

Compensation for Services on Sponsored Awards Executive Summary October 29, 2013

University of Utah employees are expected to certify any effort directed towards sponsored awards. Exempt employees certify effort on sponsored awards by way of the Personal Activity Reporting (PAR), which is distributed quarterly. For hourly employees, effort is certified using the Institutional Time & Attendance System. The following information provides a summary of the key regulations impacting effort certification for exempt employees.

Compensation for Services

1. Compensation for services covers all amounts paid or accrued during the period of performance under the sponsored agreement including salaries, wages and fringe benefits. [A-21 J10\(a\)](#)
2. Annualized Base Amounts (ABA) includes all amounts the University pays employees for services required to fulfill their obligations to the institution. This includes annual compensation paid by the University for an employee's appointment, whether that individual's time is spent on research, teaching, or other activities. ABA salary may not be increased as a result of replacing organizational salary funds with grant funds. The ABA is referred to in federal regulations as the Institutional Base Salary or IBS.

Effort Reporting

3. "Effort" is the proportion of time spent on any activity or project and is expressed as a percentage of the total professional effort for which an individual is employed by the University. Effort is not necessarily based on a 40-hour week, but rather a percentage estimate of total time that an individual works towards the established appointment. Total effort for an individual must equal 100%. Total effort is the professional activity for which an individual is compensated by the University, including but not limited to sponsored awards, instruction, administration, University service, and other activities. Effort is defined as regular earnings including, holiday, vacation, sick, funeral, jury duty, university closure days, etc. Not included in the effort reporting system is clinical incentive pay, additional compensation, consulting, extended day classes, bonuses, etc.
4. "Effort Reporting" is the process used to attest how an individual expended his/her time over a given period and to validate that proportion of time allocated to sponsored awards is appropriate.

Personal Activity Report (PAR)

5. To comply with federal regulations pertaining to effort reporting, an after the fact certification of effort expended is required. The University has established the Personal Activity Report (PAR) certification system under [Policy 3-020](#), performed quarterly, as the system of record for personnel effort spent on sponsored agreements. The PAR certification and the payroll system earnings information must match over the course of an award. The payroll system and PAR records must **reasonably reflect** the activity for which the employee is compensated by the institution and encompass both sponsored and all other activities. [A-21 J10b\(2\)\(a\)](#).
6. The University requires certification of effort for all exempt faculty and staff who have had salary and wages allocated to at least one sponsored award during the quarterly reporting

period. Management Accounting and Analysis will distribute PARs to those individuals by way of their home department/unit.

Effort Distribution and Commitment

7. Payment of salaries and wages on sponsored awards should be consistent with the effort reflected in the final approved budget received from the sponsor. As a result, it is the **average** amount throughout the period, reflected as a percentage of effort, which is used for the purpose of effort reporting. Minor deviations in an individual's effort are understood and acceptable, so long as the overall commitment to the project is fulfilled. If the Principal Investigator (PI) anticipates that actual effort will differ significantly from the proposed effort, the salary allocation should be adjusted accordingly and as required by the sponsor, the PI and department support personnel must work with the Office of Sponsored Projects (OSP) to facilitate the documentation of these changes.
8. The University's effort reporting process relies on payroll data to provide information on the projects to which an individual's salary or wages were charged during the certification period. Although the effort reporting periods may not coincide with the budget periods for which effort commitments are normally made, the effort reporting process offers an opportunity to consider whether the actual effort expended during the reporting period is consistent with the effort commitment.
9. The payroll system is the system of record for compensation charged to sponsored awards. The payroll system must tie to the General Ledger, which is the University's system of record for all expense and revenue activity.

Changing Effort Distributions

10. To record planned payroll distribution based on anticipated effort on a sponsored award, prepare an accurate and timely ePAF for new employees or use either the Department Job Summary (D-JOBS) or Employee Distributions web applications to modify distribution for existing employees. Employee payroll distributions should be set up accurately and in conjunction with the approved and awarded budget. Individuals can monitor planned and posted payroll distributions by reviewing the EDR after each pay period.
11. Any ongoing, significant changes between actual effort and the effort recorded in the payroll system, should be corrected as soon as possible, as follows:
 - a. For planned (future) payroll distributions, make adjustments using D-JOBS/Employee Distributions. For your convenience there is a link to Employee Distributions on the EDR.
 - b. For payroll posted in the current quarter, submit corrections using the EDR.
 - c. For errors identified on the quarterly PAR, make the changes on the PAR itself, which are then certified for correctness.
 - d. For errors identified after effort has been certified on the PAR, a cost transfer is required. Cost transfers crediting sponsored awards will always be approved. Cost transfers debiting sponsored awards will only be approved in exceptional circumstances.

Note: For hourly employees who have certified their time using the Institutional Time & Attendance System, the mechanism for moving salary on or off of projects is a cost transfer. See the **[cost transfer policy \(3-021\)](#)** and procedure for additional guidance.