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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).

A	<p>Required Internal Controls Related to Management of Faculty Member / Investigator Effort (Appendix):</p> <p>Policy Objectives – to ensure:</p> <ul style="list-style-type: none"> • Faculty member/investigator is not overcommitted • Effort/payroll allocations are reasonable reflections of the actual work performed • Any variance from committed effort requiring sponsor approval is identified and approval is obtained for: <ul style="list-style-type: none"> ○ A change in a key person specified in the application or the award document. ○ 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). • Timely changes in payroll allocations are identified and updated: <ul style="list-style-type: none"> ○ 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.
<p>Control Descriptions – Expected controls that must be evidenced upon audit to verify the department is meeting the above policy objectives: The departmental Research Administrator or Financial Administrator responsible for grants must show evidence of a departmental process to <i>actively and routinely monitor and verify effort and payroll allocations</i> of all departmental faculty members / investigators (named on at least one award as key personnel). * 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.</p>	
1	<p>Maintain an Effort Monitoring Spreadsheet: Excel template from ORPA website (<i>Effort Verification Spreadsheet – refer to Appendix</i>) 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"> • Minimum requirement to update this spreadsheet is every 3 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 4 times a year.</i> • Notes: <ul style="list-style-type: none"> ○ The progress report effort verification process typically will not satisfy the policy control objectives. ○ A department may need to maintain supporting workbooks to collect and track effort percentages to prepare for this control. ○ See this document’s APPENDIX for helpful Tools
<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	Periodically Meet with Faculty Members/Investigators: 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).
3	Documenting Effort Review and Verification with Faculty members / Investigators: 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. <ul style="list-style-type: none"> • Minimum Requirement is quarterly (every 3 months); greater frequency, such as monthly, maybe necessary for larger / complex departments). • Include Faculty Member/Investigator Verification – Acknowledgment or approval from the faculty member/investigator that the Reported Effort (i.e., Workday Payroll Allocations), the Committed Effort, and the Actual Devoted Effort for the time period(s) indicated in the analysis (Control 1) have been reviewed.
4	Sponsored Approvals: 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.

B	<p><u>Required Internal Controls - Changes to Previously Certified Effort (Effort Policy Section E.6): Payroll Accounting Adjustments (PAAs) (Previously called “Reallocations”).</u></p> <p>Policy Objectives:</p> <ul style="list-style-type: none"> • Once effort certification has been completed, only in certain circumstances will retroactive subsequent effort/payroll allocation adjustments be permitted. If it is necessary to adjust the effort/payroll allocations for a previously certified effort period, submit a Payroll Accounting Adjustment (PAA) using myURHR and select the appropriate reason for the retroactive reallocation from the drop-down menu on the PAA process page. • Reallocations of previously certified effort will require re-certification. Submit to ORACS a request for an off-cycle effort certification for such employee. Your request needs to include justification that clearly sets forth why the previous effort/payroll allocation was erroneously certified, and why the updated effort/payroll allocation is more appropriate within the context of sponsor regulations and University policies and procedures. Refer to University’s Cost Transfer Policy – Sponsored Programs. • At close out of a project, a PAA should not be used to retroactively change effort/payroll allocations from a sponsored account that is in deficit, if the underlying effort was truly expended on the project. Rather, the value of effort in excess of the project’s budget is to be a component of the journal entry that transfers the final deficit to an unrestricted account.
	<p>Audit Procedure:</p> <ul style="list-style-type: none"> • OUA will run URHCM0441 Pay Accounting Adjustments Reports for the most recent 3 months, filtering by days > 90 days. • The number of Days is calculated from the Pay Period <u>Begin Date</u> and the PAA Date (Date Entered). • Workday myURHR has a dropdown box for the following reasons: Administrative Delay, Clerical Error, Funding Updates and Changes, Other Adjustment. • OUA will request more detailed reasons from the Administrator for PAA’s > 90 days. OUA will review for reasonableness and appropriateness.

APPENDIX – HELPFUL TOOLS:

➤ **Effort Component Descriptions:**

Effort	Source	Description
Committed	Per the Award	Effort agreed to by the Sponsor and PI from award (including modifications); IORA for budget and or new awards
Reported	Per myURHR Workday	<u>URHCM0391b Effort Distribution by Fiscal Period</u> used to obtain effort/payroll allocations for selected researchers. <i>(This report includes Salary Over the Cap and Cost Sharing)</i>
Actual Devoted	Per the Researcher Interview	Interview the Principal Investigator and other key personnel as to actual activities/work performed: <ul style="list-style-type: none"> • <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> • <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>

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

Effort Verification Template

Faculty Member and Date of Review	Sponsored Projects	Committed Effort (a)	Actual Effort (b)	Reported Effort (c)	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 WorkDay payroll distribution (be sure include any cost shared percentages being charged to UR Financials Financial Activity Objects (FAO) other than GR FAOs
	Clinical Responsibilities				
	Formal Teaching Responsibilities				
	Administrative Responsibilities				
	Check that totals are 100%		0	0	

Example of how to complete the Effort Verification Spreadsheet:

Add header

		Committed Effort	Actual Effort	Reported Effort	
Richard Angus	Sponsored Projects	(a)	(b)	(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 WorkDay payroll 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	