

Section:	II.3.65	
Title:	Effort Verification Operating Policy	
Effective Date:	August 1, 2021	
Approved By:	Office of Academic Affairs and the Treasurer	
Responsible Unit:	Finance & Business Services – Post-Award Grants, Office of the Treasurer – (609) 771-2186	
Related Documents:	<ul style="list-style-type: none"> • Compensation Operating Policy • Cost Sharing Operating Policy • Cost Transfer Operating Policy 	
History:		
<u>Version</u> -	<u>Date</u>	<u>Notes</u>
2.0	August 1, 2021	Revised
1.0	June 22, 2015	New Policy; initial release

I. INTRODUCTION

This operating policy outlines the process by which effort is tracked and documented on sponsored projects.

II. DEFINITIONS

Effort: The proportion of an individual’s time spent on any activity expressed as a percentage of the total professional activity for which an individual is compensated by TCNJ, based on a reasonable estimate of time spent on institutional activities. An individual’s effort is not based on a 40- hour work week, and an individual’s total institutional effort must equal 100 percent.

Effort Verification: The process of confirming an individual’s allocation of time to various sponsored projects and other activities and substantiating the level of compensation received therefrom. The process is also a means of ensuring that salary charges are justified, and that faculty members and/or staff are devoting the effort that was committed in the proposal and agreed upon at the time of the award. The process includes procedures used to document and verify payroll supported by the award or cost shared by the College in support of a particular project.

III. POLICY OVERVIEW

It is the policy of The College of New Jersey (TCNJ or the College) to charge compensation paid to all individuals, faculty, and staff who are working on sponsored projects in proportion to their estimated / planned effort

commitments. Such compensation charges are then verified after-the-fact in accordance with the Office of Management & Budget (OMB) Code of Federal Regulations *Part 200 — Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (“Uniform Guidance”), State of New Jersey regulations, sponsor policies, and award terms and conditions. This operating policy ensures that the College’s effort verification system effectively and accurately verifies that salaries charged, or costs shared, to sponsored awards are reasonable and consistent with the work performed and are in compliance with federal requirements.

Reason for Policy

As a recipient of federal and state funding, TCNJ is required to propose, charge, and verify effort and compensation related to sponsored projects in a manner compliant with federal regulations. Failure to adhere to federal regulations set forth in the OMB Uniform Guidance, other federal funding regulations, and the provisions of this Operating Policy may result in the College’s sponsors, or other government agencies, disallowing costs or imposing other sanctions.

Institutional disallowances can result if:

- The College’s records do not encompass all of the activities for which an employee is compensated by the College (i.e., do not reflect 100% of the employee’s institutional base salary as defined by the *Compensation Operating Policy*)
- The levels of effort reported do not appear reasonable, given the responsibilities of the individual.
- The effort report is found to be falsified or missing.
- Charged payroll is not reasonably in line with verified effort.

Proposing Effort and Requesting Salary Support:

Levels of effort proposed in any sponsored project proposal must be consistent with the actual effort that each individual is expected to expend on the project during the relevant project period(s).

The requested salary support is normally determined by multiplying the proposed level of effort by the individual’s Institutional Base Salary (refer to the OGSR’s Sponsored Project Compensation Policy for additional detail). In no case should the requested salary support exceed the amount determined by multiplying the proposed level of effort by the Institutional Base Salary. In certain circumstances where cost share is being proposed, the College may elect to request salary support that is less than that for the proposed level of effort

(refer to the OGSR's Sponsored Project Cost Share Policy for additional detail).

Sponsors generally consider levels of effort (and corresponding salary requests) in project proposals to be commitments if such proposals are subsequently awarded. Principal Investigators and/or other key personnel for whom such effort commitments have been made are responsible for ensuring that the commitments are met during the period of performance.

If a new award increases a given PI's level committed effort to greater than 100 percent of institutional activities (across all awarded projects), the investigator must coordinate with OGSR to revise (in consultation with the sponsor) the level of effort committed, reduce effort on other activities, or decline the new award.

Payroll on Sponsored Project Accounts:

In accordance with TCNJ's Sponsored Project Compensation Policy, an employee's effort is assigned to specific awards based on anticipated activities (estimated effort). Compensation on sponsored awards must follow an individual's appointment. Charges must be based on a rate not in excess of an individual's Institutional Base Salary and be in accordance with applicable governing authoritative guidance, including sponsor requirements and institutional policy.

It is each PI's responsibility to be aware of his/her level of effort (as well as that of other project staff) and corresponding compensation, and to communicate on a timely basis any changes in estimated effort to Finance and Business Services – Post-Award Grants for review and budget adjustments, as appropriate.

Each faculty member's academic year salary is charged to his/her department and release time is charged to sponsored projects through a journal entry initiated by the completion of the Effort Verification Form (EVF). Faculty summer salaries supported by sponsored projects must be charged directly to the sponsored project using the Supplemental Payroll Authorization Form (see Compensation Policy).

Staff salaries are allocated to sponsored and non-sponsored activities based on the estimated percentage of effort dedicated to each activity, making up 100 percent of an employee's institutionally compensated activities. This allocation is documented on the Authorization for Employment Form (AFE Form). If there are changes to the estimated effort for an employee or changes in the chartfields to be used to allocate payroll charges, a revised AFE Form must be submitted as soon as the need for the change is known.

Changes to Effort Commitments:

Committed effort is the amount of effort proposed in a sponsored project application that is accepted by a sponsor, regardless of whether salary support is requested for the effort.

Typically, the PI and other key personnel named in the award document may not reduce their effort on sponsored programs by more than 25 percent of the amount committed (or be absent from the project for more than three months out of any one continuous 12-month period) without notifying and requesting approval from the sponsor. Some sponsors/awards may not allow any reductions in effort from the committed levels.

The PIs and project support staff must periodically review the status of verified effort against commitments; when responsibilities change significantly, they must determine if a formal adjustment is necessary and proactively coordinate with the OGSR to communicate to the sponsor. If effort commitments are adjusted, the corresponding compensation should also be reviewed and updated as effort may not be less than or more than the percentage of salary charged in a given effort verification period.

Effort Verification Process

TCNJ's effort verification process is necessary to meet the requirements of Uniform Guidance §200.430(i) Standards for Documentation of Personnel Expenses. Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. Hourly employees meet the requirements of this section by completing timesheets that detail hours by activity. For salaried employees and faculty who work on sponsored projects, TCNJ's verification of effort (and payroll charges) is documented through the periodic preparation and review of EVFs.

The College has two required certification periods: July 1 – December 31 and January 1 – June 30. Finance & Business Services – Post-Award Grants generates the EVFs for each certification period based on the AFE Forms and actual payroll distributions. The EVFs are distributed to the respective Principal Investigators/departments for completion, review and signature within 30 days after the end of the certification period. EVFs may be completed more frequently, if needed and at the discretion of the PI/department, to provide more accurate reporting to the sponsor.

EVFs must be completed and signed by the individual contributing the effort, and by the individual's supervisor (for staff, this is generally the PI, and for PIs, this is generally the Dean of the School). If an employee has worked on projects under multiple PIs, each PI is responsible for verifying only the effort of each such employee on his/her own sponsored project. The affected PIs are responsible for coordinating with each other, as necessary, to confirm effort across their individual projects.

EVFs must be completed based on reasonable estimates of actual effort performed, not based on payroll distributions. Effort verified must total 100

percent regardless of the number of hours worked or the appointment status of the individual, and must include all College compensated activities (e.g., sponsored projects, cost sharing, and institutional activities such as administration or instruction). Claiming 100 percent or near 100 percent sponsored project effort is not realistic for TCNJ faculty members with significant non-research obligations to the College (e.g., administrative or teaching).

EVFs must be reviewed and certified by the employee and PI/supervisor and returned to the Finance & Business Services – Post-Award Grants within 30 days of distribution.

Salary Redistributions

EVFs are returned to the Finance & Business Services – Post-Award Grants are reviewed for completeness and to identify any circumstances requiring adjustment of compensation for conformance with verified effort. A labor cost transfer is required for any variance between charged payroll and verified effort to appropriately reflect time spent working on sponsored award. During review by Finance & Business Services – Post-Award Grants, such labor cost transfers are identified, calculated, and processed in coordination with the PI and/or administrative support staff within 90 days following the month-end of the original transaction.

Verification of Modified Effort Certification

Modifications to previously verified effort should be rare; however, they may be necessary in certain circumstances. If a labor cost transfer is submitted to Finance & Business Services – Post-Award Grants that has an impact upon a sponsored project and time period for which effort has already been verified, the transfer request must include a justification specifically addressing the reason for the effort variance. In addition, transfers affecting previously verified effort must be reviewed and approved by the PI and Finance & Business Services – Post-Award Grants before they can be processed. In limited circumstances, Finance and Business Services – Post-Award Grants can determine if re-verification is not required due to minimal variance in effort from a central monitoring perspective.

If approved, Finance & Business Services – Post-Award Grants will process the transfer and generate an updated EVF which must be completed, signed, and approved within 30 calendar days after distribution.

In cases where the transfer is disapproved and the requested transfer identified involves a sponsored project credit, the sponsored award will still be credited, and the PI/department must identify a non-sponsored source of funds to cover the debit.

Sanctions for Non-Compliance

If Finance & Business Services – Post-Award Grants does not receive completed EVFs within the defined 30-day timeframe, the Finance & Business Services – Post-Award Grants will contact the PI to inquire about status and emphasize the importance of timely verification. If the completed EVFs have not been received within 60 days after the report distribution Finance & Business Services – Post-Award Grants will escalate the outstanding EVF to the PI and Dean for issue resolution.

If EVFs are not completed and returned in a timely manner, Finance & Business Services – Post-Award Grants reserves the right to move salary costs charged to a sponsored project that are not verified to a PI/departmental budget, e.g., an enterprise budget. Finance & Business Services – Post-Award Grants will inform the PI/department if such action is necessary.

Procedure

I. PROCEDURE OVERVIEW

- PI proposes effort on sponsored project applications and requests salary consistent with the estimated effort to be dedicated to the project.
- PI requests that labor distributions be established to reflect estimated sponsored project effort for non-faculty employees using the Authorization for Employment Form.
- PI monitors effort commitments across all sponsored and non-sponsored activities and coordinates with OGSR to request a change in committed effort, as necessary.
- Finance & Business Services – Post-Award Grants generates and distributes EVFs to the PIs/departments within 30 days after the end of the certification period.
- PIs and staff charged to sponsored projects complete their EVFs, indicating actual effort based on the time spent on various institutional activities during the effort verification period and sign the Forms.
- Principal Investigators or relevant supervisors review make adjustments as needed and sign the EVFs for their staff based on their assessment of actual time spent on various activities during the effort verification period.
- PIs/departments return completed EVFs to Finance & Business Services – Post-Award Grants within 30 days of their distribution. If completed EVFs are not received within the 30-day timeframe, the matter is escalated, accordingly, by Finance & Business Services – Post-Award Grants.
- Finance & Business Services – Post-Award Grants reviews completed EVFs, identifies when labor cost transfers are required, and processes all associated required transactions. If cost transfers are submitted that affect previously verified effort, Finance & Business Services – Post-Award Grants identifies these transfers, obtains the necessary justifications and supporting documents, escalates the review accordingly, and processes all necessary adjustments.

II. ROLES AND RESPONSIBILITIES

Principal Investigators – Responsible for:

- Providing reasonable estimates of effort to carry out the aims of the proposals.
- Meeting commitments to sponsor regarding effort and cost sharing.
- Complying with sponsor requirements regarding reduction in effort
- Requesting that labor distributions be set up consistent with effort estimates and submitting revised Authorization for Employment Forms when there are changes to estimated effort or the projects to which labor distributions should be charged.
- Being aware of their own level of effort, as well as their staff members' levels of effort, committed, charged, and reported on all sponsored projects.
- Verifying their own individual effort and reviewing the EVFs of their staff members for reasonableness and accuracy.
- Returning completed EVFs to Finance & Business Services – Post-Award Grants within 30 days of distribution.
- Communicating significant effort changes to the project administrative support staff, Finance & Business Services – Post-Award Grants, and the sponsor.
- Providing justification and supporting documentation if effort changes are made following prior verification.

Project Administrative Support Staff – Responsible for:

- Assisting PIs in providing reasonable estimates of effort to carry out the aims of the proposals and fulfill other College obligations.
- Assisting PIs with monitoring effort commitments, salary charges, and cost sharing on all applicable awards.
- Assisting PIs with requesting that labor distributions be established consistent with effort estimates.
- Assisting PIs with returning completed EVFs to Finance & Business Services – Post-Award Grants within 30 days of distribution.

Staff Working on Sponsored Projects – Responsible for:

- Verifying their own individual effort and signing off on the EVF.

Department Chair/Dean – Responsible for:

- Reviewing and signing PI EVFs indicating approval of reasonableness and accuracy.
- Reviewing and approving justifications for modifications to previously verified effort.

Office of Grants and Sponsored Research – Responsible for:

- Ensuring that proposed effort and salary requests submitted to sponsors are reviewed in accordance with the requirements of this policy and of the sponsor.
- Reviewing and facilitating requests, as necessary, for adjustments of effort as required by sponsor terms and conditions.

Finance & Business Services – Post-Award Grants, Office of the Treasurer – Responsible for:

- Reviewing and approving Authorization for Employment Forms.
- Generating and distributing EVFs to PIs/departments.
- Ensuring that completed EVFs are collected within 30 days of distribution and, if not collected, escalating the matter in accordance with this policy.
- Contacting Departments/Principal Investigators that have outstanding EVFs.
- Identifying the need for cost transfers resulting from verified effort and processing the cost transfers according to standard process.
- Reviewing and approving justifications for modifications to previously verified effort.

Human Resources – Responsible for:

- Processing Authorization for Employment Forms accurately and timely to ensure labor distributions are consistent with the allocations on the AFE Form.