

July 24, 2025

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Subject: *Effort Certification*
Report 2025-01

The final report for Effort Certification, Report 2025-01, is attached. We would like to thank all members of the department for their cooperation and assistance during the review.

Because we were able to reach agreement regarding management action plans in response to the audit recommendations, a formal response to the report is not requested. The findings included in this report will be added to our follow-up system. We will contact you at the appropriate time to evaluate the status of the management action plans.

UC wide policy requires that all draft reports be destroyed after the final report is issued. We also request that draft reports not be photocopied or otherwise redistributed.

Christa Perkins
Director
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Attachment

cc: Alexander Bustamante
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UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Effort Certification
Report No. 2025-01
July 2025

FINAL REPORT

Performed By:

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY 1

II. BACKGROUND..... 2

III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES 3

IV. CONCLUSION..... 4

V. OBSERVATIONS REQUIRING MANAGEMENT ACTION 4

 A. Effort Reporting Compliance 4

 B. Certified/Adjustment Required Status 8

ATTACHMENT A – Certified/Adjustment Required Example

I. EXECUTIVE SUMMARY

Audit & Management Advisory Services (AMAS) has completed a review of Effort Certification as part of the approved audit plan for Fiscal Year (FY) 2024-25. The objective of our review was to evaluate Campus-wide practices for timely and accurate completion of effort reports, including internal controls and procedures that ensure compliance with applicable policies.

We concluded that while the effort percentages in the Electronic Certification of Effort and Reporting Tool (ECERT) system were materially accurate compared to UCPath payroll data, Campus-wide practices and procedures could be improved to ensure timelier certification effort reports. As of June 1, 2025, only 82% of FY 2024 effort reports had been certified, placing UCSD at increased risk that a federal agency could conclude that internal controls and processes for ensuring compliance with Uniform Guidance salary and wage requirements are ineffective.

In an effort to enforce effort reporting compliance, Sponsored Projects Finance (SPF) sends email notifications to principal investigators (PI) with reports past 60-90 days, hosts monthly office hours, offers targeted office hours to departments that have not completed certifications, and includes ECERT-related action items on the Budget & Finance (BFS) Weekly Digest emails. However, these efforts alone have not been effective at ensuring that most effort reports are certified timely.

We also noted that it was not always clear to report owners as to what actions needed to be taken to address effort reports that have a *Certified/Adjustment Required* to ensure that the status is changed to *Certified*.

Management Action Plans to address our findings are summarized below.

A. Effort Reporting Compliance

1. SPF will formalize procedures for following up on overdue effort reports to ensure that most effort reports are certified in a timelier manner. Those procedures will include a timeline for when SPF follows up with PIs and ECERT report owners, when to escalate compliance issues to department or campus leadership, and specific consequences for continual non-compliance (for example, restricting a PIs ability to apply for new award funding until outstanding effort reports are certified). These procedures will include proactive measures to directly engage with departments with high rates of noncompliance to understand and resolve their issues.
2. SPF will consult with academic leadership on strategies to ensure that PIs certify their outstanding effort reports prior to separating from UCSD.

B. Certified/Adjustment Required Status

1. SPF will proactively communicate to certifiers and other system users the need to manually adjust effort percentages to match updated payroll details when a Salary Cost Transfer is made after the original certification, and that a Salary Cost Transfer must be made when a manual adjustment is made to a report prior to certification.
2. SPF will consult with UCOP to determine whether a manual adjustment can be made to effort reports that erroneously calculate effort at less than 100%.

Observations are described in greater detail in section V. of this report.

II. BACKGROUND

Audit & Management Advisory Services (AMAS) has completed a review of Effort Certification as part of the approved audit plan for Fiscal Year (FY) 2024-25. This report summarizes the results of our review.

The Uniform Guidance (2 CFR Part 200) issued by the United States Office of Management and Budget (OMB) sets forth rules for the administration of federal awards. When it comes to salaries and wages, the guidance provides detailed requirements to ensure compensation charged to federal awards is reasonable, allowable, and properly documented. Uniform Guidance states that salary and wage charges to federal awards must be based on records that accurately reflect the work performed. These records must be supported by a system of internal controls, reasonably reflect total activity (including both federally and non-federally funded activity), be incorporated into official records, comply with the entity's policies, and support the distribution of salaries among different activities (especially when employees work on multiple projects.) Failure to comply with these requirements places the institution at significant risk with respect to future federal contract and grant funding.

To ensure compliance with the salary and wage requirements set forth in Uniform Guidance, the University of California San Diego (UCSD) utilizes the Electronic Certification of Effort and Reporting Tool (ECERT). ECERT is a web-based system, developed in collaboration with other UC campuses and the University of California Office of the President (UCOP), that facilitates effort reporting for federally sponsored projects. This system interacts with payroll subledger data to calculate effort percentages across different activities.

Effort reports in ECERT cover six-month intervals (July-December and January-June) and are required for any employee whose salary is at least partially funded by federal contracts and grants. These employees must certify their effort reports within 120 days following the end of the reporting period. Certification can be performed by the employee themselves, a supervisor, manager, or principal investigator (PI) with direct knowledge of the employee's work on the project. While responsibility for reporting and certifying effort reports is distributed across campus, Sponsored Projects Finance (SPF) provides general guidance and oversight.

The table below summarizes the status of the effort reports in the ECERT system for FY 2021 through FY 2024, as of June 9, 2025:

Status	FY 2021	FY 2022	FY 2023	FY 2024
Adjustment Required	0	3	1	5
Certified	11,945	12,846	13,854	12,872
Certified/Adjustment Required	938	814	692	832
Exception	42	59	55	195
Open	1,100	1,136	1,094	2,496
Partially Certified	272	189	188	294
Total	14,290	15,047	15,884	16,694
Percent Fully Certified¹	90%	91%	92%	82%

¹ Effort reports with status of Certified and Certified/Adjustment Required.

During FY 2025, UCSD received notification from UCOP that the ECERT system would be retired due to ongoing security issues and costs. The UCSD Office for Operational Strategic Initiatives (OSI) is currently evaluating alternative systems to replace ECERT. OSI has indicated that they aim to provide the results of their evaluation to UCSD's Chief Financial Officer in December 2025, which coincides with the deadline UCOP has given UCSD to decide whether to select an effort certification tool developed by an external consultant, which some campuses are adopting.

III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES

The objective of our review was to evaluate Campus-wide practices for timely and accurate completion of effort reports, including internal controls and procedures that ensure compliance with applicable policies. In order to achieve our objective, we performed the following:

- Reviewed Blink guidance relating to effort reporting, and Uniform Guidance §200.430, *Compensation—personal services*;
- Interviewed the following:
 - Controller,
 - Associate Controller for Financial Operations and SPF,
 - The Business Systems Analyst responsible for compiling the ECERT Certification Status Report available on Blink,
 - The Information Technology Services (ITS) Application Programmer responsible for compiling UCSD payroll data and providing that data to UCOP for entry into the ECERT system,
 - A UCOP Senior Business Analyst to get an understanding for how derived effort percentages are calculated in the ECERT system using UCSD's payroll data, and
 - An OSI Organization Consultant and an OSI Strategic Initiatives Analyst regarding the campus-wide ECERT replacement project;
- Consulted with the Department Business Officers (DBO) in the following departments/divisions regarding challenges they've observed with certifying effort through the ECERT system:
 - Department of Psychiatry,
 - Division of Biomedical Informatics in the Department of Medicine,
 - Division of Infectious Diseases & Global Public Health in the Department of Medicine,
 - Division of Endocrinology & Metabolism in the Department of Medicine,
 - Department of Pediatrics, and
 - Department of Chemistry & Biochemistry;
- Evaluated a judgmentally selected sample of 15 effort reports from FY 23-24 to determine if the effort percentages were calculated correctly based on data reported on the Distribution of Payroll Expense (DOPE) Reports;
- Evaluated a judgmentally selected sample of 10 effort reports from FY 23-24 that had a current status of "Certified/Adjustment Required" to determine if the required payroll adjustments had been made in UCPath; and
- Evaluated a sample of 20 effort reports from FY 23-24 for academic report owners to determine whether a non-academic certified the effort report, and if so, to determine whether the authorization for the non-academic's approval was properly documented on the effort report.

IV. CONCLUSION

Based on our review, we concluded that while the effort percentages in the ECERT system were materially accurate compared to UCPath payroll data, Campus-wide practices and procedures could be improved to ensure timelier certification effort reports. As of June 1, 2025, only 82% of FY 2024 effort reports had been certified, placing UCSD at increased risk that a federal agency could conclude that internal controls and processes for ensuring compliance with Uniform Guidance salary and wage requirements are ineffective.

In an effort to enforce effort reporting compliance, SPF sends email notifications to PIs with reports past 60-90 days, hosts monthly office hours, offers targeted office hours to departments that have not completed certifications, and includes ECERT-related action items on the Budget & Finance (BFS) Weekly Digest emails. However, these efforts alone have not been effective at ensuring that most effort reports are certified timely.

We also noted issues relating to the *Certified/Adjustment Required* status in ECERT system. Specifically, it is not always clear from reading the report what actions need to be taken to change the status to *Certified*. Further, the total effort on some effort reports that have a status of *Certified/Adjustment Required* do not add up to 100% due to rounding issues associated with Salary Cost Transfers.

Our observations are discussed further in the remainder of this report.

V. OBSERVATIONS REQUIRING MANAGEMENT ACTION

A.	Effort Reporting Compliance
As of June 1, 2025, only approximately 82% of FY 2024 effort reports had been certified, placing UCSD at increased risk that a federal agency could conclude that internal controls and processes for ensuring compliance with the Uniform Guidance salary and wage requirements are ineffective.	
Risk Statement/Effect	
Incomplete effort certification can lead to regulatory noncompliance, delayed closeouts, and questioned costs on sponsored awards.	
Management Action Plans	
A.1	SPF will formalize procedures for following up on overdue effort reports to ensure that most effort reports are certified in a timelier manner. These procedures will include a timeline for when SPF follows up with PIs and ECERT report owners, when to escalate compliance issues to department or campus leadership, and specific consequences for continual non-compliance (for example, restricting a PIs ability to apply for new award funding until outstanding effort reports are certified). These procedures will include proactive measures to directly engage with departments with high rates of noncompliance to understand and resolve their issues. <i>Estimated completion date: 11/1/2025. Responsible Party: Wella Garcia, Director, SPF</i>

A.2	SPF will consult with academic leadership on strategies to ensure that PIs certify their outstanding effort reports prior to separating from UCSD. <i>Estimated completion date: 11/1/2025. Responsible Party: Wella Garcia, Director, SPF</i>
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A. Effort Reporting Compliance – Detailed Discussion

To ensure UC San Diego complies with Uniform Guidance requirements for personnel costs, it is essential that effort reports in the ECERT system are certified promptly. Although PIs are ultimately responsible for certifying effort on their federal awards, a low campus-wide compliance rate increases the risk that major sponsors such as the National Institutes of Health (NIH) or National Science Foundation (NSF) may view our internal controls as ineffective. This could lead to heightened oversight or disallowed costs. While achieving 100% compliance may not be realistic, maintaining a rate of at least 90-95% significantly reduces the likelihood of external audit findings and disallowances. Timely certification — ideally within 60 to 90 days of the end of the reporting period — is also critical to demonstrating strong internal controls.

On May 1, 2020, UCSD transitioned from the former Payroll Processing System (PPS) to the new UCOP payroll system, UCPATH. This transition created data integrity issues, resulting in incorrect effort percentages being calculated and displayed in the ECERT system. Following identification of these issues, SPF collaborated with UCOP to rectify the problems caused by the UCPATH implementation. In the meantime, employees working on federal contracts and grants were advised to temporarily refrain from certifying effort reports, with the understanding that they could certify any outstanding reports once the ECERT system issues were resolved. During this period, SPF worked with departments to generate ad hoc effort reports as requested by external agencies. The majority of known data integrity issues were resolved by June 2023, and PIs and fund managers were notified that all FY 2021 and 2022 effort reports were due for certification by August 31, 2023. Additionally, the deadline for certifying FY 2023 effort reports was extended by six months, with the final certification due by April 30, 2024. However, SPF subsequently discovered that cost transfers processed for bi-weekly employees introduced further data integrity issues, necessitating manual corrections to the effort reports for this employee population. These manual corrections were completed by June 2024. Fiscal Year 2024 effort reports were due October 31, 2024, which was subsequently extended to January 17, 2025. UCOP's Effort Reporting System (ERS) team continues to work on known issues with UCPATH to ensure the data interface with the ECERT system is correct.

As of the date of this review, ERS is working on 12 known issues, seven of which are high priority. Despite these outstanding issues, our evaluation of the accuracy of the effort percentages in the ECERT system concluded that they appeared to be materially correct. In some circumstances our independent calculations of salary derived effort were immaterially different than UCOP salary derived effort percentages. These differences mostly occurred when the payroll data included National Institutes of Health (NIH) over-the-cap (OTC) codes, the inclusion of which makes the effort calculation more complicated. However, we noted that these variances in the salary derived effort percentages had an immaterial impact on the effort reports in ECERT, with only 1%-2% differences calculated on a limited number of ECERT reports.

Feedback from Departments/Divisions

To better understand why effort reports were not being certified in a timelier manner, we reached out to six departments and Department of Medicine divisions with the lowest rates of compliance to request insight or feedback regarding the factors contributing to the lower rates of compliance. The following summarizes the issues the departments and divisions provided regarding the ECERT system and certification process:

- **PI Distrust in the ECERT System** – Departments/Divisions indicated that their PIs did not trust the integrity of the system or data and, therefore, did not feel comfortable certifying the efforts. This distrust was based on historical issues and errors as well as continued issues, including:
 - Incorrect employee ID for the PI that caused an incorrect listing of employees to certify.
 - Perceived differences between the UCSD Oracle Financial System and UCPath due to in-process cost transfers.
 - A PI who has a report owner on their list to certify but was unable to certify them in the system. The DBO later certified on behalf of the PI.
- **Certification is Difficult to Obtain After PI Departure** – While the PI is ultimately responsible for timely and accurately certifying all effort charged to their federal award, there are instances in which a PI leaves UCSD prior to certifying their effort and/or the effort of employees on their federal awards. In the past, the Chart of Accounts (COA) Override function allowed departments to update account attributes including PI and fund manager assignments in UCSD's financial system. However, overrides are currently unavailable, and the University has not yet developed a new solution.

A PI may delegate someone else to certify on their behalf; however, the designee must have sufficient knowledge of the project to be able to certify the effort appropriately. Departments reported challenges in identifying personnel with sufficient knowledge and/or somebody who is willing to take on the responsibility to certify in these instances.

- **PI Home Department Responsibility** – The ECERT system is structured to identify the home department of the PI on the award as the responsible certifier even though the staff who provided the work may work under a PI in a separate department. This makes it challenging to identify which reports require certification under a particular award.

Further, Departments/Divisions reported that the system does not always show the PI a complete listing of report owners for whom they need to certify. In order to ensure the PI has a complete listing, the PI has to download the Effort Report Status Report available through Blink, which is updated weekly, filter the report to show their name under "PI", copy all of the Report Owner IDs, then paste the listing into the ECERT system.

- **Continuing COVID-19 Impacts** – Departments/Divisions are still recovering from COVID-19 impacts including staff shortages while managing a significant number of incoming awards that coincided with the new financial system transition. One division continues to address financial errors resulting from the transition and noted that once they have confidence that expenses are correctly matched to awards, faculty will certify effort.

- **System Accessibility** – The additional layers of security make accessing and staying logged onto the ECERT system cumbersome. Logging in requires a multi-factor authentication confirmation, however the system automatically logs out users after a certain period, and logging back in requires repeating the authentication. One division suggested streamlining authentication to once per day instead of at each login instance. Another division noted that some PIs experience difficulty navigating new technology and/or are reluctant to all of the new systems and changes when they don't see added value.
- **Training** – One department reported that PIs were not aware they had to certify for everybody in their lab and were only searching for their own effort reports to certify. The department also reported that PIs forget to certify effort and need regular reminders.
- **Multiple Certifications** - For reports that require multiple certifications, it is challenging for the home department to know which fund manager, supervisor, or PI to contact to complete all certifications (for report owners who work in a different department and under a different PI), which results "partially certified" status reports. Effort reports in "partially certified" status represent 1.8% of total effort reports for FY 2024. In most instances, one individual certifies the effort report; however, occasionally, an effort report requires multiple certifications (e.g. if the employee works on multiple projects, has multiple certifiers, and doesn't know which projects their effort benefits). The ECERT system supports multiple certifications via a check box at the bottom of the report. When the function is activated, it enables certification of individual lines instead of a single certification for the entire report.
- **Effort Calculation** - Report owners find it difficult to calculate and compare effort to their DOPE reports due to the six month effort certification period. UCPath calculates a salary derived effort percent based on salary hours with systematic adjustments for exceptions such as the NIH Salary Cap. The effort is then averaged over the six-month period to provide a total effort percent for each project. When certifying in six-month periods, the calculations can confuse report owners. Additionally, one department noted that reviewing older effort reports requires significant time and analysis, which fund managers often cannot allocate.

Actions Taken By SPF

The above issues have significantly hindered the campus's ability to ensure that most effort reports are certified in a timely manner in accordance with Uniform Guidance. In an effort to obtain a higher rate of compliance in a timelier manner, SPF has implemented a process to send email notifications to PIs (as well as their Department Chair, Vice Chancellor, the University Controller and Vice Chancellor for Research) for reports past due 60-90 days. SPF also hosts monthly office hours and offers targeted office hours with departments that have not completed certifications. Further, SPF began including ECERT-related action items on the Budget & Finance (BFS) Weekly Digest emails. However, these efforts have only been minimally effective. Specifically, while the compliance rates for FY 2021-2023 are between 90-95%, the compliance rate for FY 2024 was 82% as of June 1, 2025. The uncertified effort reports from that period are now considered significantly overdue, despite SPF extending the deadline to certify FY 2024 to January 17, 2025.

B. Certified/Adjustment Required Status	
The "Certified/Adjustment Required" status may not clearly communicate the specific actions needed by report owners and certifiers. Additionally, rounding discrepancies occasionally result in effort reports that do not total 100%.	
Risk Statement/Effect	
Effort reports may remain uncertified in an "action required" status if report owners or certifiers are unaware of the specific steps needed to resolve the issue.	
Management Action Plans	
B.1	SPF will proactively communicate to certifiers and other system users the need to manually adjust effort percentages to match updated payroll details when a Salary Cost Transfer is made after the original certification, and that a Salary Cost Transfer must be made when a manual adjustment is made to a report prior to certification. <i>Estimated completion date: 11/1/2025. Responsible Party: Wella Garcia, Director, SPF</i>
B.2	SPF will consult with UCOP to determine whether a manual adjustment can be made to effort reports that erroneously calculate effort at less than 100%. <i>Estimated completion date: 11/1/2025. Responsible Party: Wella Garcia, Director, SPF</i>

B. Certified/Adjustment Required Status – Detailed Discussion

There are two types of ECERT statuses that indicate that a PI or employee has certified an effort report: *Certified* and *Certified/Adjustment Required*. For an effort report to have a *Certified/Adjustment Required*, one of two things have occurred:

1. The PI or report owner determined that the effort percentages displayed in the *Original Payroll %* column is incorrect and entered their estimates of the actual effort percentages worked in the *Adjusted Payroll %* column, and then certified the report. To change the status from *Certified/Adjustment Required* to *Certified*, a Salary Cost Transfer needs to be processed to correct the effort percentages. Once the Salary Cost Transfer is posted, the percentages in the *Original Payroll %* will adjust to reflect the changes. If the amounts in the *Original Payroll %* and *Adjusted Payroll %* columns match, the status will automatically change to *Certified*.
2. The PI or report owner certifies an effort report, after which a Salary Cost Transfer is processed. When this occurs, the percentages in the *Original Payroll %* column will adjust based on the cost transfer, but the percentages in the *Adjusted Payroll %* column will remain the same from the prior version of the effort report. The PI or report owner needs to manually change the effort percentages in the *Adjusted Payroll %* column to match the percentages in the *Original Payroll %* column when they re-certify the report otherwise the effort report status will be changed to *Certified/Adjustment Required*.

In summary, if a PI or report owner certifies an effort report where the *Original Payroll %* column doesn't match the *Adjusted Payroll %*, the effort report status will be changed to *Certified/Adjustment Required*. However, it is not clear from the ECERT report whether a Salary Cost Transfer is still pending

or if the *Adjusted Payroll %* column just needs to be adjusted by the PI or report owner. To help illustrate how this occurs, an example of a ECERT effort report with a *Certified/Adjustment Required* status is provided in **Attachment A**. In this example, a Salary Cost Transfer was processed after the PI certified the report, and then recertified the report without adjusting the percentages in the *Adjusted Payroll %* column.

During our review, we analyzed 10 FY 2024 reports with a status of Certified/Adjustment Required and noted following:

- In eight reports, payroll activity changed after certification occurred. Although these reports had been re-certified, the certifiers did not manually adjust the previously certified amounts to reflect the updated effort percentages.
- We identified two reports where users manually adjusted effort percentages on the effort report; however, the corresponding Salary Cost Transfers have not been processed to align with those changes. Two reports included explanatory comments—one from October 2024 and another from January 2025—documenting the rationale for the manual adjustments prior to certification. However, as of this report date, Salary Cost Transfers have not been processed to support those adjustments.
- We reviewed one report in which a rounding discrepancy prevented the report from reaching Certified status. Although the effort allocation across all projects totaled 100%, the ECERT system's rounding functionality calculated total effort as 99%, thereby preventing certification. The department attempted to resolve the issue by manually adjusting effort by 1% and added a comment noting the rounding issue. Despite this, the report continues to reflect a status of Certified/Adjustment Required.

EMPLOYEE ID: [REDACTED] | HOME DEPARTMENT: [REDACTED]
FY24 JAN-JUN

Version: 3.0 (01/21/2025 08:09) | Status: Certified/AdjustReqd
Reporting Period: January 1, 2024 to June 30, 2024
Pay Periods: January 1, 2024 to June 30, 2024

<i>Sponsored Projects</i>	Original Payroll %	Adjusted Payroll %	Original Cost Sharing %	Adjusted Cost Sharing %	Original Total %	Adjusted Total %
[REDACTED]	41%	50%		0%	41%	50%
[REDACTED]	39%	39%		0%	39%	39%
[REDACTED]	9%	0%		0%	9%	0%
[REDACTED]	3%	0%		0%	3%	0%
[REDACTED]	2%	5%		0%	2%	5%
Total Sponsored Projects <i>requiring certification</i>	94%	94%		0%	94%	94%
Other Sponsored Projects	0%	0%		+ 0%	0%	0%
Non-Sponsored Activities	6%	6%		- 0%	6%	6%
Total Other Effort <i>not requiring certification</i>	6%	6%		0%	6%	6%
Grand Total	100%	100%		0%		100%

- Report Options :**
- Report requires multiple certifications.
 - Report allows for Cost Sharing Offset Against Other Sponsored Projects.
 - Report under preliminary review.

Comment for report v. 3.0:

[REDACTED]