Effort Planning and Confirmation

2011

Division of Financial Affairs
What is “Effort Certification”

- OMB Circular A-21 (section J.10.b.(1)(e) requires “at least annually a statement will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements … or other categories are reasonable in relation to work performed.”

- Data must “be incorporated into the official records of the institution.”

- Cornell University policy 3.11, modified in 2009, implements A-21 and other federal and grant requirements.
Why the continued focus on effort?

- Effort is 80% of the cost of sponsored research.
  - Only 61% here, but still almost $200M (FY08)
- Ranked as #1 risk to Cornell by the Risk Council
- Among the top issues for federal auditors
  - “Our review disclosed that Cornell generally has a well established and sound Federal grants management system. Our review of 30 sampled employees found no specific misstatements of effort, but the University allowed labor costs charged to NSF awards be certified by employees without first hand knowledge or a suitable means of verification. Specifically, our audit found the labor costs for 8 of the 30 sampled employees, representing 19 percent of the salaries reviewed, were inadequately certified.”

Risks of Non-Compliance

- Severe penalties or funding disallowances could result from inaccurate, incomplete, or untimely effort reporting.
- Cornell or PI could be put on probationary, debarred, or special status which could affect future funding
- Could require more stringent reporting requirements
- Could lose expanded authority status
Frequently raised concerns

- Everyone:
  - Certification must represent actual effort, not budgeted effort.
  - Breaks in certification
  - Total commitment
  - All of a person’s compensated activities, including teaching, committee memberships, administrative duties, etc. cannot exceed 100% and must be factored into the overall allocation of time.
  - Individuals must know the project on which they are working and from what funds they are paid.
More Concerns

• Faculty and/or Principal Investigators:
  – Summer salary. Only for project work during summer.
  – Institutional roles, proposal preparation, are not grant costs!
  – Over commitment
    • Has a person promised more than 100% to sponsors
  – Sponsor commitments
    • Are commitments being met?
    • Reduction of PI effort by greater than 25% (i.e. from 50% to 37.5%) requires sponsor approval.

• Graduate students and postdocs
  – Must be monitored just like other staff, despite independence.
  – Only stipend payments to GRAs are reflected on form.
    • Tuition should follow same distribution.
Ongoing Monitoring

• Entire process should be addressed by documented ongoing monitoring, followed by documented year-end verification.
• An ADAF must be submitted in a timely manner when it is recognized that effort component changes more than ± 10%.
  – Changes the payroll distribution and modifies the “plan.”
  – Per A-21: “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.
• Units need to coordinate with other units when:
  – Distributions cross unit lines and involve multiple supervisors
  – Individuals have multiple positions (will generate multiple certifications)
Notes:
(1) For each account and for each period involved, provide a total amount to move.
(2) If additional space is necessary, attach a comparable worksheet.
(3) Attach supporting documentation of prior period charges from ADW Labor Reports. On the report(s), highlight all charges to be moved.

**PART V**
Preparation, Authorization, and Explanation

Preparer’s Full Name: ___________________________ Phone: ___________________________ E-mail: ___________________________

Approver’s Signature(s)*: ___________________________ Date Signed: ___________________________

*Approver is a person with account signature authority. For FND 471, FND 45X, & FNC 43X, signature of the approver also indicates agreement that:

"By signing above, I am indicating that any wage adjustments are appropriate to the account to which they will be charged, and that I have used suitable means of verification to ensure that they are an accurate representation of the effort performed. For sponsored funds, Principal Investigator approval has been obtained for this change. Prospective changes represent a formal alteration of the "Plan" portion of the Plan Confirmation Process."

Reason for “retro”: (required for sponsored activity and all requests over 90 days)
Special situations

• NIH salary cap
  – Affects anyone paid all or in part on NIH funds, with FY11 pay rate greater than $149,775 (9 mo) or $199,700 (12 mo)
  – Creates a cost sharing requirement that must be recorded via an in-base linked cost sharing account.
  – An issue for both academic year and summer payments.
• NSF Limits
  – Normally only two months per fiscal year professorial support from all NSF awards combined, including subawards, unless stated in award documents.
• Obtain certification by departing faculty prior to departure
Cornell Process

• Plan Confirmation Process utilized
  – Only for those individuals charged to sponsored activities, federal appropriations, cost sharing, or organized research accounts (temps and students who use time cards are excluded).
  – Plan based on current year actual or CPBS data.
  – June report contains YTD FY11 salaries and wages from all sources for those individuals requiring certification.

• Only Cornell-compensated activities are included.
  – Some types of supplemental compensation for incidental work, or other types of taxable reimbursements, may be excluded.
What is being certified?

- Effort is the total time spent conducting university business irrespective of normal work schedules.
- Certification must incorporate activity on all sponsored projects and all institutional activity stated as a percentage.
- Reports are based on 100% effort, not hours, weeks or other method.
  - Whether an individual works 20 or 60 hours a week, the total effort reported for that individual is 100%.
What is being certified?

• Was the personal compensation allocable to the account charged?
• Was it in proportion to the effort provided?
• Is it in the right cost base?
• Is cost shared effort documented?
  – For faculty and senior researchers only mandatory and voluntary committed cost sharing should be recorded. Voluntary uncommitted effort for faculty and senior researchers may remain in the instruction base in accordance with the January 2001 A-21 clarification.
What needs to be done first?

- Units should be reviewing effort throughout the year.
  - Reports are produced monthly via the Hyperion Brio Portal.
  - Contact Cost Analysis if you are having trouble accessing the reports. Contact brio-hyperion-admin-supp@cornell.edu if you are having problems with Brio.
- ADAFs must be prepared and received by Payroll no later than June 20, 2011 for any changes that need to be reflected in the final reports, or for future distribution.
  - Note: changes are subject to the recently revised Policy 3.20, Cost Transfers on Sponsored Projects.
Who should sign?

- Cornell permits certification by individuals, principal investigators, departmental administrators or, per A-21, anyone having “suitable means of verification that the work was performed.”
- “Verification” must be obtained and documented when using anything other than individual certification.
- Person who signs, and the principal investigator, are ultimately responsible for expenses on sponsored projects.
- Regardless of who signs, the Principal Investigator must be aware of, and understand, the effort certification process.
Certifying Signature

- The signer must understand what they are signing and “know” the effort.
- If the individual is not signing their own effort report, the signer must be as close as possible to the work performed (e.g. Direct Supervisor).
- Business managers cannot sign for entire department unless they have used ‘suitable means’.
- The signer is taking responsibility for certifying that the information is correct on the report.
Suitable Means – Definition

- The process through which one receives assurance that effort was provided as stated so that an effort certification may be approved by an individual not having firsthand knowledge. Suitable means of verification requires the documented review by an individual, such as the PI, project manager, supervisor, or an employee who has firsthand knowledge that the work was performed.
Suitable Means – What Does it Mean?

- PI sub-certifications
- Interviewing and **documenting** conversations with PI’s or other staff regarding effort on their awards
- Review of time cards (throughout the year) including technicians, student employees, and others
- Project effort recording system maintained by unit

- All documentation must be retained by unit, and is subject to audit.
Suitable Means – What It Doesn’t Mean?

• “Negative confirmation”
  – “PI always tells us if there is a problem.”
• Certified individuals because that is how they were appointed
  – Must review actual charges not commitments
• Certification based on allocation of academic appointment
• Review of labor distribution reports
How to do the certification?

- Units should await notification from Cost and Capital Assets that the final reports are available and correct.
- Reports should be generated and reviewed as soon as they are available.
- Units must print and return one of the three reports.
  - Please choose one report to return
  - Return entire unit’s certification together
  - Return in page number order
  - Reports with filters will not be accepted.
How to do the certification?

• Make changes to plan and actual data as necessary.
• (Note: Most changes should have been made in the prior month from the May reports)
• ADAF changes must be updated on the report (both % and salary distribution)
• Signed final certifications, along with ADAFs for changes made, must be submitted no later than July 31st.
• DFA must notify appropriate officers (i.e. unit heads, college business officer) when certifications are delinquent.
Method used must be noted on group certification form.
References

• Hyperion Brio Portal
  – https://brio.cit.cornell.edu/Brio/browse/Main

• Annual Certification Process
  – http://www.dfa.cornell.edu/dfa/accounting/topics/costanalysis/effort.cfm

• Policy 3.11, Effort Planning and Confirmation
  – http://www.dfa.cornell.edu/dfa/treasurer/policyoffice/policies/volumes/finance/effort.cfm

• OMB Circular A-21
Assistance

- uco-cost-mailbox@cornell.edu
- Nancy Abbott, Manager, Cost and Capital Assets, nja3@cornell.edu, 5-9368
- Debbie Littlejohn, Cost Analyst, Cost and Capital Assets. djl258@cornell.edu, 5-9402
You may need to change your password, but you can use your current password if it meets the requirements.
Use “CTRL” and arrow keys to select more than one college.

Use “CTRL” or “All” button to select more than one Department.
## Individual Plan Confirmation

### Contract College Plan Confirmation Individual Report 02-2008

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**Name:** Soup Campbells  
**Position Code:** 9127580108

**Planned Commitment:** 12,345.67  
**Job Title:** Professor

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- BROWN, B  
- CAMPBELLS, S  
- CAMPBELLS, S

**Cost Shrub:**  
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### Academic Year Distribution

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**PI:** CAMPBELLS, S  
**Seq #: 001015**

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#### Faculty Summer Salary

**Due to funding restraints from federal and other sponsored agencies, we are required to certify that the accounting of our effort is correct and appropriate.**

**This certification is a plan continuation process. We need to ensure that the distribution of effort by academic functions for the current fiscal year and planned for the upcoming fiscal year is as accurate as possible on an actual basis.**

**For guidance, a research assistant jobs, the above represents a skeleton period of the appointments. Later, the effort distribution in the upcoming year will be reported to payroll on the Account Distribution Adjustment Form. Material changes to sponsored awards should also be reported to OSP, or determine if the sponsor should be notified.**

**Signed:**  
**Date:**

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