

EFFORT CERTIFICATION POLICY

Policy Statement

Consistent with Office of Management and Budget (OMB) Uniform Guidance, 2 CFR Part 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, §200.430, Compensation-personal services, and §200.303, Internal controls, Smith College maintains an accurate payroll distribution system allowing for periodic certification of effort devoted to specific activities. This policy will facilitate compliance with the College's requirements by describing the "after-the-fact confirmation" method, defining authorized certifiers of effort, and describing other important requirements.

The College must exercise due diligence in the review of periodic effort reports to ensure reasonableness in charging salary/wage costs to external sponsors, and to document salaries that are being used to meet cost sharing requirements, and it has implemented a system to accumulate and document personal service costs (i.e., salaries) charged to sponsored programs. The system is designed to ensure that the commitments indicated in a proposal and resulting award are met and are in compliance with federal requirements. It is implemented through effort reports for each person whose salary is charged to a sponsored program and/or cost sharing account during a given reporting period.

The certification is required to confirm that all activities, e.g., research, instruction, etc. (sponsored and non-sponsored) are reported correctly, and that the distribution of effort shown on the certification report reflects a reasonable estimate of the percentage of total effort that was spent on each activity.

In considering effort certifications for sponsored activities, if the payroll percentage on the effort report reasonably reflects one's effort within a tolerable variance threshold (plus or minus 5%), then the amount may be confirmed as a reasonable estimate.

After-the-Fact Reporting

Smith College employs an "after-the-fact" effort reporting system for exempt individuals that provides the principal means for certifying that the salaries charged or contributed to sponsored projects reasonably reflect the actual amount of effort expended on a project. If significant (>5%) differences between the charges and actual distribution, the charges will be promptly adjusted to reflect actual activity. Non-exempt individuals certify effort each time they sign their weekly timesheet.

Maximum and Minimum Effort

Most faculty are unable to devote 100% of their time to sponsored activities due to other responsibilities that include teaching, administrative work, competitive proposal writing, and service. Accordingly, unless the circumstances of a particular faculty member demonstrably warrant otherwise, the total effort and salary of a faculty member should normally not be 100% supported by sponsored projects in a given effort period. Such circumstances might include being on sabbatical, leave of absence, or having relief



from teaching and other responsibilities. Salary support for time spent on non-sponsored activities must not be charged to sponsored funding sources.

PIs cannot certify 0% effort on a sponsored project during the entire grant funding period. They must certify at least 1% effort on an effort statement during any one of the effort periods to accurately reflect their leadership of the project, unless specifically exempted by the sponsor. Such exemptions may include equipment and instrumentation grants, dissertation and training grants and limited purpose grants such as travel grants and conference support.

Institutional Base Salary (IBS)

IBS is defined as the annual compensation paid by Smith College for an individual's appointment (academic or calendar year), whether that individual's time is spent on research, instruction, service, administration, or other activities. IBS does not include bonuses, fringe benefits, or one-time payments. Also excluded from IBS is salary paid directly by another organization and income that an individual is permitted to earn outside of their College responsibilities, such as consulting.

It is important to note that Institutional Base Salary:

- May not be increased as a result of replacing or augmenting College salary funds with sponsor projects funds;
- Is established by the College annually regardless of the source of funds;
- Also excludes stipends, honoraria, and extra compensation, such as faculty housing allowance, and tuition reimbursements.

Salary Cap

Certain sponsors impose a limit or “cap” on the annual rate of pay that may be charged. Using the IBS for the academic year, the difference between the effort expended on the sponsored program and the sponsor salary cap is accounted for and included in the organized research base.

Cost Sharing

Faculty and staff members who have expended effort on a sponsored project, but whose salary has not been directly charged to a sponsored account must identify the percent of effort involved and document such effort on the effort report. This is considered “Cost Sharing” and must be identified for inclusion in the calculation of the research base from which the facilities and administration rate is developed.

- **Mandatory** – Required by the sponsor as a condition of obtaining the award.
- **Voluntary Committed** – Resources, whether personnel or otherwise, offered by Smith in a proposal budget that are not a specific sponsor requirement. When cost-sharing is included in a proposal budget and the project is awarded by the sponsor, the cost-sharing becomes “Committed” and, therefore, a contractual obligation.

For both Mandatory and Voluntary Committed Cost Sharing, the Cost Sharing is a binding commitment that must be provided and tracked in a consistent manner in accordance with this policy.

Voluntary Uncommitted Cost Sharing refers to costs neither required by the sponsor nor included in the project budget. Voluntary uncommitted cost sharing does not need to be tracked or reported and is not covered by this policy.

Certifying Effort Reports / Approvals

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The effort report must be certified by the employee, principal investigator or responsible official(s) using suitable means of verification that the work was performed. In cases where a portion of the work was performed in more than one department, the home department is responsible for certifying the report.

The certification is required to confirm that all activities (sponsored and non-sponsored) are reported correctly, and that the distribution of effort shown on the certification report reflects a reasonable estimate of the percentage of total effort that was spent on each activity.

Time and effort reports should include only activities included in the Institutional Base Salary. External consulting or other outside professional activities should not be considered when assessing an individual's total effort.

The effort percentages must be based on total effort, not hours and must total 100% effort for the reporting period. Even where the number of hours of effort the individual expends each week substantially differs from the normal work-week of 40 hours, effort percentages are based on total effort, not hours.

Non-exempt individuals, including students, working on sponsored projects certify effort each time they submit the bi-weekly timesheet, which is then approval by the principal investigator or designee.

Effort Reporting Cycle

Employee Effort Certification Reports are required for three reporting periods annually. Effort certification report requests will be distributed to all applicable employees approximately 30 days from the close of a reporting period. Completed reports must be submitted to the Controller's Office (College Hall 204) no later than the 30 days after the distribution of the effort certification report request. The reporting periods and approximate submittal deadlines are provided as follows:

- Fall (September 1 – December 31)
- Spring (January 1 – May 31)
- Summer (June 1 – August 31)

Changes to Effort Certification

Actual effort should be closely monitored throughout the life cycle of each award and significant changes to planned effort distributions should be made as soon as they become known. A 5% or greater change in effort of an employee's total effort is considered a significant change that must be adjusted. If the effort percentage reflected on the certification is not a reasonable estimate of the employee's effort, a retroactive change to the labor distribution percentage should be submitted and attached to the effort



report in order to effect the change in effort. When submitting a retroactive change for a prior reporting period, a corrected time and effort report for the period in which the correction is being made is required.

Retroactive changes must be completed as soon as possible, however, not more than 90 days after the general ledger report is distributed showing the incorrect salary charge.

Other Items of Note

- When a PI is absent in excess of 90 days from his/her project, approval must be obtained from the sponsoring agency.
- Changes in effort of greater than 25% require approval from the Provost/Dean's Office and/or the Sponsoring Agency as appropriate. Such a large change may indicate a change in project scope or commitment.

For further information, contact Grants Administration at (413) 585-2218 or email at grants@smith.edu