



Fiscal Compliance Requirements
for Sponsored Programs
Effort Reporting

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Learning Objectives

To understand:

- Effort reporting compliance requirements
- University's process for Effort Verification Reporting (EVR Form)
- Responsibility of Principal Investigator (PI), Research Administrator, and Subject
- Common issues and impact of non-compliance

Definitions

- Effort Reporting - The process for employees to verify effort spent on a sponsored award.
- Effort Verification Report (EVR) – Form used by the University to certify effort.
- Modified Effort - An adjusted estimate of how an employee's time was actually spent during the reporting period.

Definitions

- Personnel Action Form (PAF) – University form that establishes planned payroll distribution
- Payroll Correcting Entry (PCE) – A correcting journal entry to redistribute payroll to a different funding source
- Subject – Anyone who has time charged to an award

Effort Reporting Requirements

- *What resources outline procedures for effort reporting?*
 - OMB Circular **A-21** – Cost Principles for Educational Institutions
 - UM System – **APM 60.32** – Effort Verification Reports
 - UM System – **BPM 213** – Adjustment of Income and Expense Items

Effort Reporting Requirements

- Effort is verified to ensure all direct payroll costs reflect **actual** efforts.
- Total effort must reflect **100%** of all University compensated activity.
- Total effort is **not** based on a
 - 40-hour workweek *or*
 - Full-time equivalent.

Effort Reporting Requirements

- EVRs should be:
 - Completed every 6 months
 - Signed by the subject of the effort or a person with “suitable means of verification that work was performed”
 - Submitted to the Sponsored Programs Office (SPO) within 30 days

EVR – What to check

Report ID: USGM0001 **Semi-Annual - Effort Verification Report** Semi-Annual
 Report Date: 11-DEC-2009 [REDACTED] -- 01-JAN-2009 through 30-JUN-2009 Page 47

HR Division: CVTMD Veterinary Medicine
 Primary Department: CVTBIOMD Biomedical Sciences

Institutional Base Salary for effort reporting during period: 39,692.28
 Total payments during period: 48,807.26

EmplID: [REDACTED] PAF effective date: 01-JAN-2009 Empl Record: 0
 Status: Active FTE: 1.0 Job Code: 1700
 Employment classification: Regular

Only required to write in actual effort if different

Pay source data for the report period:

MoCode	Fund	DeptID Descr	Prgm	Class	ProjectID Descr	PCS Code	Planned Allocation % Allotted	Payroll Data		Modified Effort
								\$ Amount	%	
C3476	0000	C2900001 BIOMEDICAL SCI	0	0	00 00	11	95.00	38,369.20	96.67	_____
DB643	2285	C4505071 GRANTS DALTON CARDIO RES 22	0	0	00013321 Cardiovascular Regulation in H	22	5.00	1,323.08	3.33	_____
Total							<u>100.00</u>	<u>39,692.28</u>	<u>100.00</u>	

Are these the right grants or other funding sources?

Effort must always total 100%
Could be small variance due to rounding

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DB643	2285	C4505071 GRANTS DALTON CARDIO RES 22	0	0	00013321 Cardiovascular Regulation in H	22	5.00	1,323.08	3.33	_____
Total							<u>100.00</u>	<u>39,692.28</u>	<u>100.00</u>	

From the PAF at the beginning of the reporting period

Effort must always total 100%
Could be small variance due to rounding

EVR – What to check

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								\$ Amount	%	
C3476	0000	C2900001 BIOMEDICAL SCI	0	0	00 00	11	95.00	38,369.20	96.67	
DB643	2285	C4505071 GRANTS DALTON CARDIO RES 22	0	0	00013321 Cardiovascular Regulation in H	22	5.00	1,323.08	3.33	
Total							100.00	39,692.28	100.00	

Actual pay, presented in dollars and percentage

Effort must always total 100%
 Could be small variance due to rounding

EVR – What to check

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								\$ Amount	%	
C3476	0000	C2900001 BIOMEDICAL SCI	0	0	00 00	11	95.00	38,369.20	96.67	<u>85</u>
DB643	2285	C4505071 GRANTS DALTON CARDIO RES 22	0	0	00013321 Cardiovascular Regulation in H	22	5.00	1,323.08	3.33	<u>15</u>
Total							<u>100.00</u>	<u>39,692.28</u>	<u>100.00</u>	

- 1) Estimate your effort.
- 2) Compare to Payroll Data %.
- 3) If different, complete Modified Effort

Effort must always total 100%
 Could be small variance due to rounding

EVR - Signature Completion

Compensation not related to Base Pay—awards, incentive, allowance, etc.

Payments made through Payroll and excluded from the base calculation:

MoCode	Fund	DeptID Descr	Prgm	Class	ProjectID Descr	Earn Code	\$ Amount
C4996	0565	C2903053	0	0	00	INC	6,242.62
Total							6,242.62

I am the individual named in this report, or I have first-hand knowledge of the activities of the individual named in this report and suitable means of verification of effort shown on this report. If I am not the employee named in this report, I have access to reliable information of how the individual spent their effort and I will maintain supporting documentation of that information. I affirm that the percentages listed under Payroll Data % or Modified Effort are a reasonable reflection of the subject's effort during the time period covered by this report. I understand that if the difference between the Payroll Data % and Modified Effort is more than 5% for any funding line, departmental personnel are required to initiate PCEs to accurately reflect these changes, and that I have the responsibility to notify departmental personnel when such entries are necessary.

Signature

Printed Name

Date

Signing and dating are critical since this is a “certification”

EVR – Unallowable Costs

- Payroll related costs can be unallowable if:
 - EVR is not signed
 - EVR is not signed by person with suitable means of verification
 - EVR is not signed and dated by the due date
 - Information is incomplete or inaccurate
 - Certified effort does not match the General Ledger

Payroll Correcting Entries- PCEs

- From the PI monthly review, PCEs must be:
 - Entered if the difference between Payroll Data % and the Modified Effort **exceeds** 5%.
 - Entered within **2** accounting periods after the month of the transaction.
 - Supported by proper documentation

See BPM-213 Adjustment of Income and Expense Items

Roles and Responsibilities

- UM System Controller's Office – Produces EVRs and provides compliance oversight
- Sponsored Programs Office (SPO) – Reviews EVRs for compliance; follows up on late or incomplete EVRs
- Departments – Distributes and collects EVRs. Initiates PAFs and PCEs at the direction of the PI

Roles and Responsibilities

- The subject:
 - Ensures the EVR is accurate and consistent with the proposed effort
 - Completes the Modified Effort if actual effort is different from Payroll Data %
 - Reviews his/her EVR and signs timely
 - If leaving University:
 - reviews actual effort with supervisor/PI
 - multiple units may need to sign

Roles and Responsibilities

Activity	PI	Research Admin
Overall Compliance Responsibility	X	
Attend Training	X	X
Ensure proposed effort was delivered	X	
Work with SPO to contact sponsor with significant effort changes	X	
Distribute and follow-up on late EVRs		X
Reviews EVRs for completeness		X
Initiates/processes PCEs and PAFs	X	X
Ensure all EVRs are reviewed, signed, and submitted by due date	X	X

Common Issues

- Incomplete or inaccurate EVRs
- Not signed by subject or person with suitable means
- Late EVRs and PCEs
- PCEs not completed to reflect changes in effort > 5%
- PAF's not timely updated
- PI effort charged 100% to sponsored activities

Impact of Noncompliance

- Questioned or unallowable costs
- Repayments to the sponsor
- Fines and/or sanctions
- Subject to additional external audits
- Jeopardize future funding opportunities
- Damage to reputation

Concluding Points

- Payroll costs should reflect actual effort worked
- Signature indicates the effort is reasonable
- Do **not** wait until **EVR cycle** to review effort!

Additional Information

- University Accounting Policy – [APM – Section 60](#)
 - APM 60.32 – [EVR Policy](#)
- University Business Policy – [BPM 213 – Correction of Income & Expense Items](#)
- Other related training available:
 - [Financial Compliance Training Website](#)
 - Contact your Sponsored Programs Office for departmental training sessions or further discussion

**Please Click Here to Complete
the Training Survey**