



THE GEORGE  
WASHINGTON  
UNIVERSITY  
WASHINGTON DC

**Responsible University Official:**  
Director, Grants and Contracts  
Accounting Services (GCAS)  
**Responsible Office:** Grants and  
Contracts Accounting Services  
**Origination Date:** July 1, 2002

## EFFORT CERTIFICATION POLICY

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### Policy Statement

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The University will maintain an effort reporting system and obtain effort certification from employees in compliance with federal regulation.

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### Reason for Policy/Purpose

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Personnel costs typically represent the single largest expense charged to federally sponsored awards. Accordingly, the government requires that institutions receiving federal funds for sponsored agreements maintain an effort certification process that complies with the requirements set forth in Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions. This statement establishes the University's policy for obtaining effort certifications for employees whose salaries are paid under sponsored research agreements.

#### *Federal Requirements*

The University receives federal funding on sponsored research agreements and is required to comply with OMB Circular A-21. The Circular requires that the University have a system in place for certifying salaries and wages associated with federally sponsored agreements. The Circular stipulates that the certification reports should reasonably reflect effort allocated to the activities for which the employee is compensated and that they are to be signed by the employee and the principal investigator or other responsible official using suitable means of verification that the work was performed. Section J.10 of OMB Circular A-21 addresses effort reporting requirements and can be found at:

[http://www.whitehouse.gov/omb/circulars/a021/a21\\_2004.pdf](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.pdf)

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## Who Needs to Know This Policy

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Employees who are compensated in whole or in part by sponsored research funds or who are involved with the administration of sponsored agreements should be familiar with this policy. This includes central and departmental sponsored project administrators, deans, chairs, principal investigators and other sponsored research personnel.

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## Policy/Procedures

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### Explanation of University Compensated Effort

University compensated effort includes research, teaching, administration, clinical activity and any other activity for which an individual receives compensation of salary, wages, supplementary salaries and overloads (but not bonuses) from the University. Any effort expended for sources providing compensation other than the University, such as outside consulting fees, is excluded from total compensation for effort reporting. University compensated effort must be reasonable, allowable and allocable to the sponsored research in order to be properly charged and certified to the sponsored program. For example, it is generally inappropriate to charge or certify costs to a sponsored agreement for time spent preparing a proposal for an unrelated or competing award because such costs may not be allocable to the sponsored agreement.

### Calculation of the Effort Percentage

The effort certification report accounts for 100% of all effort for which the University compensates the individual. Even where the number of hours of effort the individual expends each week substantially differs from the “normal” workweek of 40 hours, effort percentages are based on total effort, not hours.

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For example, consider an individual working an average of 50 hours per week with effort divided equally among four tasks: teaching, conducting research on each of two grants (A and B), and chair/committee responsibilities. This individual's effort would be represented:

- 25% effort Teaching
- 25% effort Grant A
- 25% effort Grant B
- 25% effort Chair/Committee

If the individual worked an average of 30 hours per week and the same four tasks were equally distributed, the effort would be calculated as follows:

- 25% effort Teaching
- 25% effort Grant A
- 25% effort Grant B
- 25% effort Chair/Committee

In both examples, the percentage of effort is the same because the percentage of effort is based on the effort worked on each task divided by the total effort worked, not the number of hours worked.

### **Frequency of Certification**

GW has two effort reporting periods: January 1<sup>st</sup> to June 30<sup>th</sup> and July 1<sup>st</sup> to December 31<sup>st</sup>. Approximately 60 days after each effort reporting period, the University will generate effort certification reports which are to be completed and returned within the defined deadline.

### **Distribution of the Certifications**

The effort certification reports are organized by department and circulated to the department chairs for further distribution. The department packet contains each individual employee's effort certification reports sorted by Principal Investigator.

### **Who Should Sign the Certification Report?**

OMB Circular A-21, Section J.10 requires that the certification report be signed by "the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed."

Effort certification reports are signed by the employee and the principal investigator or other responsible official 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.

Signing the report confirms that effort, as certified, reasonably represents the effort expended during the period. The report must be completed and returned within the defined deadline.

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### **Corrections 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. If, at the end of a certification period, the effort percentage reflected on the certification is not a reasonable estimate of the employee's effort, the percentage should be crossed out in ink with the correct percentage written in the margin. A Change in Status (CIS) form should be submitted with a corrected certification report. In accordance with the Cost Transfers on Sponsored Agreements Policy, correcting forms should be completed, signed by the appropriate academic department personnel and sent to the Office of Research Services (ORS) for processing and approval. ORS reviews each cost transfer to ensure that the transfers and related explanations meet the budget, allowability and allocability requirements of OMB Circular A-21.

### **Retroactive Payroll Transfers**

Special consideration must be given to the timeliness of payroll cost transfers in relation to effort certification. University policy requires that the payroll distribution match the effort percentages certified on the effort certification report. Payroll cost transfers, accompanied by appropriate explanations, are strongly encouraged prior to the certification of effort. In the rare instance, should it be deemed necessary to process a payroll cost transfer to correct a report that has already been certified, the request must include a written justification. It should be submitted within 180 days of the period being certified and it must be approved and signed by the University Comptroller. Once the cost transfer has been processed, a new effort certification report is produced for the required signatures.

### **Cost Sharing**

Cost sharing describes the portion of the cost of a sponsored project that is borne by the University rather than by the external sponsor. One example of cost sharing is where some or all of an individual's effort is expended on a specific sponsored project, as a requirement of the award, but not funded by the external sponsor. Another example would be where a portion of the compensation for an individual's effort exceeds a salary cap imposed by the sponsor, such as the National Institute of Health. The effort not paid for by the sponsor should be reported as cost sharing. It appears on the effort certification report as an alphanumeric award number beginning with "IXXS." Any cost sharing time should be reviewed for accuracy as part of the review of the overall effort identified in the certification report.

For questions on cost sharing, see the GW Policy [Cost Sharing on Sponsored Agreements](#) or contact ORS for additional information.

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## Website Address for this Policy

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[GW University Policies](#)

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## Contacts

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Any questions or discrepancies should be directed to the Director of Grants and Contracts Accounting at 202-944-7700.

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## Related Information

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[OMB Circular A-21](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.pdf) [http://www.whitehouse.gov/omb/circulars/a021/a21\\_2004.pdf](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.pdf)

[Cost Transfers on Sponsored Agreements](#)

[Cost Sharing on Sponsored Agreements](#)

[Research Grants and Contracts Definition](#)

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## Who Approved This Policy

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Dennis H. Blumer, Vice President and General Counsel

Louis H. Katz, Executive Vice President & Treasurer

Donald R. Lehman, Executive Vice President for Academic Affairs

John F. Williams, Provost, Vice President for Health Affairs

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## History/Revision Dates

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**Origination Date:** July 1, 2002

**Last Amended Date:** January 31, 2006

**Next Review Date:** January 31, 2008