

UNIVERSITY OF PITTSBURGH POLICY 11-01-07

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SECTION: Research
SUBJECT: Sponsored Projects – Effort Reporting/Certification
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I. PURPOSE

To establish responsibility for effective effort reporting and certification in compliance with federal Office of Management and Budget (OMB) Circular A-21. Compliance with this policy will ensure that effort certifications completed in connection with the University's sponsored projects are performed timely, accurately reflect the level of effort expended on each sponsored project, and comply with federal requirements.

Failure to comply with the requirements of OMB Circular A-21 could result in financial penalties, expenditure disallowances, and damage to the University's reputation as a leading research institution. All faculty and staff involved in the allocation of salaries and wages to sponsored projects, managing sponsored projects, or completing/certifying effort statements are responsible for understanding the principles of accurate and timely effort reporting. Adherence to all provisions of this policy by all individuals with sponsored project responsibility is expected.

II. SCOPE

This document sets forth the University's policy on effort reporting and certification of salary charges to sponsored projects administered by the University. It applies to all employees whose salaries are charged, in whole or in part, directly or indirectly, to sponsored projects and to all employees involved in certifying the effort of these individuals. This policy is supported by the University's Effort Reporting Procedures document which provides detailed information on the use of the University's effort reporting system and necessary compliance requirements.

III. DEFINITIONS

Effort – The time spent on any activity by an individual, expressed as a percentage of the individual's total University effort. Total University effort for each individual is 100% regardless of the number of hours worked per week or the percentage Full Time Equivalent (FTE) of their appointment.

Effort Reporting – The process by which the University documents the effort expended on sponsored projects, consistent with OMB Circular A-21 requirements for confirming salary and fringe benefits charges to sponsored projects. Effort for sponsored project activity is recorded in proportion to the individual's other activities such as teaching, administration, public service, etc., with each activity expressed as a percentage of the individual's total University activities. The sum of an individual's effort percentages must be 100%. Salary charges are distributed according to these effort percentages. Periodic certification of effort percentages is required.

Certification of Effort Statements – A signed affirmation certifying that salary charges to sponsored projects, based on the effort percentages reported, are reasonable in relation to work performed. Signature must be that of the employee, Principal Investigator (PI), or responsible official using suitable means of verification. Knowingly signing an inaccurate effort statement, unauthorized delegation of certification responsibilities, or use of another's University ID and password to electronically certify are serious violations of University policy as well as violations of applicable laws and regulations.

Institutional Base Salary (IBS) – Represents the compensation of an individual for his/her University effort. Generally, this will be the academic contract salary plus any administrative supplements. See the definition below for activities included in total University effort.

Period of Performance – The four-month academic period during which effort is expended on the activities comprising an individual's University appointment.

Salaried Personnel Activity Report (SPAR) – The University of Pittsburgh system for recording professional effort and distributing salary charges based on an individual's documentation of work activities expressed as a percentage of total University effort.

Total University Effort – Represents the professional activity for which an individual is compensated by the University. Total University effort for each individual is 100% regardless of the number of hours worked per week, the percentage FTE of their appointment, or the duration of employment during the period of performance. Effort is distinct from employment. Dual employment between the University and any affiliated entity does not result in the inclusion of affiliate effort in total University effort. The effort percentages are used to distribute an individual's University salary to the specified activities and, therefore, do not include effort on activities paid by other entities. The Institutional Base Salary is the compensation for the activities listed below as included in total University effort.

Activities included in total University effort:

- Externally sponsored research - includes activities such as delivering special lectures about specific aspects of the ongoing sponsored project, writing reports

and articles, participating in appropriate seminars, and attending meetings and conferences.

- Departmental/University research - includes uncompensated participation in study sections, peer review of manuscripts, or unfunded effort on externally sponsored research.
- Instruction/University supported academic effort - includes presentations to students/trainee groups and mentoring trainees (unless specifically part of a sponsored project which would be classified in the externally sponsored research category above).
- Administrative effort – includes administrative activities (e.g., Department Chair, Program Director, service on institutional committees, department activities, faculty advisory boards, etc.)
- Effort expended on preparing proposals for new or competitive segments of sponsored projects.
- Volunteer community service activities in support of the University's missions.

Activities outside of total University effort:

- Consulting and other outside compensated professional work including service on Scientific Advisory Boards or similar boards.
- Special University activities resulting in payment of a supplemental, one-time extra compensation including overload, faculty consulting, academic incentive payments, or research incentive payments.
- Volunteer community service unrelated to the University of Pittsburgh.
- Other activities over and above or separate from assigned responsibilities in the primary position, including serving as a primary editor of a journal.
- Clinical service effort including activities for the University of Pittsburgh Physicians (UPP) and other affiliated hospitals, including participation in resident training.
- Veterans Administration Hospital compensated activities documented in a Memorandum of Understanding (MOU).

IV. POLICY

In accordance with OMB Circular A-21, the University of Pittsburgh requires the periodic confirmation of the distribution of salaries to sponsored project accounts. Salary charges for professorial and professional staff are based on individual planned work activity, updated to reflect significant changes in work distribution. Categories of work activity (i.e. sponsored research, teaching, administration, public service, etc.) are expressed as percentages of total University activities for which the individual is compensated. The total sum of an individual's effort percentages must be 100% regardless of the total number of hours worked during the period of performance. Note the following examples:

- A faculty member works an average of 50 hours per week during the period of performance. Of that time, an average of 10 hours per week is devoted to a particular sponsored project. The correct effort percentage for that project is 20% (10 project hours/50 total University hours).

- A faculty member has a .5 FTE appointment, works an average of 25 hours per week and devotes an average of 15 hours per week to a specific sponsored project. The correct effort percentage for that project is 60% (15 hours on the project/25 total University hours). The percentage FTE of an appointment is not considered in the effort calculation because effort is the relationship of an activity to the total University work performed by an individual. The total body of work performed by an individual will serve as the basis for salary distribution of that individual's pay; whether it is a full-time salary or something less, the salary is allocated on the percentage of effort for each activity.

OMB Circular A-21 requires periodic certification of effort statements by the employee, PI, or responsible official using suitable means of verification that the work was performed, stating that salaries charged to sponsored agreements are reasonable in relation to work performed. First-hand knowledge of the volume and nature of the technical work performed is the preferred criteria. 'Other suitable means' requires documentation of the employee's or PI's authorization.

Establishment of Salaries on Sponsored Project Accounts – Salary distribution consistent with employee effort should be allocated to sponsored project accounts and other University accounts in relation to employee activities (i.e. sponsored research, teaching, administration, public service). This distribution is based on each individual's SPAR data presented as a percentage of planned University effort. The SPAR must reflect effort expended on all activities for which the individual receives compensation from the University. Total effort on the SPAR cannot be more or less than 100%. It is each faculty member's responsibility to be aware of his/her level of effort on sponsored projects and all other University obligations and to communicate any significant change (5% or more) in this distribution of effort to the respective business office. The Principal Investigator on an award, or in very limited cases, his/her designee, is ultimately responsible for ensuring the reasonableness of effort distributions for all individuals working on his/her grants. Effort allocations must be reviewed and updated as appropriate in a timely manner to ensure that percentages on the SPAR are reflective of actual effort expended. The SPAR system is designed to distribute salaries based on work performed, in accordance with OMB Circular A-21, and is not to be manipulated to facilitate budget practices.

Principal Investigator Commitment of Effort – Consistent with federal regulations, all faculty members listed as the PI on a sponsored project must contribute some level of effort to that project to provide necessary supervision/administration, regardless of the availability of sponsor salary reimbursement. The amount of effort should reflect the time necessary to oversee all aspects of the work, including fulfilling the duties of a PI as set forth in University Policy Number 11-01-02, Rights, Roles and Responsibilities of Sponsored Research Investigators. PIs may not record zero percent effort on a project. Any actual effort recognized in excess of sponsor salary reimbursement must be cost shared by the department.

Summer Effort Reporting for Less Than Annual Faculty – Faculty with 8-, 9-, or 10-month academic appointments who receive summer salary will continue to report effort on sponsored projects and institutional activities in percentages relative to their actual work loads. During summer months for which summer salary is received, effort spent teaching, writing competitive proposals, attending departmental meetings, advising students, serving on committees,

participating in professional development, or any other activities not directly related to a sponsored project must be reported as institutional effort. Departmental salary budget savings from the recognition of sponsored project activities during the academic year will be made available to fund summer institutional effort for faculty performing summer sponsored research. Faculty members will need to coordinate the timing of sponsored project activity with their respective business office.

100% Research Activity – Effort statements indicating 100% activity associated with sponsored projects will be subjected to additional administrative review. Federal auditors have historically disallowed a portion of this effort, ruling that a portion of the individual's time was spent on institutional activities. Faculty who have 100% sponsored project effort will be required to complete a justification questionnaire in support of this position. Upon completion of the questionnaire, if it is determined that some institutional effort is warranted, the faculty member should contact the respective business office to re-distribute effort. Personnel whose work activities include preparation and submission of grant proposals (other than training awards that expressly contemplate such activities), teaching, serving on committees, attending departmental meetings, advising students, or any other activity not directly related to a sponsored project cannot report 100% effort on sponsored projects.

Paid Leave, Unpaid Leave and Extended Leave - Paid leave (such as vacation time and sick leave) for eligible faculty, where eligibility is defined by the Faculty Handbook, may be charged to sponsored projects as part of the normal charge for salaries and wages. If an eligible individual is expending effort on multiple sponsored projects at the time of the leave, the charges to the sponsored projects should be consistent with the usual salary charges in keeping with the University of Pittsburgh effort reporting policy.

Unpaid leave is excluded from total University effort.

Extended leave, including sabbaticals, may have an impact on a key person's ability to meet his/her effort commitment to a sponsored project and, therefore, should be considered when determining effort distribution. Typically, if the extended leave lasts for 90 days or more the sponsor must approve the extended leave in advance for effort to be charged to a sponsored project. Where the research involves human subject or animal research, or where the leave will take place in a foreign location, the University may not permit the investigator to continue to work on the grant for compliance reasons. If, as the result of extended leave, a key person reduces the time that he/she expends on the project by 25 percent or more of the original commitment, prior approval from the sponsor is typically required.

Institutional Stance on Cost Sharing – The University of Pittsburgh does not typically propose/commit cost share on a voluntary basis, consistent with its objective of maximizing sponsor cost reimbursement to support the continued growth of the research enterprise. A voluntary cost sharing commitment regarding effort should be made only where the competitive forces and perceived institutional benefit of receiving the award are deemed to be sufficiently strong to warrant the financial obligation. The signature of the Department Chair, Director, and/or Dean on a proposal indicates approval of the voluntary cost share commitment. Where a sponsor expressly limits the amount of salary reimbursement that may be charged to a grant, effort reported must reflect actual effort expended on the project with any shortfall in salary reimbursement recorded as institutional cost share.

Certification of Effort Statements – All employees who receive salary support from federally sponsored projects, or who expend committed effort on a federal sponsored project without receiving salary support from the sponsor, must certify effort in accordance with this policy. The University requires effort statements to be certified three times per year. The periods of performance are as follows:

Period of Performance
 September 1 – December 31
 January 1 – April 30
 May 1 – August 31

The PIs are responsible for certifying effort statements for himself/herself and all employees working on his/her sponsored projects within a certification window of 45 calendar days beginning approximately four weeks after the financial close of the period of performance. The actual dates for the PI certification window will be included in the correspondence to each PI indicating that the effort statements are available for review and certification. Any delay in the pre-certification review by the departmental Effort Coordinator will reduce the certification window available to the PI by the number of days delayed. Effort statements must be electronically signed by the employee, PI, or responsible official using suitable means of verification stating that salaries charged to sponsored agreements are reasonable in relation to work performed. Suitable means of verification would include first-hand knowledge of the volume and nature of the technical work performed, a hard copy of an employee’s effort statement signed by the PI or other documentation from the PI that supports the effort percentages on the statement.

<u>Certification Period</u>	<u>Number of Days</u>
Financial Closing of Period of Performance	5-7
Pre-review by Effort Coordinators	28-30
PI Certification Window	45
CFO Follow Up	<u>7-9</u>
Total	90

The Chief Financial Officer (CFO) or his designee will follow up with Department Chairs, Directors, and/or Deans having outstanding certifications on sponsored projects in their respective areas after the end of the PI certification window to facilitate completion. All effort statements must be certified within 90 days of the close of the period of performance. Following the close of the 90-day certification period, salary and fringe benefit costs associated with uncertified effort may be removed from sponsored projects and charged to the unit (Department, Center, or Institute) responsible for the sponsored project.

Salary Reallocations and Re-certification of Effort – In accordance with OMB Circular A-21, reallocations of salary charges to sponsored projects are allowable if the expenditure is incurred in the advancement of the work for that particular project and meets all other criteria for allowable costs. Cost reallocations from one sponsored project to another to clear overdrafts or to consume unused budgets are not allowable under any circumstances.

Level reports should be reviewed monthly to identify and correct any erroneous charges to sponsored projects. OMB Circular A-21 provides that, "Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term, such as an academic period." Based on this federal guidance, corrections to effort distributions may be performed within 90 days from the end of the period of performance (academic period). Care should be taken to delay PI certification of any effort statement for which a salary reallocation is pending, however, salary reallocations should be made prior to the end of the 45-day PI certification window to allow for timely certification of effort. For instances of extenuating circumstances, additional time will be allowed to make a salary reallocation and to certify within the 90-day certification period following the end of the period of performance.

For example, during the 90-day certification period for the January - April period of performance, it is discovered that a salary reallocation needs to be made to a faculty member's SPAR to properly reflect effort and the related salary distribution over the academic period. This salary reallocation may affect any month in the period of performance when processed within the 90-day certification window, ending July 31 in this case, provided that the statement has not been recertified.

If a sponsored project ends within a period of performance, any salary reallocations should be made within 90 days of the project end date to facilitate submission of financial, performance and other final reporting as required by the sponsor.

Exceptions for Salary Reallocation Beyond 90 Days of the End of the Period of Performance - Any salary reallocation beyond 90 days from the end of the period of performance must be requested in writing and include a complete explanation of how the error occurred, the reason the transfer is late, a certification of the propriety of the charge to the sponsored project, and the plan to prevent similar issues in the future. Supporting documentation is required for all such requests.

A request for reallocation beyond 90 days will be denied unless it meets one of the exceptions below:

1. Removal from a sponsored project of an inappropriate or expressly unallowable charge regardless of lapsed time.
2. Removal of charges disallowed by audit or sponsor.
3. Reallocation affects only some combination of master and sub-accounts within the same award year and billing ID with all accounts involved open and active.
4. Early account number request was not approved. Evidence is required that early account request had been submitted.
5. Adjustments necessary on training awards to align payments to trainees with federally mandated stipend rates.
6. Reallocation affects only some combination of non-research accounts and does not cross fiscal years if entity 02 (operating).

If the reallocation affects salaries previously certified, one recertification is allowed within the 90-day certification period. If the reallocation request exceeds the certification period or affects salaries previously recertified, the reallocation will need to be approved by the CFO or his

designee before the reallocation/recertification can occur. A request of this nature must be accompanied by detailed explanation of the need for reallocation and recertification, approved by the PI and Chair/Director. Only in the most compelling of circumstances will such a request be approved, unless the reallocation benefits the sponsor.

Responsibility for Compliance Oversight – The CFO (or his designee), in consultation with the Provost, Senior Vice Chancellor for Health Sciences, University Counsel, Internal Audit and/or Vice Provost for Research, will provide continuing oversight for compliance with all federal financial regulations and guidelines related to sponsored project administration.

The Department Chairs/Directors and/or Deans are expected to monitor the progress of effort certification and intervene when necessary to facilitate completion. Notification will be sent to Chairs/Directors and/or Deans as the end of the certification period approaches indicating those effort statements not yet certified. The Chairs/Directors and Deans are responsible to ensure that all PIs within their area are in compliance with the various aspects of this policy including effort planning, reporting and certification.

The PI is responsible to plan the effort of himself/herself and those individuals working on his/her sponsored projects, monitor the accuracy of those effort estimates, notify the department business officer of significant changes to effort percentages, and certify the effort based on first-hand knowledge of the volume and nature of the technical work performed.

Sanctions for Non-Compliance – Failure to follow the provisions of this effort reporting policy may subject the person(s) responsible for the violation(s) to administrative/disciplinary actions up to and including termination from employment.

Mandatory Training – All faculty and staff who work on sponsored research projects will be required to participate in on-going systems and compliance training as deemed necessary by University administration. Failure to complete mandatory training may result in revocation of signature authority and/or suspension from participation in sponsored projects.

V. REFERENCES

OMB Circular A-21, Section J-10

NIH Grants Policy Statement

Policy 11-01-02, Rights, Roles and Responsibilities of Sponsored Research Investigators