



Definition of Effort Reporting

Effort is an employee's total activity within his or her college appointment and includes all research, teaching, and administrative duties. Effort is comprised of a percentage of all the elements for which an employee is compensated by Salisbury University (SU). Effort is expressed in percentage terms that must equal 100%. It is not based on a 40-hour week or a full time equivalent (FTE). Effort reporting is the documentation of that effort by the employee and the subsequent certification of that effort by written signature from that employee or a person having direct knowledge of the work.

Federal Guidelines

Office of Management and Budget (OMB) Guidelines

Per OMB 2 CFR Chapter I, Chapter II, Part 200, et al., *Effort Reporting provides the necessary documentation to certify and substantiate direct labor charges on federally sponsored activities. Certification of that effort must take place after-the-fact; meaning after the actual work has been completed.* The established Standards for Documentation of Personnel Expenses indicate that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of *internal control* which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the institution;
- Reasonably reflect the total activity for which the employee is compensated by the institution.
- It is recognized that, in an academic setting, teaching, service, and administration are often inextricably intermingled. A precise assessment of factors that contribute to cost is not always feasible, nor is it expected. Reliance is therefore placed on estimates in which a degree of tolerance is appropriate.
- Institutional policies and procedures are required based on the following standards:
 - A system of allocating salaries must be based on effort that is *incorporated into the official records of the institution.*
 - The system must reasonably reflect the activity of the employee.
 - Reporting may be initially based on estimates, but *significant changes must be identified* and entered into the system.
 - The system must have an *after-the-fact review and confirmation* by a responsible person with suitable means of verification that the work was performed.

Salisbury Policy

It is the policy of Salisbury University to comply with all applicable federal guidelines. The distribution of salaries and wages of professorial and professional staff applicable to Federally sponsored agreements shall be based on budgeted, planned, or assigned work activity and updated to reflect any significant (>20%) changes in work distribution. Incidental work (that in excess of normal for the individual), for which supplemental compensation is paid by SU under SU's policy may not be included in the institutional base salary and considered in SU's Compensation Certification system.

The Principal Investigator (PI)'s and/or the Compensation Certifier's role

All Principal Investigators (PIs) in receipt of external federal funding, regardless of whether he or she agrees philosophically with this policy, agree to adhere to the SU procedures below.

- The Principal Investigator (PI) or Project Director (PD) is responsible and accountable for compliance with all federal regulations associated with sponsored projects awarded under his or her supervision. **Documentation of Personnel Expenses is a compliance requirement of accepting federal awards.**
- The individual signing a Certification Report confirms that the percentage distribution of activity on the report is a reasonable estimate of the work performed by the listed employee for the documented period.
- SU Policy requires that **the person who certifies compensation have first-hand knowledge** of the employee's activities. This requirement is met by requiring that the employee sign his or her own certification, except in pre-approved and clearly documented circumstances that warrant a departure from standard procedure, e.g. the individual is on a leave of absence.
- Any request for retroactive adjustment requires a justification that clearly sets forth why the previous effort was erroneously certified, and why the requested change is more appropriate within the context of law or federal requirement. **Retroactive adjustments must occur within 90 days** of recording the expenditure for which reclassification is requested.

The Office of Sponsored Programs' (OSP) role

Compliance with the regulations regarding Compensation Certification provides the necessary documentation to certify and substantiate direct labor charges to all federally sponsored activities. The SU Office of Sponsored Programs (OSP) provides support to faculty in maintaining compliance with this policy.

- The Office of Sponsored Programs will distribute Compensation Certification Forms to individuals at least annually and will collect the certifications in a reasonable time frame.
- Sometimes there are legitimate reasons to modify the effort on a project subsequent to certification. These modifications are referred to as retroactive adjustments. Legitimate reasons **do not include** manipulating funds for budget purposes or to charge one grant or contract to cover work activity actually expended for another project or work-related duty. SU's OSP will assist the PI in deciding whether any adjustment they may have is justifiable or not.

Compensation Certification Procedure

All faculty and staff at Salisbury University (SU) whose salary charge in whole or in part is supported by federally sponsored external funding, must complete and submit effort certification reports. This includes individuals paid directly from any federally sponsored project or individuals paid directly from any other SU funds and who provide some effort on sponsored projects for which the effort is re-distributed to a federally sponsored project and/or accounted for as cost-share.

Compensation certification reports will be distributed on an annual basis. The reporting period will be from July 1 to June 30 to coincide with Salisbury University's fiscal year.

1. Compensation certification reports are distributed by the Office of Sponsored Programs (OSP). The report will detail the university accounting for which each employee has been paid on a federally sponsored project.
2. The report must be certified by an individual who has first-hand knowledge of the employee's total effort. If at all possible, the named employee will complete and certify the effort report. If the individual is not available, the departmental chairperson, the principal investigator, the dean, or another responsible person having direct knowledge of the employee's effort will certify the report. (Note: **per signatures or rubber stamps signatures will not be accepted**).
3. Time sheets for student employees supported on federal sponsored projects will serve as the certification.
4. The signed and completed Compensation Certification must be returned to the Office of Sponsored Programs (OSP) within 60 days of receipt.