
Subject: Effort Certification

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1. Purpose

The university receives significant funding for sponsored projects from federal and state agencies, private foundations, organizations, and industry. Proper effort certification verifies these funds are properly expended for salaries and wages of faculty, staff, and students who work on these projects. The effort certification reports (Personnel Activity Reports) are distributed to four personnel groups, faculty and professional staff, graduate students, extension personnel and non-professional staff.

The Personnel Activity Report documents the allocation of departmental funds between direct activities (such as Instruction, Organized Research, Public Service, Agriculture Experiment Station and Other Activity) and indirect activities (Departmental Administration). This information is a vital component of the university’s facilities and administrative cost proposal submitted periodically to the university’s cognizant audit agency.

2. Policy

The university requires effort certification for faculty, staff and students funded by projects sponsored through federal and state agencies, private foundations, organizations, and industry. In addition, university funding of faculty, staff or student effort committed to a project as cost sharing is included in the effort certification process as well as all other university funds. Certification is documented on the individual’s Personnel Activity Report (PAR).

PARs are issued to faculty, extension personnel, professional staff and graduate students each semester. Other university personnel required to certify direct effort receive a PAR on a monthly basis. Each college, department or organizational unit is responsible for ensuring PARs are completed and submitted in a timely manner as described in the procedures section below. The certifications are required by federal regulations contained in Office of Management & Budget Circular A-21, “Cost Principles for Educational Institutions”.

3. Procedures

3.1 General Procedures

The Controller’s Office will produce the Personnel Activity Reports based on payroll data for the reporting period. An initial review of the data will be conducted to ensure the PARs program correctly extracted the data from the payroll system. The reports are then forwarded to the Office of Sponsored Programs (OSP). OSP will mail the PAR documents, receive the completed PAR documents and enter the certification data into the report tracking system. The original PAR documents will be maintained by the Office of Sponsored Programs.

The PARs will be completed using the instructions accompanying the reports. A copy of these instructions and other relevant information can be accessed from the Office of Sponsored Program’s web site or the Controller’s Office web site. Signing the certification statement confirms the distribution of activity and represents a reasonable estimate of the effort expended by the employee during the reporting period. Certification statements must be completed by the employee, principal investigator, or responsible official, using suitable means of verification that the work was performed.

3.2 Personnel Activity Report Schedule

3.2.1 Semester, Extension and Graduate Student PARs

The Personnel Activity Reports will be issued on or about the first working day of the second month following the end of the reporting period or approximately 45 days after the end of the reporting period (each semester). (This waiting period is needed to ensure that the majority of retroactive funding transfers can be processed before PARs are issued.) The certified PAR will be due to the Office of Sponsored Programs no later than 40 days following its issuance. This would normally make the PARs due on or before the tenth day of the month following its date of issuance. This establishes the PAR completion date for reporting purposes.

Any change in the funding distribution for the current reporting period, subsequent to the initial PAR issuance, or funding changes to the preceding two reporting periods will generate a new PAR document (Retro-PAR). The Retro-PARs will be issued approximately 5 days following the original completion date established in preceding paragraph. The Retro-PAR must be certified and returned to the Office of Sponsored Programs no later than 25 days after its issuance.

The Controller’s Office, in conjunction with the Office of Sponsored Programs (OSP), will issue a Non-Compliance Report fifteen days following the completion of the Retro-PAR cycle described above. A summary Non-Compliance Report will be sent to Senior Management with the number of uncertified PARs in each department in the senior manager’s area. Detail Non-Compliance Reports will be sent to department heads showing individual faculty and staff who have uncertified PARs.

Illustrative Semester, Extension and Graduate Students PAR Schedule (actual dates may vary due to holidays, weekends, or other contingencies)

Semester	Regular Issued	Due to OSP	Retro Issued	Due to OSP	Non-Compliance Report
Fall	February 1	March 10	March 15	April 10	April 25
Spring	July 1	August 10	August 15	September 10	September 25
Summer	October 1	November 10	November 15	December 10	January 5

3.2.2 Monthly PARS

The monthly Personnel Activity Reports will be issued on or about the first working day of the second month following the end of the reporting period or approximately 35 days after the end of the reporting period (each month). The certified PAR will be due to the Office of Sponsored Programs no later than 40 days following its issuance. This establishes the PAR completion date for reporting purposes.

4. Responsibilities

4.1 Vice Presidents, Deans, Department Heads and Directors

Establish effective processes and controls to ensure compliance with this policy. Assign an administrator/responsible person to oversee the effort certification process.

4.2 Controller's Office

Capture data from payroll records to be used in the printing of the certification forms. Review output to verify accuracy of the data extraction process. Generate and distribute the Non-Compliance Reports. Maintain and update the software and reporting systems as changes occur in certification requirements, to enhance the efficiency of the system or to keep up with advances in technology. Assist in the training effort conducted to enhance the PAR certification process.

4.3 Sponsored Programs

Develop and implement effort certification process to meet requirements set forth in OMB Circular A-21, "Cost Principles for Educational Institutions".

Develop and provide appropriate training and instruction, in conjunction with the Controller's Office, to employees involved in the effort certification process. Distribute PARs to individuals, departments, and/or organizational units. Enter completed PARs into tracking system on a timely basis to ensure the accuracy of Non-Compliance Reports.

Monitor the effort certification process to ensure compliance with this policy. Effectively communicate with departments, organizations and respective colleges in regards to the collection of certified PARs. Report questionable practices and recurring problems to the provost, deans, departments heads, and/or the Internal Audit Office, as the circumstance dictates.

4.4 Principal Investigator, Employee or Responsible Official

Confirm accuracy of all effort (and funding) recorded on the Personnel Activity Report.

If effort allocation is not correct, initiate the necessary payroll forms (P-10 or S-3 forms) to change the payroll funding distribution aligning the amounts paid with the effort expended. **Sign the PAR in the appropriate block certifying the action taken to correct the funding distribution.**

If the effort allocation is correct, sign the PAR confirming the distribution of activity is correct.

Return all signed/certified PARs to the Office of Sponsored Programs by the appropriate due date.

5. Definitions

Direct Activity:

Instruction – Activity devoted to teaching and training activities whether they are offered for credits toward a degree or certificate or on a noncredit basis, and whether they are offered through regular academic departments or separate departments providing continuing education programs. Included in this category is departmental research and sponsored training.

Departmental Research – Research and development activities that are not separately budgeted and accounted for and have an absence of formal protocols.

Sponsored Training – Instructional or training activities established by a grant, contract or corporate agreement.

Organized Research – Research and development activities of the institution that are separately budgeted and accounted for by the University. This category is further subdivided into Sponsored Research and University Research as defined below.

Sponsored Research – All research and development activities that are sponsored by Federal and non-Federal agencies and organizations, excluding Agriculture Experiment Station research. This includes activities involving the training of individuals in research techniques (commonly called research training) where such activities share the same facilities as other research and development activities and where such activities are not included in the instruction function.

University Research - All research and development activities that are separately budgeted by the institution under an internal application of institutional funds, excluding Agriculture Experiment Station research.

Other Sponsored Activities (Public Service/Outreach) – Activity devoted to programs financed by federal and non-federal agencies which involve the performance of work other than sponsored research, sponsored training, instruction, agriculture experiment station, and department research (i.e., cooperative extension program, health service projects, community service programs, data base construction and data collection, data dissemination or education of the community on issues for public interest, etc.).

Agriculture Experiment Station – All core research activities coordinated through the Virginia Agriculture Experiment Station, to include USDA formula-funded programs and matching state-appropriated funds. Agriculture Experiment Station programs include funds provided under the Hatch Formula, McIntire-Stennis, Title V of the Rural Development Act, and Section 1433 of Public Law 95-113-Animal Health. This includes activities performed at the Agriculture Research and Extension Centers (ARECS) located throughout the Commonwealth.

Other Institutional Activities (Other Activity) – Activities of residence halls, the operation of student housing, dining halls, hospitals, clinics, student unions, intercollegiate athletics, chapels, public museums, and other similar auxiliary enterprises and ancillary enterprises. Also included in this category are costs that are “unallowable” to sponsored agreements, such as fund raising or alumni activities, unless specifically agreed to under the terms of the contract or grant.

Indirect Activity:

Department Administration – Administrative and supporting services that benefits common or joint departmental activities. This includes such activities associated with deans, assistant deans, administrative staff, and department chairs (to the extent their effort supports departmental administration).

Responsible Person

The employee, principal investigator, or responsible official with direct knowledge and able to certify effort using suitable means of verification that the work was performed.

6. References

Virginia Polytechnic Institute and State University Cost Accounting Standards Disclosure Statement.

OMB A-21: “Cost Principles for Educational Institutions”

OMB A-110: “Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations”

Office of Sponsored Programs – Faculty Funding Guide

7. Approval and Revisions

Approved February 10, 2003 by the Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.

- Revision 1

Minor wording changes.

Approved February 15, 2005 by the Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.