

# University of Missouri System

## Accounting Policies and Procedures



**Policy Number:** APM-60.32

**Policy Name:** Effort Verification Reports

---

### General Policy and Procedure Overview:

The Office of Management and Budget (OMB) 2 C.F.R. 200 titled Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), requires charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

### Definition of Key Term:

**Electronic Effort Verification Report (eEVR)** - The process of verifying that salaries charged or cost shared to sponsored awards are appropriate and reasonable in relation to the work performed. The eEVR documents the proportion of effort devoted to sponsored projects, teaching, and other activities expressed as a percentage of total effort.

**Effort** -- An employee's total activity within her or his university appointment and includes all research, teaching, clinical service, and administrative duties the employee performs.

**Modified Effort** – Changes to the percentage of effort to align payroll distribution with actual effort.

**Payroll Correcting Entry (PCE)** – A correcting journal entry made to align Modified Effort with payroll distribution percentage on an approved eEVR.

### Detail Policy and Procedures:

As a condition to receive federal funding, institutions must maintain records that are supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. These records must reasonably reflect the total activity for which the employee is compensated, encompassing both federally funded and all other compensated activities on an integrated basis, not exceeding 100% of the Institutional Base Salary. In compliance with this requirement, the University has established a system for reporting the percentage of time (i.e., electronic effort verification report (eEVR)) that employees devote to sponsored projects.

Effort is not based on a 40-hour workweek, nor is it based on full time equivalent (FTE). Effort is an employee's total activity within his or her university appointment and includes all research, teaching, clinical service, and administrative duties the employee performs. Part-time personnel

should report 100% effort on the eEVR regardless of what FTE the appointment represents. Effort is expressed in percentage terms and must total 100%. The individual certifying an effort report confirms that the percentage distribution of activity on the report represents a reasonable estimate of the work performed by the listed employee for the documented period.

The EVR is a semi-annual certification covering the periods of July 1 through December 31 and January 1 through June 30, or 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 the eEVRs for each Campus.

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

- A sponsored project (including cost share);
- Federal appropriations, which are indicated by a Federal program code, such as C8010.

Subjects of the eEVR should modify their effort on the eEVR if the time spent during the reporting period is different from effort percentage noted on the eEVR. If significant (>5%) differences exist between the Modified Effort and Payroll Data for any funding line, a Payroll Correcting Entry (PCE) should be entered to produce reasonable congruence between the Modified Effort and payroll distribution. PCEs should be entered within 30 days of the date the eEVRs are approved and no later than 2 months (60 days) from the end of the month in which the original transaction posted (see [BPM-213](#) Adjustment of Income and Expense Items). If a line of federal funding is not included on the eEVR, the individual should contact his or her departmental research administrator or fiscal staff to ensure a PCE is processed. Once the PCE is processed, then an updated eEVR will be generated for the individual to certify. An individual should not certify an eEVR that is inaccurate.

Effort should be estimated and approved by someone with first-hand knowledge of an individual's activities. If the subject of the eEVR is not available, a person with direct knowledge of the subject's effort may approve the report. eEVRs must be approved within 14 days of distribution.

The Departmental Administrators will monitor the approver queues to ensure the eEVRs are approved timely. Each campus SPO will also monitor the approver queues to ensure timely approval of the eEVRs and the 5% queue to ensure the required PCE's are entered to reflect changes in the Modified Effort greater than 5%. The Controller's Office will monitor queues as well to ensure the eEVR process is functioning properly.

## **Responsibilities:**

### ***Departmental Administrator***

- Monitor the approver queues to ensure 100% of the EVRs are approved by the established deadline.
- Prepare necessary and timely PCEs relating to the period covered by the eEVRs mirroring changes on the approved eEVR;

### ***Subject of the EVR***

- Modify effort if necessary, which is an estimate of how you spent your time during the reporting period.
- Communicate significant effort changes to the departmental administrator/fiscal staff.

- Approve the eEVR by the established deadline.

### ***SPO***

- Monitor approver queue to ensure all eEVRs are approved by the established deadline;
- Monitor the 5% queue to ensure all required PCEs have been entered in a timely manner;
- Provide assistance to Departmental Administrators with the effort reporting process.

### ***Controller's Office***

- Generate eEVRs.
- Monitor all queues to ensure the eEVR process is functioning properly and also to ensure all eEVRs are approved in compliance with Federal regulations and University policy.

*Effective Date: July 1, 2006*

*Revised Date: December 26, 2014*

### **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 573-882-2411.