THE UNIVERSITY OF MICHIGAN

STANDARD PRACTICE GUIDE

SECTION:	Business and Financial Services	**Number:**	501.10
		Revised:	
SUBJECT:	Policy on Effort Certification	**Date Issued:**	6/1/05
		Review Date:	6/1/09
APPLIES TO:	All Departments and Units of the University	**Attachment(s)**	0
ISSUED BY:	Financial Operations		

The federal government (Office of Management and Budget Circular A-21, *Cost Principles for Educational Institutions*) requires effort certification. To receive federal funding, institutions must maintain an accurate system certifying to the percentage of effort that employees devote to sponsored projects or more than one functional activity (e.g., Instruction and Department Administration). The University of Michigan's (the "University") Facilities and Administrative (Indirect) Cost Proposal must include costs associated with all activities.

To comply with OMB Circular A-21:

- The University requires effort certification by certain employees.
- The University's certified effort reports must assure sponsors that funds are properly expended for the salaries and wages of employees working on the projects that sponsors fund.
- The University's certified effort reports must identify effort on multiple functional activities performed by an employee.

In addition, federal agencies, state agencies, private foundations, and other organizations that provide sponsored funding may require verification that effort is consistent with the terms of the grant or contract.

Employees must certify effort if they:

1. Perform a sponsored activity, or
2. Are compensated by cost sharing related to sponsored activities, or
3. Perform more than one functional activity. (e.g., Instruction and Departmental Administration)

Employees signing the Effort Certification Report attest to and verify the accuracy of information contained in the report.

Annual effort certification education is mandated for all persons required to certify effort.

The University is the primary award recipient with oversight accountability to the sponsor. As such, the University may suspend the rights and privileges enjoyed by the Principal Investigator (PI) and the staff when they do not adhere to this policy.

If a PI fails to comply with this policy, the University may suspend or withdraw proposal submissions for the PI and may inactivate existing Project/Grants in the accounting system. Disregard of this policy may also lead to other disciplinary actions in accordance with other University policies.

For additional information and procedures regarding effort certification, see https://cgi.www.umich.edu/~finops/CRO/Effort/.