

University of Missouri System

Accounting Policies and Procedures



Policy Number: APM-60.32

Policy Name: Effort Verification Reports

General Policy and Procedure Overview:

The federal Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions, requires University of Missouri employees who work on activities related to federal awards to complete time and Effort Verification Reports (EVRs). The University uses the “Plan-Confirmation” method for effort reporting as described by OMB Circular A-21.

Definition of Key Term:

Allowable – Costs or revenues permitted under the terms of the Notice of Grant Award and OMB Circular A-133.

Effort Verification Report (EVR) – Report that lists an individual’s base pay, payroll funding sources, plan for payroll distribution at the beginning of the reporting period, and actual payroll distributions (dollars and percentages) during the reporting period. The EVR is designed for input and verification of EAE.

Plan Confirmation Method - Under this method, the distribution of salaries and wages of professorial and professional staff applicable to sponsored agreements is based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution.

Effort Allocation Estimate (EAE) – An estimate of how an employee’s time was spent during the period.

Payroll Correcting Entry (PCE) – A correcting journal entry made to redistribute payroll.

Detail Policy and Procedures:

The principal investigator (PI) is responsible and accountable for compliance with all federal regulations associated with sponsored projects awarded under his or her supervision. Effort verification is a compliance requirement of accepting federal awards.

Effort allocation is based on an employee’s total activity within her or his University appointment and includes all research, teaching, clinical service, and administrative duties the employee performs. Effort is not based on a 40-hour workweek, nor is it based on full time equivalent (FTE). Part-time personnel should report 100% effort on the EVR regardless of what FTE the appointment represents. Personnel who work more than 40 hours per week should report 100% effort on the EVR regardless of how many hours they work. Effort Allocation Estimate (EAE) to various funding lines is expressed in whole percentages and must total 100%. The individual signing an effort report confirms that the EAE on the report represents a reasonable estimate of the work performed by the listed employee for the documented period.

Federal compliance requires adherence to University policies and procedures. Timely verification and return of EVRs within University established deadlines is a federal compliance requirement. Fiscal Officers, Departmental Administrators, and Subjects of the EVRs share responsibility for ensuring 100% effective and timely completion of the EVR verification process. Failure to complete an EVR means that any costs included in an unverified or incomplete EVR are unallowable, and the University could be required to refund those amounts to the sponsor. Under University policies, the department responsible for the sponsored project is responsible for any disallowed or unallowable costs.

An EVR is produced for each individual who received all or part of their salary from:

- A sponsored project (including cost share);
- Work Study students paid from Work Study Project ChartField strings;
- Federal appropriations, which are indicated by a Federal program code, such as E8008 or C8010.

Subjects of the EVR should complete the EAE which is an estimate of how time was spent during the reporting period. This estimate should be made and entered in whole percentage increments. Rounding to increments as large as 5% is considered to constitute a valid estimate. If significant (>5%) differences exist between the EAE and Payroll Data for any funding line, a Payroll Correcting Entry (PCE) must be entered to produce reasonable congruence between the EAE and payroll distribution.

EAE is reported and based on how time was spent, not based on budgeted percentages or paid percentages. Effort must be estimated and certified by first hand knowledge of an individual's activities. If the subject of the EVR is not available, a person with direct knowledge of 100% of the subject's effort may sign the report. If the person on the EVR is no longer employed by the University, the supervisor or other responsible person with first-hand knowledge of how the person on the report spent 100% of their time should review and sign the report.

PCEs should be entered no later than 2 months from the end of the month in which the original transaction posted (see [BPM-213](#) Adjustment of Income and Expense Items). If significant (>5%) differences exist between EAE and payroll distribution percentage for any funding line, the necessary PCE(s) must be made. Within 10 working days of the signature on the EVR, PCEs triggered by effort reports must be made or the process must be initiated for approval of a late PCE. A revised EVR will not be produced. Other than PCEs necessary to align EAE with payroll distribution percentage on a certified EVR, PCEs impacting a certified EVR should not be made without approval by the SPO.

The EVR is typically a semi-annual certification covering the periods of July 1 through December 31 and January 1 through June 30, but may be on a more frequent basis if required by the sponsored agreement (such as the Agriculture Experiment Station requirement to report on a monthly basis). The Controller's Office will generate and reconcile the EVRs for each Campus. The reconciliation is performed by generating the EVRs from the financial system for the time frame required and comparing the EVRs with results from a query from the financial system.

The Controller's Office will send the EVRs to each campus Sponsored Programs Office (SPO) once the reconciliation is performed. Each SPO is responsible for the timely distribution to the departments and collection of the EVRs by the designated due date.

Effort Reports must be returned to the SPO within thirty (30) days of distribution to the Departmental Fiscal Officers and Grants Managers. Each campus SPO will review all EVRs as they are returned to ensure they are properly completed, certified, signed and dated. The Controller's Office will monitor the return of the EVRs to each SPO.

If an EVR is not received within 30 calendar days of the due date, the SPO manager will prepare notification for the Research Officer. The Research Officer will send the notification to the designated departmental fiscal officer/manager, the supervisor of the employee whose EVR is delinquent and the Department Head(s) of outstanding EVRs to identify future consequences of non-compliance.

If the EVR is not received within 45 calendar days of the due date, the SPO manager will prepare notification for the Research Officer to send to the Chancellor, Provost and Department Head, that sponsored project (including federal appropriations and cost share) payroll amounts for the outstanding EVR reporting period may become questioned costs that could be required to be returned to the sponsor.

Responsibilities:

Fiscal Officer

- Ensure distribution of EVRs with instructions to Departments.
- Monitor compliance of 100% return of properly completed, signed and dated EVRs by the established deadline.
- Transmit properly completed EVRs to the SPO

Research Officer

- Send notification to the designated departmental fiscal officer/manager and the Department Head(s) of any employee whose EVR is not received within 30 calendar days of the due date.
- Send notification to the Chancellor, Provost and Department Head of EVRs not received within 45 calendar days of the due date.

Departmental Administrator

- Distribute EVRs with instructions to the subjects of the EVR for review and certification.
- Prepare necessary and timely Payroll Correcting Entries (PCEs) relating to the period covered by the EVRs mirroring significant changes on the certified EVRs.
- Accumulate all EVRs and return to SPO for the respective campus.
- Ensure 100% of the EVRs are properly completed, signed, dated and returned by the established deadline.

Subject of the EVR

- Complete the EAE, which is an estimate of how you spent your time during the reporting period.
- Sign and Date the EVR.
- Return the completed EVR to the departmental administrator.
- Specify to the departmental administrator, any necessary PCEs based upon the verified EVR.

SPO

- Maintain verified effort reports for review purposes;
- Review all EVRs as they are returned to ensure they are properly completed, verified, and signed/dated;
- Provide assistance to Departmental Administrators/Fiscal Office personnel with the effort reporting process;
- Timely distribution of EVRs to the departments.

- Initiate escalation procedures to facilitate timely collection of the EVRs by the designated due date.
- SPO manager will prepare notification for the Research Officer to send to the Chancellor, Provost and Department Head for EVRs not received within 30 calendar days of the due date.
- SPO manager will prepare notification for the Research Officer to send to the Chancellor, Provost and Department Head for EVRs not received within 45 calendar days of the due date.

Controller's Office

- Produce the EVRs
- Monitor departmental responsibilities related to effort reporting to help ensure University compliance, including the timely return of the reports,
- Provide assistance to Departmental Administrators/Fiscal Officers with the effort reporting process.
- Monitor the submission of the EVRs to each SPO.

Effective Date: January 1, 2008

Revised Date: October 5, 2007

Questions and Comments?

Any questions regarding the approved Accounting Policy and Procedure should be directed to the Controller's Office, 118 University Hall, Columbia MO 65211, phone 573-882-4286.