

1. INTRODUCTION**A. PURPOSE**

The Effort Certification system is OHSU's process for securing compliance with the requirements of the Office of Management and Budget (OMB) Circular A-21, which addresses "principles for determining costs applicable to grants, contracts, and other agreements with educational institutions." The policies, provisions, and cost accounting standards in A-21 are mandatory for institutions which directly or indirectly receive federal funds. In addition to satisfying this requirement, the Effort Certification system is important because:

- (1) It satisfies faculty time reporting requirements for Medicare cost reporting;
- (2) It documents effort expended on sponsored projects;
- (3) It shows costs associated with the various University activities;
- (4) The data from the system is used to develop the University's Facilities & Administration (F&A) rates;
- (5) The data from the system is used in various management reports; and

B. PRINCIPLES OF OMB CIRCULAR A-21

The principles of A-21 are designed to provide that the Federal Government bears its fair share of total costs. Failure to comply with A-21 can have serious consequences for the relevant project, department, and the institution as a whole. Adverse findings by federal auditors can result in fines, reimbursement to the government, and termination of funding.

One of the more important requirements of A-21 addresses the acceptable levels of documentation and accountability for activities (effort), in relation to compensation for personal services on federally sponsored agreements (salaries and wages). It is inappropriate to charge federally sponsored agreements more than the labor expended. Payroll charged should never exceed efforts expended and certified. Equally important is that adequate documentation of effort and labor costs provides the data required to support the institution's claims for indirect cost recovery. Both direct and indirect costs may be disallowed and penalties imposed AFTER REIMBURSEMENT, if auditors find such documentation to be inadequate.

In addition to documenting the effort expended on grants and contracts, the Effort Certification system documents the percentage of effort expended by OHSU faculty related to Graduate Medical Education (residents), Allied Health programs (nursing), and Medical Director and other administrative activities in the OHSU Hospitals and Clinics. These percentages are a required part of the Medicare Cost Report which is the annual Medicare filing that determines hospital costs related to OHSU Hospitals and Clinics patient care operations. Inadequate or incomplete documentation can result in the filing of a false cost report that could result in fines and penalties imposed by HCFA, OIG and the FBI.

2. SUBJECT EMPLOYEES AND COMPENSATION

An employee shall complete an Effort Certification Statement if an:

- A. Activity is partially or totally devoted to a sponsored agreement (e.g., grants and contracts between OHSU and the Federal Government or a Pass-through entity), AND pay is partially or totally paid from such an agreement;
- B. Activity is partially or totally devoted to a sponsored agreement, AND pay is cost shared, that is paid from a non-federally funded account (usually applies to principal investigators only); or
- C. Activity is designated as “yes” for HEC (Hospital Effort Certification) on their Personnel Action (PA) form. Generally, faculty engaged in patient care activities, supervising and training of house staff and Allied Health trainees, or providing hospital management and administrative services are required to report effort for Medicare and should be designated as “yes” for HEC.

To the extent consistent with Circular A-21 or other relevant regulations, SPA may specify exceptions to this.

EFFORT CERTIFICATION IS REQUIRED:

IF EMPLOYEE ACTIVITY IS:	AND PAY IS:
Partially or totally devoted to a sponsored agreement, e.g. grants & contracts between the institution and the federal government or a Pass-through entity.	Partially or totally paid from a sponsored agreement, excluding clinical trials.
Partially or totally committed to cost-sharing for sponsored agreements if required by the agreement.	From a department fund account or other non-federally funded account.
Providing direct patient care for which a professional fee is billed.	From any OHSU.
Selecting, supervising and training of	From any OHSU fund.

house staff (interns, residents, and fellows). Includes recruitment, teaching and teaching preparation time, and post session activities. See “Education Time” under Part III, Definitions, of the OHSU Effort Certification Procedure.	
Providing Medical Director and administrative services for OHSU Hospitals & Clinics (e.g. medical direction, serving on a hospital committee, supervising hospital employees or participating in quality control and utilization review).	From any OHSU fund.
Supervising and training of students in Allied Health programs (such as nursing, dietetics, pharmacy, radiation oncology or medical technology) concurrently with providing patient care related activities in OHSU Hospitals and Clinics.	From any OHSU fund.
Other activities such as teaching University medical students, conducting research or providing direct patient care without the involvement of an intern, resident or fellow.	From any OHSU fund.

3. REPORTING FREQUENCY AND TIMELINE

OHSU Effort Certification Statements will be processed semi-annually for all applicable employees paid from Federally funded grants, and quarterly for all HEC designated employees. The Effort Certification Packet (Effort Reconciliation Management Report, Effort Certification Statement Control Log, and Effort Certification Statements) will be distributed to Departmental Effort Coordinators within 10 business days of the end of the fiscal quarter. The Effort Certification Statements are distributed, completed by the employee, certified by someone who has direct knowledge of the employee’s effort (the employee, fund PI, etc.) and returned to the Departmental Effort Coordinator as soon as possible, so that the statements can be reviewed and returned to the Institutional Effort Coordinator in Sponsored Projects Administration (SPA) in a timely manner. SPA will establish a strict timetable on a quarter-by-quarter basis, but departments will have no more than 35 business days from the fiscal quarter end to distribute, complete, collect, and return certification statements to SPA. A detailed Effort Certification Process deadline chart can be found in the OHSU Effort Certification Procedure.

Due to the importance of completing the Effort Certification Statements in a timely manner OHSU has established a standard process for following-up with late or missing Effort Certification Statements. This process, which can be found in the OHSU Effort Certification Procedure, will be enforced for those administrators and/or PI’s who do not turn in their Effort Certification Statements by the deadlines communicated in the OHSU Effort Certification Procedure.

Failure to adhere to the established deadlines may result in suspension of expenditure activity on the involved accounts.

4. SPA RESPONSIBILITIES

SPA shall implement and monitor compliance with this policy and provide such protocols, forms and other procedures necessary or convenient for implementing its requirement.

Background: Operations Manual 72-01.06 Related policies, procedures and forms:

FASOM **OMB Circular A-21**
OMB Circular A-110
OMB Circular A-133
NIH Grants Policy Statement
OHSU Policy No. 04-40-001
OHSU Policy No. 04-40-003
OIG Program Guidance for Hospitals
AHA Regulatory Standards Manual
42 CFR Section 413.5
42 CFR Section 405.2468
HCFA Pub 15-1 Section 800
OHSU Effort Certification Procedure
Sponsored Projects Effort Cert. Procedure
Clarification of OMB A-21 Treatment of
Voluntary Uncommitted Cost Sharing--
(January 2001)

<http://www.whitehouse.gov/omb/memoranda/m01-06.html>

Responsible office: Research Develop. and Admin.