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

- <u>Effort Reporting</u>   The process for employees to verify effort spent

Definitions

- <u>Personnel Action Form</u> (PAF) – University form that establishes planned payroll distribution
- <u>Payroll Correcting Entry</u> (PCE) – A correcting journal entry to redistribute payroll to a differenat distribution

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

Effort Reporting Requirements

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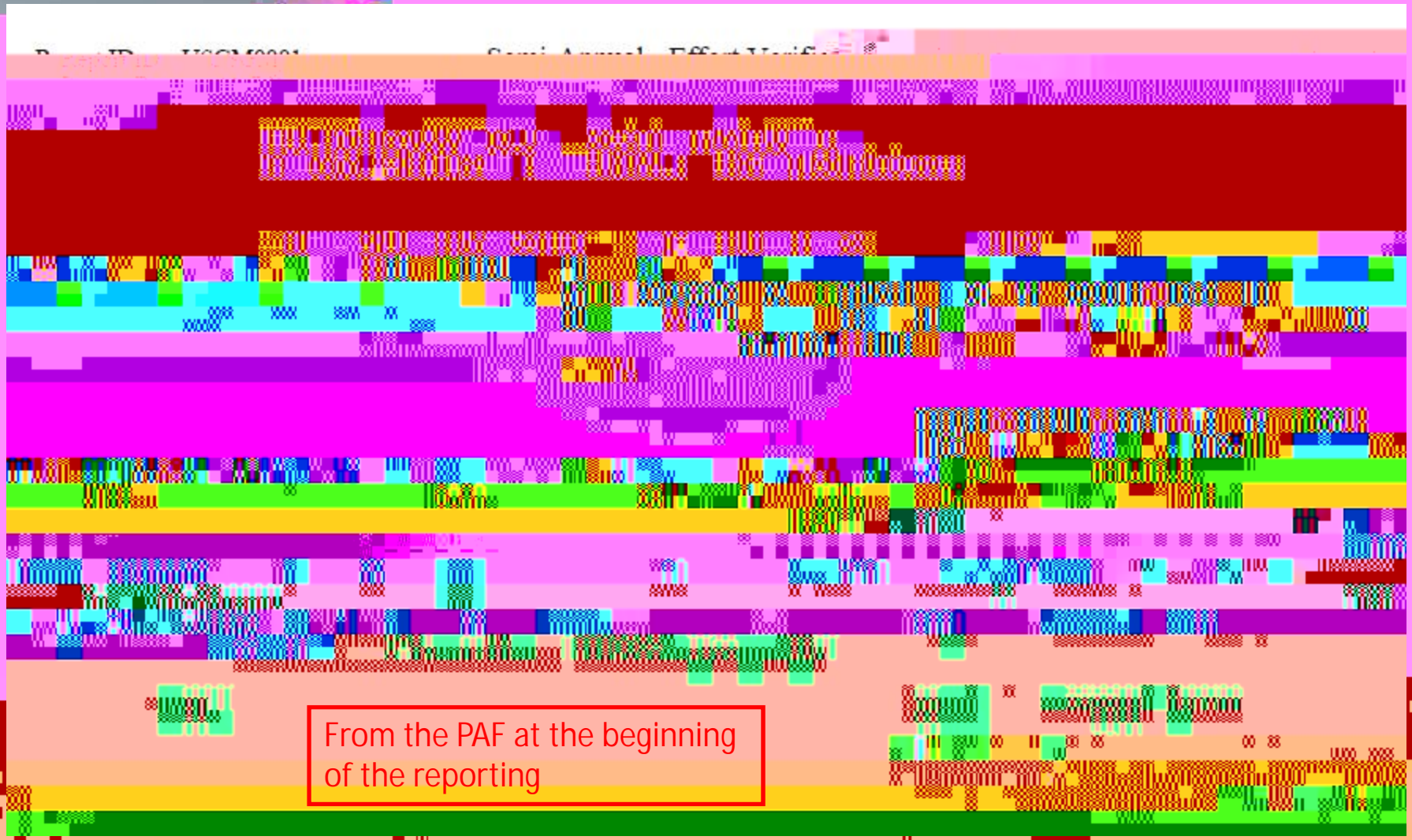 - Submitted to the Sponsored Programs Office (SPO) within 30 days

EVR – What to check

Are these the right grants or other funding sources?

From the PAF at the beginning
of the reporting

EVR – What to check

85
15

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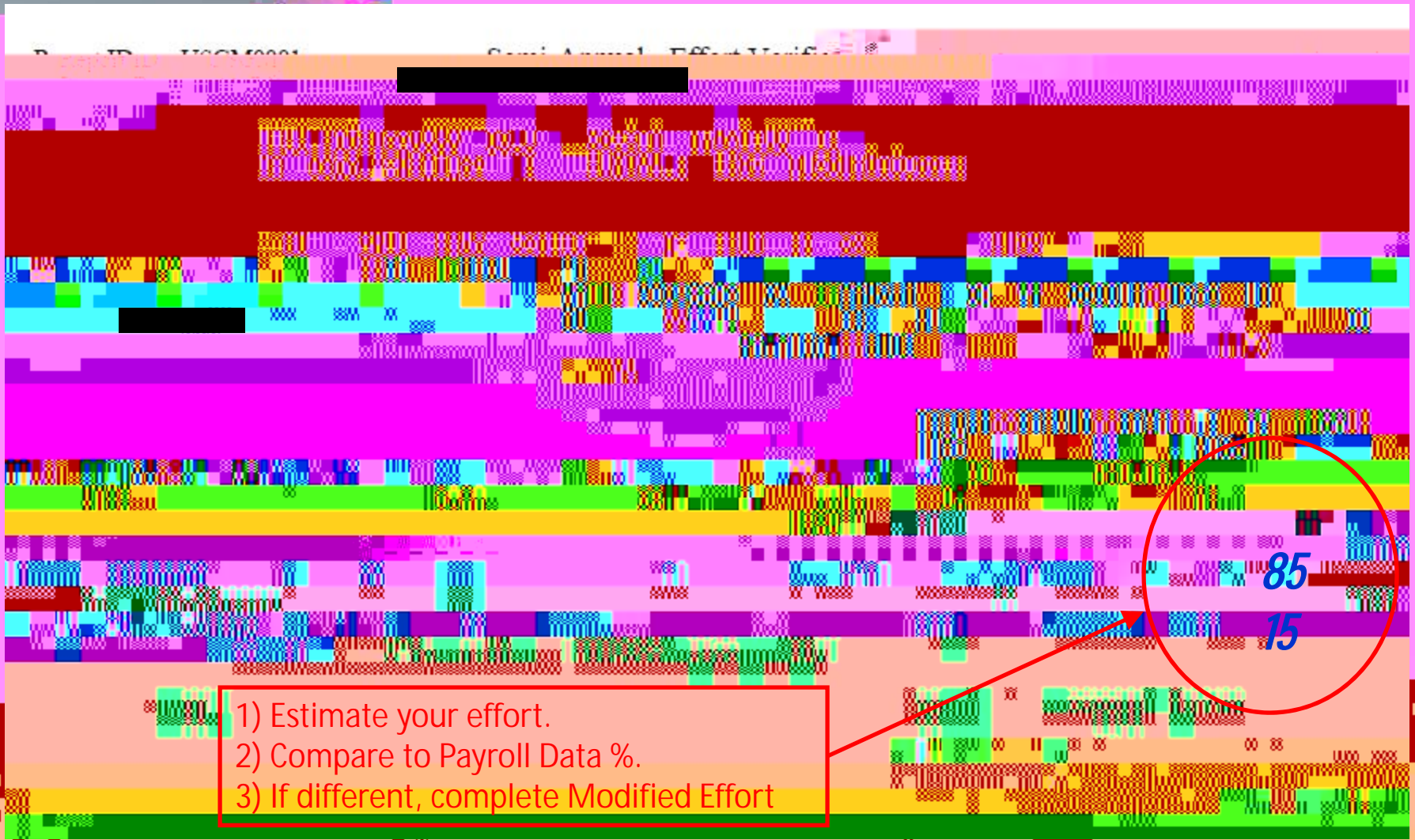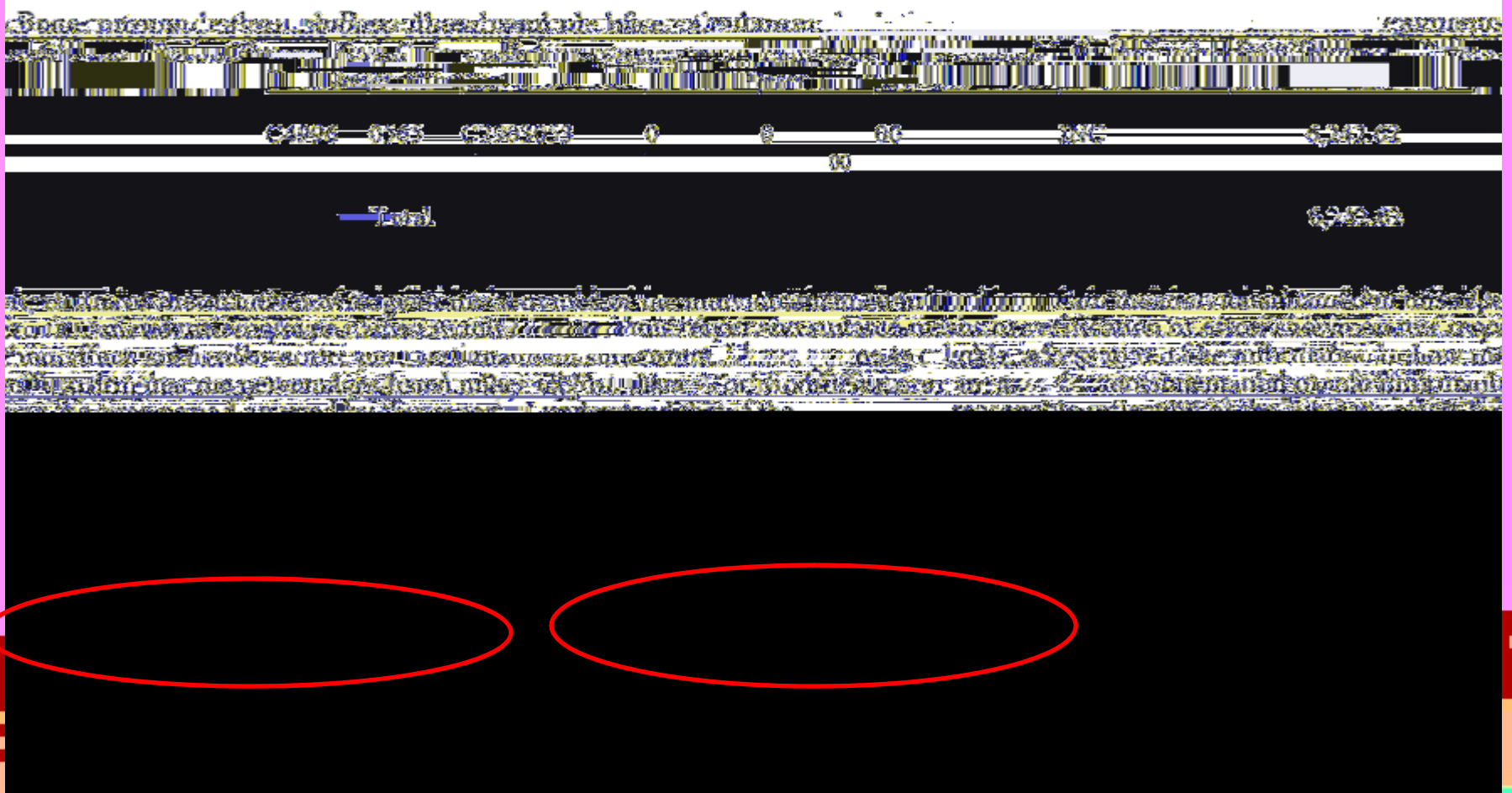
EVR   Signature Completion

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   the

Roles and Responsibilities

- <u>UM System Controller's Office</u> – Produces EVRs and provides compliance oversight

- <u>Sponsored Programs Office</u>

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

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

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

Additional Information

- University Accounting Policy – APM – Section 60
  - APM 60.32 – EVR Policy
- University Business Policy – BPM 213 – Correction of Income & Expense Items