

01/08/2024

**Required Departmental Internal Controls for Sponsored Research Effort Reporting Policy Compliance**

**Purpose:**

This document provides an overview of University Audit’s expectations regarding departmental internal control procedures for two key Effort Reporting Policy provisions (Certification of Effort (Section E) and Required Internal Controls (Appendix)). This document does not supersede the Effort Reporting Policy; rather, it is intended to compliment the Effort Reporting Policy and to address common audit findings when conducting routine Effort Reporting Policy Compliance Audits.

**Overall Objective:**

To assist research departments in complying with the University’s Effort Reporting Policy, which is based on regulations set forth by the Uniform Guidance (see Policy at [https://www.rochester.edu/ORPA/assets/pdf/policy\\_EffortReportingPolicy.pdf](https://www.rochester.edu/ORPA/assets/pdf/policy_EffortReportingPolicy.pdf)).

<b>A</b>	<p><b><u>Certification of Effort (Section E):</u></b></p> <p><b><i>Policy Objectives – to ensure:</i></b></p> <ul style="list-style-type: none"> <li>• Effort is properly certified for all faculty members, staff members and other individuals who have payroll—in whole or in part—charged directly to sponsored projects</li> <li>• Effort certification occurs at least once every twelve months</li> </ul>
<b>Control Descriptions – Expected controls that must be evidenced upon audit to verify the department is meeting the above policy objectives:</b>	
<b>1</b>	Effort certification was submitted at least once in the past 12 months through Personnel Action Forms (PAFs) and/or Summer Certification Forms.
<b>2</b>	Certification was signed by the appropriate individual, as defined per the Policy.
	2a. With the exception of post-doctoral individuals and graduate students, each individual will be expected to certify their own effort.
	2b. PI’s (with first-hand knowledge) can certify for Post Docs and Grad Students if they worked exclusively for the PI.
	2c. Undergrad effort is certified when the timekeeping manager approves their hourly time.
<b>3</b>	Although not expressly required by the Policy, it will be expected that departments can evidence that the HRMS Certification Exception Report (UPY6070) is run on a periodic basis to identify individuals that may require a new PAF or certification of a no-change PAF (an 11 month look-back period is recommended.) Evidence we would expect is the report with run date and the look-back period noted.

B	<p><b>Required Internal Controls Related to Management of Faculty Member / Investigator Effort (Appendix):</b></p> <p><b>Policy Objectives – to ensure:</b></p> <ul style="list-style-type: none"> <li>• Faculty member/investigator is not overcommitted</li> <li>• Effort/payroll allocations are reasonable reflections of the actual work performed</li> <li>• Any variance from committed effort requiring sponsor approval is identified and approval is obtained for: <ul style="list-style-type: none"> <li>○ A change in a key person specified in the application or the award document.</li> <li>○ Absence for more than 3 months, or a 25% reduction in time devoted to the project, by the PI or Project Director. The Project Director or PI will reach out to ORPA to make the communication to the sponsor if there’s more than a 25% reduction in time devoted (for non-federal sponsor, this may not always be the case).</li> </ul> </li> <li>• Timely changes in payroll allocations are identified and updated: <ul style="list-style-type: none"> <li>○ At a minimum, if an effort change is at least 10% of the individual’s total effort or results in a reduction of documented effort on a single project (<u>over a six-month period</u>) of 25% or more of the original commitment for the current project period, an update to the respective person’s effort/payroll allocation must be done.</li> </ul> </li> </ul>
<p><b>Control Descriptions – Expected controls that must be evidenced upon audit to verify the department is meeting the above policy objectives:</b></p> <p>The departmental Research Administrator or Financial Administrator responsible for grants must show evidence of a departmental process to <b>actively and routinely monitor and verify effort and payroll allocations</b> of all departmental faculty members / investigators (named on at least one award as key personnel).</p> <p><b>* Note: These are not “one-time” procedures performed to satisfy an audit, the Policy’s intent is that these controls are performed on an on-going basis.</b></p>	
1	<p><b>Maintain an Effort Monitoring Spreadsheet:</b> Excel template from ORPA website or similar spreadsheet for each faculty member/investigator that documents and compares the three components of effort (Committed, Reported, Actual Devoted) and includes activities/responsibilities (research, clinical, teaching, admin, etc.)</p> <ul style="list-style-type: none"> <li>• <b>Minimum requirement</b> to update this spreadsheet is every 4 months (greater frequency maybe necessary for larger / complex departments). <i>This is an analysis of information at a point in time. Example - During a fiscal year for a 12-month appointment, effort monitoring would be at least 3 times a year.</i></li> <li>• <b>Notes:</b> <ul style="list-style-type: none"> <li>○ The progress report effort verification process typically will not satisfy the policy control objectives.</li> <li>○ A department may need to maintain supporting workbooks to collect and track effort percentages to prepare for this control.</li> <li>○ See this document’s APPENDIX for helpful Tools</li> </ul> </li> </ul>
	<p>1a. All Cost Sharing (includes salary over the cap) that is charged to a non-sponsored account and has to be “added back” to Reported Effort as part of this analysis in order to accurately calculate the total for a given project.</p>
	<p>1b. Extra Compensation – Validate whether the associated effort should be included or excluded as part of this analysis. Consideration must be given to extra compensation to ensure the payments are truly extra comp (and are properly excluded from effort % calculations). Some extra comp payments (such as compensation for chairmanship) may need to be included in the calculation of Reported Effort.</p>

2	<p><b>Periodically Meet with Faculty Members/Investigators:</b> Maintaining the spreadsheet and adequately performing this control procedure requires periodic meetings with faculty / investigators. This is an inferred Policy requirement that is necessary in order to effectively complete the analysis (i.e., the analysis must include an exchange of information to verify a researcher’s “Actual Devoted” effort).</p>
3	<p><b>Documenting Effort Review and Verification with Faculty members / Investigators:</b> Departments will be expected to evidence completion of periodic Effort/Payroll verifications with their departmental faculty members / investigators, via signature or electronically, using the Effort Monitoring Spreadsheet described in Control 1.</p> <ul style="list-style-type: none"> <li>• <b>Minimum Requirement</b> is every 4 months (greater frequency maybe necessary for larger / complex departments).</li> <li>• <b>Include Faculty Member/Investigator Verification –</b> Acknowledgment or approval from the faculty member/investigator that the Reported Effort (i.e., HRMS allocations), the Committed Effort, and the Actual Devoted Effort for the time period(s) indicated in the analysis (Control 1) have been reviewed.</li> </ul>
4	<p><b>Sponsored Approvals:</b> For most sponsors, University Audit will expect evidence that the Administrator and/or PI reached out to ORPA to make any necessary award corrections or effort commitment adjustments related to the outcome of completing the above analysis. However, for non-federal sponsors, this may not always be the expectation.</p>

**APPENDIX – HELPFUL TOOLS:**

➤ **Effort Component Descriptions:**

<b>Effort</b>	<b>Source</b>	<b>Description</b>
<b>Committed</b>	Per the Award	Effort agreed to by the Sponsor and PI from award (including modifications); IORA for budget and or new awards
<b>Reported</b>	Per HRMS	<i>HRMS Effort Payroll Allocation Report (UPY8010)</i> used to obtain effort/payroll allocations for selected researchers
<b>Actual Devoted</b>	Per the Researcher Interview	Interview the Principal Investigator and other key personnel as to actual activities/work performed: <ul style="list-style-type: none"><li>• <i>All Total University Effort (TUE) - Sponsored Research, proposal writing, teaching, professional development, administrative duties, clinical practice <u>regardless of when</u> (daytime, evening, weekends) <u>or where</u> (on site, at home, traveling) the activities occur.</i></li><li>• <i>Total University Effort is <u>not</u> based on a specified number of hours (e.g., 40 hours per week). Cannot have greater than 100% effort.</i></li></ul>

➤ **Example of the Effort Monitoring Spreadsheet – Progress Report Effort Verification Template**  
 (see <https://www.rochester.edu/orpa/policies/#sra>)

Faculty Member and Date of Review	Sponsored Projects	Committed Effort (a)	Actual Effort (b)	Reported Effort (c)
→	Project A	[ ]	[ ]	[ ]
→	Project B	[ ]	[ ]	[ ]
→	Clinical Responsibilities	[ ]	[ ]	[ ]
→	Formal Teaching Responsibilities	[ ]	[ ]	[ ]
→	Administrative Responsibilities	[ ]	[ ]	[ ]
	Check that totals are 100%		0	0
			100%	100%
Faculty member signature ←				

**Key**

- (a) From the project budget submitted with the proposal, or subsequent sponsor-approved commitment level
- (b) From discussion with the faculty member regarding the average portion of their University time being spent on the project
- (c) From the current HRMS distribution (be sure to include any cost shared percentages being charged to UR Financials Financial Activity Objects (FAO) other than GR FAOs)

➤ Example of how to complete the spreadsheet:

		Committed	Actual	Reported	
Richard Angus	Sponsored Projects	Effort (a)	Effort (b)	Effort (c)	
9/15/2020	GR512345 NSF	25	25	25	
	GR523456 NIH R01	15	15	15	
	GR554321 Acme Foundation	5	5	5	
	Clinical Responsibilities		20	20	
	Formal Teaching Responsibilities		25	25	
	Administrative Responsibilities		10	10	
Faculty member signature			100	100	
1/10/2021	GR512345 NSF	25	20	20	No sponsor notification needed (less than 25% reduction); and No HRMS change since Dr. Angus believes change is short-term in duration
	GR523456 NIH R01	10	5	5	Sponsor approval for reduction was obtained December 2020
	GR554321 Acme Foundation	5	5	5	
	Clinical Responsibilities		35	35	
	Formal Teaching Responsibilities		25	25	
	Administrative Responsibilities		10	10	
Faculty member signature			100	100	