



THE UNIVERSITY OF
MEMPHIS

Vice President for Business & Finance

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MEMORANDUM

To: **Ralph Faudree**
Provost

David Zettergren
Assistant Vice President for Finance

From: Teresa Hartnett, Director of Administration & Business Analysis
Stanley E. Stevens, Professor of Biology and Faculty Senate President
Co-Chairs, Effort Certification Work Team

Teresa Hartnett
Stanley E. Stevens

Re: Effort Certification Process Recommendations

The charge of the effort certification work team is to:

- implement the effort certification process **using Banner**. If Banner does not contain the required functionality, then **the work team** is responsible for developing **alternatives** for obtaining **this functionality**.
- recommend **opportunities for process improvement** and implement those approved process improvements.

Since we began meeting in **September** of 2006, a large part of our time has been **focused** on process analysis and **improvements**. The policy and process changes that emerged from this analysis have already resulted in significant improvements in **efficiency** and compliance. To illustrate:

- In the spring of 2007, 253 GAs certified their **effort**. Without the change in policy made as a **result** of our work, nearly 1,200 GAs would have needed certification.
- Faculty paid in part by external sources now certify their effort twice per year as opposed to just once before the policy change. This improves our ability to correct payroll and reports to the sponsor in a timely manner.

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August 17, 2007

Re: Effort Certification Process Recommendations


To further improve the process, we would like your approval to implement the following three recommendations with this academic/fiscal year:

1. Discontinue the practice of effort certification for all faculty. Instead, certify the effort of only those faculty paid on a sponsored program or University cost share.
2. Adopt the 'after the fact' method of effort certification, whereby faculty certify actual effort using payroll data.
3. No longer require faculty to complete plans for effort certification using the online, institution-wide system.

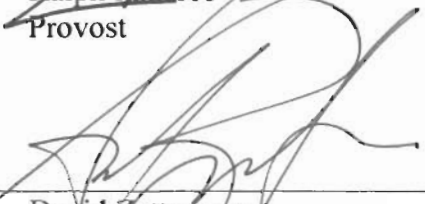
The benefits to the institution of implementing these recommendations include improved compliance with federal regulations and reduced paperwork for faculty and chairs. Importantly, the absence of data on the amount of time devoted to University-funded research will not negatively impact our indirect cost rate. The attached report documents our findings and provides further details regarding these recommendations.

Please let me know if you have any questions or would like to discuss further.

Attachment

Approved: 
Ralph Faudree
Provost

Date: 9/11/07

Approved: 
David Zettergren
Assistant Vice President for Finance

Date: 9-10-07

c: Charles Lee, Vice President for Business and Finance
Effort Certification Work Team

Effort Certification Process Review August 2007

Interim Report

The charge of the Effort Certification work team is to:

- implement the effort certification process using Banner. If Banner does not contain the required functionality, then the work team is responsible for developing alternatives for obtaining this functionality.
- recommend opportunities for process improvement and implement those approved process improvements.

Since the Work Team was formed in September of 2006, our time has been focused on process analysis and improvements. This report summarizes what we have learned and offers several recommendations for consideration. We will continue to learn more about the effort certification component within the next release of Banner, expected in late 2008.

Purpose of Effort Certification. The university receives significant funding for sponsored projects from federal and state agencies, private foundations, organizations, and industry. Proper effort certification verifies that these funds and University cost share on sponsored programs are properly expended for salaries and wages of faculty, staff, and students who work on these projects. Effort certification is required by federal regulations (Circular A-21).

Recent History of UofM Effort Process. In 2004, the annual faculty planning and evaluation cycle and the effort certification process were merged into one, and a commitment was made that faculty would be asked for information about their work just one time per year. The plan-confirmation method of effort certification was selected, requiring all faculty to input a **plan** before the start of each academic year that was then **confirmed** or updated at the end of the year. The intent was that this plan would be utilized for academic planning and as input to the annual faculty evaluation cycle. The process was implemented online to facilitate the completion and approval processes.

At that time, the discussion surrounding what constitutes “University Sponsored Research” was somewhat heated. The effort certification process relies on the federal definition of research while the University’s faculty evaluation process relies on academic and discipline-specific definitions of research and scholarly activity. The debate was intensified because the state funding formula included a factor related to departmental research.

Use of Effort Certification Data. The attached ‘Uses of Effort Certification Data’ table summarizes the group’s findings regarding how the data that are collected from the combined process at the UofM are being used. In summary, the only portions of the data that are actually being used are “effort certification data” for faculty on sponsored

programs. The remainder of the information that is collected from faculty is not utilized. To illustrate:

- The academic planning and actual data that are collected from all faculty as part of the process are, in general, not being used by chairs and deans for the intended purposes. They are used neither for planning purposes nor in annual evaluations. Contributing to this is that fact that, beginning in 2006, the faculty evaluation process is based on the calendar, not academic, year.
- The percentage of time devoted to departmental research for all faculty is no longer needed because of a change to the state's funding formula.
- Departmental research does not enter into the calculation of our indirect cost rate. Organized research (separately budgeted and accounted for on a project-by-project basis) is relevant. Capturing the amount of time spent on research beyond that which is separately budgeted or externally funded is therefore not necessary.

Further, compliance issues are a concern with the process as designed:

- Faculty and researchers are not confirming what they were actually paid.
- There is general misunderstanding about the process, its purpose, and the meaning of various terms.

Two improvements to the process have already been implemented by the Work Team:

- With the approval of the Provost and AVP-Finance, we have revised the University policy such that "all personnel assigned or appointed to academic units" (this includes all academic administrators and graduate assistants) no longer have to certify their effort. Only those academic administrators and graduate assistants paid by a sponsored program or University cost share now certify their time. This is a significant improvement in efficiency – in the spring of 2007, the effort of 1,190 graduate assistants would have needed certification if this change had not been made. **With the revision that has been approved and implemented, just 253 graduate assistants' effort required certification.**
- To improve compliance with federal requirements, faculty paid out of a sponsored program or University cost share now certify twice each year.

As an interim solution before Banner is implemented, the following improvements to the online effort certification tool will be in place for fall 2007 certifications:

- The online effort system, currently linked to the Academic Personnel Records system, will instead utilize data extracted from Banner.

- The online effort forms for faculty will reflect actual payroll information, in percentages, and will include account names and numbers from which individuals have been paid. The faculty can then review for correct and appropriate charges and request changes as necessary.
- The certification of graduate assistants and administrators is currently done using a paper form. We are exploring the possibility of conducting all effort certifications online.
- Navigational and textual improvements will be made to the existing tool based on feedback received as part of this process from faculty, chairs and deans.

We have three additional – and significant – recommendations for Finance and Academic Affairs to consider for implementation in AY 07/08 (FY08):

- Discontinue the practice of effort certification for all faculty. Instead, certify the effort of only those faculty paid on a sponsored program or University cost share.
- Adopt the ‘after the fact’ method of effort certification, whereby faculty certify actual effort using payroll data.
- Inherent in these two recommendations is a ‘decoupling’ of the two purposes of the current effort process (the academic planning/faculty evaluation cycle and compliance with Federal requirements under Circular A-21). **With this approach, faculty would no longer complete plans for effort certification using the online, institution-wide system.**

Rationale. The benefits to the institution of implementing these recommendations are many:

- **Enhances compliance with Federal requirements under Circular A-21** because researchers will be certifying actual payroll data.
- **Reduces the administrative burden for all faculty.** Using Spring 2007 figures regarding the total number of faculty and post-docs and the number paid out of sponsored programs, the table below illustrates the impact of the two recommendations:

	Status quo	With proposed changes
Complete planning document	915 or 100% of faculty	0
Confirm planning document	915 or 100% of faculty	0
Confirm actual data	0	121 or 13% of faculty

- **Reduces the administrative burden for department chairs.** The current process requires department chairs to approve a document for each faculty member at

least two times per year. With the proposed changes, chairs would approve the certifications of only those faculty paid by a sponsored program.

- **Reduces the administrative burden for faculty with sponsored programs.** The process in place requires researchers to modify their plan each time a new award is received. This would not be required in an after the fact confirmation method.

Proposed Process Deadlines. Along with the improvements described above, we propose the following deadlines for the effort certification process. This timetable will be reexamined and perhaps adjusted with the implement of the Banner effort module.

9 Month Faculty and 8/9 Month Graduate Assistants with Sponsored Activity

Certifying activity during...	Data available online....	Certification deadline...
September 1 – December 31	January 5	January 30
January 1 – April 30	May 5	May 31

12 Month Faculty, Administrators, 12 Month Graduate Assistants with Sponsored Activity

Certifying activity during...	Data available online....	Certification deadline...
July 1 – December 31	January 5	January 30
January 1 – June 30	July 5	July 15

Team Membership. The team’s members are:

- Jerry Anderson, Civil Engineering
- Karen Bell, Web Services
- Angela Fair, Research Support Services
- Barbara Farrar, Administrative Applications Services
- Dean Franklin, Provost’s Office
- Teresa Hartnett, Business & Finance (Chair)
- Linda Heide, Grants Accounting
- Heidi Kendall, Financial Reporting
- Lorrean Lim, Finance
- Moira Logan, CFA
- Lynda Shelton, Finance
- Ed Stevens, Biology & Faculty Senate (Co-Chair)
- Debbie Wooddell, Business & Finance Support Services

Uses of Effort Certification Process Data

August, 2007

	Planned	Actual
Provost	Review data for reasonableness (e.g. We. Would look at faculty who show 100% to one activity and look at teaching loads, service committee work)	Review data for reasonableness (e.g. We. Would look at faculty who show 100% to one activity and look at teaching loads, service committee work)
Deans	No.	General indication of the workload and how time/effort is allocated; Not very influential.
Chairs/Directors	Only one chair asked uses the planned data - to set and/or clarify expectations for faculty's usage of time (and balance between research, teaching, service).	With the exception of one chair, it is used as a general indication of productivity and to ensure that release time is approved. Not very influential.
A-21 Compliance	Yes. UofM currently uses the plan-confirmation method of effort certification.	Yes.
Institutional Research	no per Gary Donhart	no per Gary Donhart
Financial Planning		Financial Planning used to split positions in the current year budget to reflect University-funded research - department's '2-2' research accounts. (The amount of Univ. funded research had a positive impact on Univ. funding through the THEC funding formula.) No longer occurs - funding formula changed and it is labor intensive process in Banner.
Grants Accounting (GA)	Faculty on Externally Sponsored programs only. GA compares the data on the effort certification form - both planned and actual - with the actual expenses from payroll. If effort reported was less than the percentage paid, we check with the individual and either the payroll records are adjusted or the effort certification form is adjusted. If there is a significant reduction in effort reported than that required by the grant, it may take some communication and approval from the sponsor. If more effort is reported than the grant has approved paying, then payroll records may be changed to indicate the difference as cost share, or in rare instances the sponsor may be asked for a change in the budget. All the forms must be available for audit with the payroll records matching the effort certification.	
Research Support Services (RSS)	RSS requests faculty to update their plan when a new award is received. 2. The salary splits created in GA are based on the internal budgets sent by RSS. Award transmittals by RSS to GA and the PI contain the award documents and internal budgets which contain faculty effort percentages. 3. Planned data is used by RSS in advising faculty on extra compensation, research incentive compensation.	Faculty on Externally Sponsored programs only. Actual data is reviewed by RSS prior to approving payments for research incentive compensation. Incentive compensation is an agreed upon percentage of funds coming from salary recovery that is based on effort on grant funded projects.
Indirect Cost Rate calculation	No.	Yes, to the extent that the effort process captures faculty work on externally funded programs that goes beyond what they are paid for by the grant. (University cost share.) University funded research that is not separately budgeted does not enter into the calculation