other key personnel for whom such commitments have been made are responsible for ensuring that the commitments are met and, if necessary, sponsor approval is obtained to change the commitment. The effort levels reported in effort statements can be a source of information on that subject, but ultimately the responsibility for meeting the commitments lies with the individual.

Responsibilities

Effort reporting is a federal compliance requirement. There are many individuals involved in this process and each one has a role in ensuring that certifications are accurate and complete.

Principal Investigators (PIs)/Faculty Members

- Understand their own as well as their staff members' (non-faculty salaried and hourly personnel) levels of effort committed, charged, and reported on all applicable awards. All proposed effort on externally funded federal projects must be reviewed and approved by the Department Chair and/or Dean.
- Review, initiate corrections if necessary, and certify their bi-annual Effort Certification(s)
- PIs are encouraged to review salary charges on awards on a routine basis with their department administrator/budget analyst and identify any effort-related changes and communicate with OSP to post corrections if needed
- Recertify and sign if effort changes are made after a statement has been certified

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- Monitor levels of effort committed, charged, and reported on all applicable awards
- Review salary charges on awards
- Communicate significant changes in effort to sponsors
- Maintain the LU OSP Effort Reporting Policy

- Manage the effort reporting system

Accounting Department

- Per the policy, any variances of the time and effort certification that require update will be completed by Accounting.

Completion and Certification of Bi-Annual Effort Certifications

University PIs/Faculty members, other academic appointees, managerial and professional, clerical and technical staff, and other salaried employees who have effort charged to federal awards must certify their effort on a biannual basis, unless sponsor requirements dictate otherwise.

The biannual reporting periods cover activity during the following time periods: January 1 through June 30 and July 1 through December 31. Effort Certifications are sent by the OSP to the PI for review within 30 business days after the end of each reporting period. Once released to the PI, these certifications should be completed and returned to the OSP within 45 business days.

For personnel that are paid hourly, including undergraduate and graduate students, and some LU staff, the payroll timesheet will serve as the effort certification.

Faculty members are required to sign their own certifications, with limited exceptions. Other academic appointees (e.g. visiting faculty, lecturers, and adjuncts) and all non-faculty salaried employees, will need to be certified by the PI or Project Director of the award associated with their effort. The certifier is attesting that he/she has *sufficient technical knowledge and/or is in a position that provides for suitable means of verification that the work was performed.*

PIs/faculty members are required to review their certifications, and all associated certifications on their award(s), and determine whether the percentages reasonably reflect the committed effort expended and the work performed on each sponsored award and the aggregate effort associated with “all other activities” displayed on the certification.

Variances of up to and including 5% of total salary, for each award listed, are allowable and do not require an adjustment or recertification. Variances over 5% for each award should be corrected, in compliance with OSP 0004 *Cost Transfer Policy*, prior to final approval of the certification.

Variances of up to and including 3% of the individual’s total salary, for each award listed, are allowable and do not require an adjustment or recertification. (For example: a certification with a charge to an award for 40% of an individual’s time in that semester can be approved provided the actual effort is between 37% - 43%, +/- 3%). Variances over 3% should be corrected, in compliance with OSP 0004 *Cost Transfer Policy*, prior to final approval of the certification.

Sanctions: Failure to adhere to this policy may result in disciplinary action.

Sponsored agreements funded with public money (federal, state and local government awards; subcontracts under government prime grants and contracts) are subject to full review of all project activity (program and financial) by auditors. All project activities must comply with sponsor terms and conditions and with all applicable University regulations.

Exclusions: None

Review Cycle: Every two years or as needed. All OSP policies will be reviewed by the OSP Policy Committee, a cross-section of LU faculty and staff, in coordination with the Executive Director of the Office of Sponsored Programs, for recommended revisions. The Provost will approve all OSP policies.

Glossary of Terms:

Certification – The assertion by a PI/faculty that the salaries charged to sponsored projects as direct charges or cost sharing reasonably reflect the effort expended and work performed during the period of work performed/reporting period.

Certification Period - The 45 business day time interval for PIs to certify semester effort or that of the individuals who work on their awards.

Committed Effort – Amount or percentage of time an individual has communicated to the sponsor that he/she will work on a specific sponsored project over a specified period of time. Commitments are made in the award proposal and may be documented by the sponsor in award documents. Changes to committed effort may require sponsor approval.

Cost Sharing – Any project costs that are not borne by the sponsor. Cost sharing of effort is the provision of faculty and/or staff time and related fringe benefits that were committed and provided in support of a project but are paid for by other sources of funding. Cost-shared effort in excess of the commitment made in the proposal does not have to be identified or certified (see OSP 0006 *Cost Sharing Policy*).

Effort Reporting - The mechanism used to provide assurance to federal or other external sponsors that salaries charged or cost shared to sponsored awards are reasonable in relation to the work performed.

Faculty Institutional Base Salary (IBS) – Annual compensation paid by the University for an employee's appointment (10, 11 or 12 months), whether that individual's time is spent on research, teaching, or other activities. IBS does not include bonuses, ancillary work, one-time payments, or incentive

pay. Additionally, IBS does not include payments from other organizations or income that individuals are permitted to earn outside of their University responsibilities, such as consulting. IBS must be used as the base salary on all grant proposals unless there is a statutory limit on compensation (e.g. NIH cap).

Key Personnel – (NIH definition) The program director/principal investigator and other individuals who contribute to the scientific development or execution of a project in a substantive, measurable way, whether or not they request salaries or compensation.

Period of Work Performed (PWP) - The semester during which an employee performs the effort. The period of work performed for project certifications are by semester: Fall Semester, Spring Semester, and Summer Semester (which is defined by the LU Residential University Calendar). The period of work performed includes salary journals that are posted outside the semester but relate to time and effort expended during the semester. The period of work performed may also be referred to as the reporting period.

PI/Faculty Effort – The proportion of time spent by an academic appointee on any University activity, expressed as a percentage of time. 100% effort is the total time spent on University work within the scope of the faculty/staff member's academic appointment period (10, 11 or 12 months), regardless of how many or how few hours an individual worked in the reporting period. The total effort reported for a PI/faculty member will always equal 100%, even if he/she is less than 1.0 FTE. Total academic period effort includes sponsored projects and non-sponsored activities that are funded by the University, including work performed outside of normal work hours and work performed off-campus. Adjunct faculty must consult with their direct supervisor when proposing effort on a federally funded project.

Supplemental/Summer Salary - Faculty summer wages should reflect work directly related to a sponsored agreement and ongoing-university responsibilities, such as working with students, attending or presenting at academic professional conferences, preparing courses or new sponsored proposals or vacations. It should be **very uncommon** that 100% of summer pay for a teaching and research faculty member be charged to a sponsored project. Salary charges to sponsored projects during part or all of the prior academic year will allow the appropriate mixture of institutional and sponsored funding during the summer. Salary charges should match subsequent certification of effort.

No more than 90% of effort should be expended during the faculty members contracted summer period. For example, faculty compensated for 10 or 11-month appointments are permitted to earn up to an additional 1.8 months – for 10 month appointments, or .9 month – for 11 month appointments, of supplemental/summer paid compensation on one or more sponsored program

activities; subject to school and sponsor policies and the appropriate levels of approval.

Voluntary Uncommitted Cost Sharing (VUCS) – University faculty effort that is over and above that which is committed and budgeted for in a sponsored agreement. This differs from mandatory or voluntary committed cost sharing which is cost sharing specifically pledged in the proposal's budget or award. Effort relating to VUCS does not need to be charged to federal awards or be certified.