POLICY STATEMENT

The University of North Dakota requires employees to certify that the percentage of time (effort) charged or cost shared to sponsored projects is reasonable and consistent with the portion of total professional activity committed. This is achieved through after-the-fact certification of effort recorded on Personnel Activity Confirmation (PAC) reports or timesheets.

Principal Investigators (PIs) must perform and certify at least 5% effort to accurately reflect their leadership of the project. Key personnel must commit and report effort. A minimum amount of effort may be required by the sponsoring agency. Effort is to be captured during the time frame the work is performed. If actual effort is tracked by the use of an approved time sheet, the time sheets will be used in lieu of PAC reports and the 5% effort will not apply. This policy does not apply to equipment and construction grants. Exceptions may be made on a case by case basis if approved prior to proposal submittal. Exceptions need to be approved by the University authorized signatory (Research Development & Compliance – RDC).

REASON FOR POLICY

A policy is necessary to comply with federal requirements. Applicable regulations require that time and effort reports reflect the total activity within the scope of an employee’s Institutional Base Salary (IBS). If you are working on a sponsored project, effort reports must capture not only activity on sponsored projects, including summer salary, but also teaching, patient care, service, administration, summer session teaching, summer salary to work on sponsored agreements, and Continuing Education requirements. Therefore, effort is equal to 100% of an individual’s IBS.

The federal government requires confirmation that their funds are being expended appropriately on sponsored projects. Effort reporting assures all external sponsors that funds they sponsor are properly expended for the salaries and wages of those individuals working on the projects. The federal methodology for effort certification is used for all external sponsors.
SCOPE OF POLICY

This policy applies to all members of the University community and should be read by:

✓ President
✓ Vice Presidents
✓ Deans, Directors & Department Chairs
✓ Faculty and PIs
✓ Grants and Contracts Administration
✓ Departmental Administrators
✓ Students
✓ Others

WEB SITE REFERENCES

This policy: http://und.edu/research/resources/_files/docs/1-2-effort-reporting.pdf
Vice President for Research and Economic Development: http://und.edu/research/

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RELATED INFORMATION

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<tr>
<td>OMB Circular A-21</td>
<td><a href="http://www.whitehouse.gov/omb/circulars_a021_2004">http://www.whitehouse.gov/omb/circulars_a021_2004</a></td>
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CONTACTS

General questions about this policy can be answered by your department’s administrative office. Specific questions should be directed to the following:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
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<th>E-Mail / Web Address</th>
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<tbody>
<tr>
<td>Policy Content and Clarification</td>
<td>Grants and Contracts Administration</td>
<td>777-4151</td>
<td><a href="http://und.edu/research/grants-and-funding/">http://und.edu/research/grants-and-funding/</a></td>
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DEFINITIONS

<table>
<thead>
<tr>
<th>Committed Effort</th>
<th>The proportion of time proposed/promised in a proposal expressed as a percentage of total time.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Sharing</td>
<td>The portion of project costs not borne by the funding agency.</td>
</tr>
<tr>
<td>Effort</td>
<td>Actual time an employee devotes to a particular sponsored project expressed as a percentage of IBS (including time pledged to a sponsor as mandatory or voluntary committed cost sharing).</td>
</tr>
<tr>
<td>Institutional Base Salary (IBS)</td>
<td>Appendix 1</td>
</tr>
<tr>
<td>Key Personnel</td>
<td>Individuals who contribute to the scientific development or execution of a project in a substantive, measurable way, whether or not they receive salaries or compensation under the grant. Consultants also may be considered key personnel if they meet this definition. Key personnel may also be defined by the sponsoring agency. This usually does not include graduate students, post-doctoral fellows, and technicians.</td>
</tr>
<tr>
<td>Mandatory Cost Sharing</td>
<td>Cost sharing that is required by the sponsor as a condition of obtaining an award and must be included in the proposal, or the proposal will not receive consideration by the sponsor.</td>
</tr>
<tr>
<td>Personnel Activity Confirmation Report (PAC report)</td>
<td>This report is used by the University to certify an employee’s effort on each project.</td>
</tr>
<tr>
<td>Principal Investigator (PI)</td>
<td>The individual, designated by the awardee, who is responsible for the scientific or technical aspects of the award and for day-to-day management of the project. The PI is a member of the awardee team responsible for ensuring compliance with the financial and administrative aspects of the award. This individual works closely with designated officials within the grantee organization to create and maintain necessary documentation, including both technical and administrative reports; prepare justifications; appropriately acknowledge federal support of research findings in publications, announcements, new programs, and other media; and ensures compliance with other federal and organizational requirements.</td>
</tr>
</tbody>
</table>
Responsible Official

The PI, Co-PI, Departmental Chair or Dean are examples of a responsible official. Under no circumstance is this to include an administrative professional or graduate student.

Retroactive Distribution (retro)

Process used when actual distribution (payroll processing) data has been identified as incorrect after posting to the general ledger. The retro modifies incorrect transactions and posts changes to the General Ledger.

Sponsored Projects (activity)

All externally funded grant and contract activity. Sponsored projects must be separately budgeted and accounted for subject to terms of the sponsoring organization.

Suitable Means

Suitable means includes a PI with overall responsibility or someone with firsthand knowledge of ongoing work.

Voluntary Committed Cost Sharing

Voluntary committed cost sharing represents resources offered by the university (documented and quantified in the proposal) when cost sharing is not a specific sponsor requirement. Voluntary committed cost sharing becomes a binding commitment which the university must provide as part of the performance of the sponsored agreement.

PRINCIPLES

OVERVIEW – The University of North Dakota requires employees to certify that the percentage of time (effort) charged or cost shared to sponsored projects is reasonable and consistent with the portion of total professional activity committed. This is achieved through after-the-fact certification of effort recorded on Personnel Activity Confirmation (PAC) reports or timesheets.

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PROCEDURES

PAC REPORTS

1. At the end of each semester PAC reports are mailed approximately two weeks after the final payroll has posted for the semester by Grants and Contracts Administration (GCA) to the college/department effort coordinator, for distribution to the appropriate individual(s) to certify to the PAC report. If a department
receives a PAC report in error, they are to return the report to GCA so it may be re-distributed accordingly. If a PAC report has been sent out for an employee who submits a time sheet please note “see time sheet” on the PAC report and send the report back to GCA. This first notice is to be considered the original distribution.

2. The PAC report is reviewed by the individual listed on the report for discrepancies in actual effort provided. If the employee’s estimated effort is different from the effort listed in column B, they are to make the changes in column D. These changes are generally made if the estimated effort differs from the effort listed in column B by 5% or greater. Total effort must equal 100%. If the individual is not available to review and sign the PAC report or is not knowledgeable in the funding source, a responsible official who has suitable means that the work was performed will review and sign the report and send it to GCA. A responsible official may include the PI, Co-PI, Departmental Chair or Dean. Please note graduate students are not allowed to sign the PAC report. PAC reports require a signature from a responsible official as described above. Under no circumstance is an administrative professional to sign a PAC report in the capacity of a responsible official.

3. The signed PAC report is to be returned to GCA within 30 days of the date on the original distribution/PAC report.

4. After 45 days of the original distribution, a review will be completed and second notice e-mails will be sent to the college/department effort coordinators and Department Chair/Manager along with the employee listing. Approximately 75 days after the original distribution if there are still PAC reports outstanding with no correspondence from the college/department effort coordinator an employee listing, that indicates the PAC report status, and potential consequences of inadequate effort reporting will be emailed to the effort coordinator, PI, Department Chair/Manager, Associate Dean for Research, and Dean. After 90 days the PAC report is delinquent. If arrangements have not been made with the VPR, funding for the project will be suspended.

5. After the signed PAC reports have been returned to GCA, they are compared to the effort shown in PeopleSoft. If the effort totals match, the PAC report is certified within the PeopleSoft system by GCA. If the reports do not match then the following actions occur:

   a. If the individual has indicated that there should have been effort shown, and he or she is being paid by local funding, then the Grants Officer will show the effort as cost share in the system.

   b. If the individual should have been paid by the project but was not, then a retroactive distribution form (retro) must be initiated by the department. In the instance that a retro has already been processed, but does not match the PAC report, the PAC report must be rerun and reconciled. The individual will need to sign and recertify the PAC report.

   c. GCA will process changes to PAC reports in the system within 30 days of receiving the report. GCA is to be responsive to written requested changes in effort reporting and process in the system within 30 days of receiving the written notice.

Please see examples in Appendix 2 or contact GCA.

TIME SHEETS

Non exempt employees who submit a time sheet (after the fact) indicate the actual hours worked (including overtime) for each sponsored agreement or facilities and administrative (F&A) function on a regular basis. The time sheets are submitted to the UND Payroll Office for recording in the payroll accounting system by the payroll department. The payroll system feeds into the accounting system which records the costs to the direct (sponsored projects, non sponsored, or similar cost objectives) or F&A functions.

Exempt employees who submit a time sheet (after the fact) indicate the hourly distribution of activity expended for each sponsored agreement or F&A function on a regular basis. The time sheets are submitted to the UND
Payroll Office and recorded in the payroll accounting system by the payroll department. The payroll system feeds into the accounting system which records the costs to the appropriate projects or F&A functions.

POTENTIAL CONSEQUENCES OF INADEQUATE EFFORT REPORTING

1. If the PAC report is not completed and returned within 90 days of the initial distribution date, or arrangements are not made with the VPR, the project will be closed. There will be no more charging of salaries and wages, benefits, or any other expenses. Salary costs associated with uncertified grant activity may be removed and charged to a departmental account. Any charges taking place will be the responsibility of the department and will not be allowed during this closed period on the grant or project even after the project is reinstated.

2. GCA may suspend submission of any new proposals on behalf of a noncompliant PI, or inclusion of a noncompliant researcher in proposals, until effort reports are up to date and properly completed and certified.

3. Certification of effort reports that are known to be materially inaccurate may expose the individual who completed the reports to personal disciplinary action, up to and including termination.

4. Fines, penalties, and potential loss of awards are all possible consequences of inadequate effort reporting.

5. The University’s reputation may be tarnished.

6. The College’s facilities and administrative rebate may be withheld.

RESPONSIBILITIES

| Individual | Review and complete PAC form. Return PAC form to GCA. |
| Grants and Contracts Administration | Distribute and enter PAC forms into system. |

FORMS

<table>
<thead>
<tr>
<th>PAC report</th>
<th>Grants and Contracts Administration</th>
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APPENDICES

<p>| Appendix 1 – Institutional Base Salary | <a href="http://und.edu/research/_files/docs/policy/1-2-effort-reporting-appendix-1-ibs.pdf">link</a> |
| Appendix 2 – Effort Reporting Examples | <a href="http://und.edu/research/_files/docs/policy/1-2-effort-reporting-appendix-2-effort-reporting-examples.pdf">link</a> |</p>
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<td>Signed by President Robert O. Kelley.</td>
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<tr>
<td>4-19-13</td>
<td>Updated website links.</td>
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<tr>
<td>5-1-13</td>
<td>Effective date of policy.</td>
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<tr>
<td>4-15-14</td>
<td>Updated website links.</td>
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