**PURPOSE**

This policy provides guidelines for ensuring compliance in proposing, charging, and verifying effort and compensation related to sponsored projects. It also provides guidelines to ensure compliance with the Office of Management and Budget’s (OMB) Code of Federal Regulations [*Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*](http://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl) (“Uniform Guidance”), federal and state regulations, as well as sponsor and award terms and conditions.

As a condition of receiving federal funding, institutions must maintain an accurate system for compliantly proposing, charging, and verifying effort and compensation related to federally sponsored projects. All employees involved in sponsored project payroll and effort verification must understand that severe penalties and funding disallowances could result from inaccurate, incomplete, or untimely effort reporting. Creighton must charge compensation paid to individuals working on sponsored projects in line with estimated effort commitments and then verify that the charged compensation is in line with the guidelines established by the Uniform Guidance, sponsor policies, and award terms and conditions.

Failure to adhere to the provisions of this policy may result in the University’s sponsors or other government agencies disallowing costs or imposing other sanctions.

**SCOPE**

This policy should be known and understood by the following groups of individuals. Additionally, the following are the responsibilities of the personnel listed below.

* **Vice Presidents, Associate Vice Provost for Research and Scholarship:**
	+ Sign the [Over 90 Days Cost Transfer or Effort Recertification Form](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Transfer_Request_Form.pdf), if appropriate, for salary adjustments more than 90 days old and all journal entries involving recertification.
* **Deans/Directors:**
	+ Receive e-mails for PARs that are delinquent more than 90 days, follow up to determine reason for delay.
* **Department Chairs:**
	+ Receive emails for PARs that are delinquent more than 60 days, follow up to determine reason for delay.
	+ Sign the [Over 90 Days Cost Transfer or Effort Recertification Form](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Transfer_Request_Form.pdf), if appropriate, for salary adjustments more than 90 days old and all journal entries involving recertification.
* **Principal Investigators:**
	+ Responsible for signing their own PARs. May sign PARs for other personnel on their sponsored project, if the employee is not available.
	+ Sign the [Over 90 Days Cost Transfer or Effort Recertification Form](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Transfer_Request_Form.pdf), if appropriate, for salary adjustments more than 90 days old and all journal entries involving recertification.
	+ Proactively notify Sponsored Programs Administration if key personnel effort will be reduced more than 25% on a sponsored project or if key personnel will be absent from the project for three months or more.
* **Department Administrators:**
	+ Review PARs for biweekly paid personnel, ensure hours reported on the PAR match the hours paid for the time period.
	+ For monthly paid personnel, ensure that total effort equals 100%. Track cost-shared personnel and ensure that PARs are completed for those personnel.
	+ Prepare journal entries, including supporting documentation
	+ Complete [Over 90 Days Cost Transfer & Effort Recertification Form](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Transfer_Request_Form.pdf), if appropriate, for salary adjustments more than 90 days old and all journal entries involving recertification.
* **Sponsored Programs Administration Personnel:**
	+ Notify sponsor if key personnel effort changes more than 25% on a sponsored project or if key personnel will be absent from the project for three months or more.
* **Accounting Services Personnel:**
	+ Maintain original certified PARs, review and approve, if appropriate, all journal entries for salary adjustments.
* **Internal Audit Personnel, Associate Vice Provost for Research and Scholarship, Provost/Vice Presidents/Vice Provosts, Deans, Department Charis, Directors or any other personnel who are involved with or have oversight of activities or spending of resources for sponsored projects:**
	+ Apply these policies in their duties over sponsored projects

**POLICY**

Creighton University uses an after-the-fact effort reporting system to verify that salaries charged or cost shared to sponsored projects are reasonable and consistent with the work performed and in compliance with federal requirements as described in the Uniform Guidance. Under this system, the distribution of activities by Creighton University employees dedicating time to government-sponsored projects (excluding supplemental pay) will be supported by periodic Personnel Activity Reports (PARs). The PARs will confirm that effort expended on these projects closely approximates the actual salary distribution for the period. Employees who contribute time and effort to government sponsored projects via cost share, but who are not directly paid from sponsored funds, are also required to complete a PAR. Personnel Activity Reports will be distributed to departments based on pay cycles. They should be completed and signed by the employee or PI and returned to the Accounting Services office. Any necessary journal entries required to align payroll with certified effort should be made within 30 days.

**DEFINITIONS**

**Effort** is the proportion of time spent on any activity expressed as a percentage of total professional time worked for exempt personnel or hours worked for non-exempt personnel. Total time worked is based on total hours worked as part of one’s professional appointment at Creighton University during the period. Total effort for an exempt employee must equal 100%.

**Effort Verification** is the process of confirming an individual’s allocation of time to various sponsored projects and other activities, and substantiating the level of compensation (salaries and wages) received from government sponsored projects. It serves as the means of assuring government sponsors that salary charges are justified and that faculty, staff and students are devoting the effort that was promised in the proposal and agreed upon at the time of the award. In relation to government sponsored projects, it represents those procedures used to document and verify payroll supported or paid by the sponsor or cost shared by the University in support of a particular project. It does not include commitments to external activities, such as consulting, or activities associated with non-Creighton professional committees.

**Cost Sharing** is mandatory or voluntary effort expended on one sponsored project and paid for by an alternate source of funds (typically departmental funds). For a detailed definition, see the Cost Sharing Policy and Procedure in the Associate Vice-Provost of Research and Scholarship Policies.

[**Employee Action Form (EAF)**](http://www.creighton.edu/fileadmin/user/AdminFinance/HumanResources/Manager_Toolkit/EAF_2015.doc)is a document prepared by departments for each employee and submitted to Human Resources to initiate or change the charging of salary and wages to designated funds. These documents include information about an employee's appointment(s) and funds from which the employee is paid. EAFs affect an employee’s pay in future pay periods.

**Personnel Activity Report (PAR)** is a report that is generated through the payroll system each payroll cycle for every individual who has time charged to a governmentally sponsored project. The reports need to be completed and certified by the employee, or if the employee is not available to sign, can be signed by the principal investigator as long as the PI has suitable means to verify that the work was performed. Other employees not directly paid from a governmentally sponsored project who spent time working on the governmentally sponsored project are also required to complete a Personnel Activity Report (PAR). These salaries will be considered cost sharing.

**Institutional Base Salary (IBS)** is the total compensation an employee receives annually from the University for his or her appointment, whether the employee’s time is spent on research, teaching, administration, or other activities. IBS includes compensation for instruction, public service, research, and/or other activities related to the employee’s professional appointment at Creighton.

**PROCEDURE**

**Proposing Effort and Requesting Salary Support**

Levels of effort proposed in any sponsored project application should be consistent with the actual effort that each individual is expected to expend on the project during the relevant project period(s).

The requested salary support should normally be determined by multiplying the proposed level of effort by the individual’s Institutional Base Salary. In no event should the requested salary support exceed the amount determined by multiplying the proposed level of effort by Institutional Base Salary. In certain circumstances where Cost Share is being proposed, Creighton may elect to request salary support that is less than that for the proposed level of effort (refer to the Creighton’s Sponsored Project Cost Share Policy for additional detail). Regardless of salary support, the total amount of effort committed to the project must be provided and ultimately verified.

Sponsors generally consider estimates of effort (and corresponding salary requests) in project proposals to be commitments if such proposals are subsequently awarded. Principal Investigators and other key personnel for whom such commitments have been made are responsible for ensuring that the commitments are met during the period of performance.

If a new award increases an investigator’s committed effort to greater than 100%, the investigator must coordinate with the Sponsored Programs personnel to revise the level of effort requested by communicating with the sponsor, reduce effort on other activities, or refuse the award.

**Changes to Effort Commitments**

Committed effort is the amount of effort proposed in a sponsored project application that is accepted by a sponsor, regardless of whether salary support is requested for the effort.

Typically, Principal Investigators and other key personnel named in the award document may not reduce their effort on sponsored projects by more than 25% of the amount committed (or be absent from the project for more than three months) without notifying and requesting approval from the sponsor. Some awards may not allow any reductions in effort from the commitment.

Principal Investigators and local support staff must periodically review status of dedicated effort against commitments; when responsibilities change significantly, determine if a formal reduction is necessary and proactively coordinate with Sponsored Programs personnel to communicate to the sponsor. If effort is planned to be reduced at all, payroll distribution should also be reviewed and updated as effort cannot be less than the percentage of salary charged in a given effort reporting period.

**Effort Verification**

The payroll system generates a PAR for each individual receiving any portion of his/her Institutional Base Salary from government-sponsored research (see Creighton’s Institutional Base Salary Policy outlining the types of compensation included in IBS). The PARs are generated after each pay period. The department administrator must create a PAR form for any personnel who expend effort on a government-sponsored project and do not receive compensation on that sponsored project (cost share). In addition, the department administrator must create a PAR the first month an employee expends effort on a government-sponsored project.

The PARs must be completed by each employee and signed in ink. If the employee is unable to sign the PAR, the Principal Investigator can sign in his or her absence, as long as the PI has suitable means to verify that the work was performed. For hourly employees, the total hours on the PAR must match the hours paid for that time period. For salaried employees, the total percentage must add up to 100%. Once signed, the PARs should be sent to the Accounting Services office.

If PARs are not received by the Accounting Services office 30 days after the last day of the month the payroll was paid, a list of delinquent PARs will be sent to the PI and department administrator. For example, any PARs for payrolls paid in the month of October not received by November 30 will be on the delinquent PAR list. If PARs are not received by the Accounting Services office 60 days after the last day of the month the payroll was paid, the department chair will be notified. If PARs are not received by the Accounting Services office within 90 days after the last day of the month the payroll was paid, the dean and the Research Compliance Committee will be notified. If PARs are not received within 120 days after the last day of the month the payroll was paid, Accounting Services will coordinate with Creighton leadership to determine what actions should be taken, including the possibility that the salary will be removed from the sponsored project and charged to department funds. Journal transfers will not be made to charge back the sponsored project for these salaries.

**NIH Salary Cap and Effort and Payroll Verification**

For any faculty member with Institutional Base Salary (IBS) above the [NIH salary cap](http://www.grants.nih.gov/grants/policy/salcap_summary.htm), the amount above the cap must be reported on the PAR as cost share. To calculate the percentage of effort that needs to be cost shared, use the [NIH Cap Share Worksheet Template](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/NIH_Cap_Share_Worksheet_Template.xlsx). The total of the cost share column on the PAR should be 0.

**National Science Foundation Summer Salary Rule**

For salaries paid on National Science Foundation (NSF)-sponsored projects, during the summer months or other periods not included in the period for which the base salary is paid, salary is to be paid at a monthly rate not in excess of the base salary divided by the number of months in the period for which the base salary is paid. This limit includes summer salary received from all NSF-funded grants. Please notify accounting services if you have a person who is paid on a nine month contract, but will be working on a sponsored project in the summer.

**Salary Redistributions**

Any time there is a variance greater than 5% between % of effort dedicated to a project and % salary paid by that project (after consideration for any applicable salary cap), a journal entry is required to correct the current pay period salary distribution to reflect the amount of actual effort expended. If an employee will continue to work at the new level of effort reported, an EAF must be generated to change the salary distribution for future pay periods.

Salary distribution adjustments are made through a journal entry and must be supported by documentation that contains the following:

* The original signed PAR
* A completed [PAR Adjustment Journal Entry Template](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/PAR_ADJ_JE_Supporting_Schedule_Template.xlsx) and an explanation of how the error occurred and specific justification for how the individual contributed to the newly debited project
	+ Explanations such as "To correct administrative error" or "To transfer to correct project" or "To correct overdraft" are not adequate justifications.
* Any journal entries adjusting salary charges 90 days old must have the “[Over 90 Days Cost Transfer & Effort Recertification Form](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Transfer_Request_Form.pdf)” signed by the PI and the Associate Vice Provost for Research and Scholarship

Questions relating to the certification of Personal Activity Reporting should be directed to the Accounting Services department.

**Recertification of Effort and Payroll**

Once a PAR has been certified, changes should rarely need to be made. Since payroll costs must be charged to accounts accurately and according to applicable rules and regulations, originally signed PARs, and associated payroll, should not need corrections. However, in certain circumstances, adjustments to PARs will need to be made. Therefore, recertification of effort and payroll may be allowable with adequate justification, documentation and approval.

If this is necessary, the original PAR should be adjusted in ink indicating the updated effort distribution and re-signed by the employee and PI. If the employee is not available to sign the recertified PAR, the PI alone can sign. An associated journal entry should include the same information as noted in the Salary Redistribution section, as well as a completed [Over 90 Days Cost Transfer & Effort Recertification Form](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Transfer_Request_Form.pdf) signed by the PI, Department Chair and the Associate Vice Provost for Research and Scholarship.

A consistent or excessive number of PAR recertifications on a single award may lead to financial compliance risk for Creighton. A high volume of recertifications of effort and payroll suggests a lack of proper award management and raises questions on accounting practices and internal controls in place.

**ADMINISTRATION AND INTERPRETATIONS**

Please contact Accounting Services for questions about this policy.

**AMENDMENTS OR TERMINATION OF POLICY**

The University reserves the right to modify, amend or terminate this policy at any time.