



ON TRACK!

SPONSORED PROGRAMS ACCOUNTING- QUARTERLY: OCTOBER 2009

Mission of this newsletter: *To keep campus aware of updates and changes in research policies and to share best practices*

MONTHLY REVIEW OF SPONSORED PROJECT EXPENDITURES

Monthly expenditure reports, prepared and electronically distributed by the Controller's Office, are the official financial records of project expenses and the basis for cost reimbursements for Utah State University.

Good management practices include monthly review of expenditure reports for sponsored projects and cost sharing accounts by a knowledgeable individual, such as the PI/Business Manager, so that corrections can be made in a timely manner. It is also important to monitor expenditures to assure budget balances available are accurate.

Cost transfers should be initiated as soon as possible after a need has been identified. Expenses must benefit the sponsored awards to which they are being moved. There must also be adequate documentation to support the appropriateness of the transaction. The policy for Cost Transfers for Sponsored Projects (Contracts/Grants) can be found at <http://www.usu.edu/hr/policies/section500/581.pdf>.

Monthly reconciliation of sponsored awards should assure that transactions:

- are within the guidelines of the purpose of the award (See MONTH pg 2)

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In this issue:

- Monthly Review of Sponsored Project Expenditures **1**
- Effort Commitment **1**
- Your Feedback:

How we can improve?

We want to know what you think would make this a better tool for you.

What topics would you like to see discussed in a future issue?

Email ideas to Wendy.Keller@usu.edu

Managing Effort Associated with Sponsored Projects

Proposing Effort and Requesting Salary Support

In preparing applications for sponsored project funding, PIs are expected to provide reasonable estimates of the percent of effort necessary to carry out the proposed projects. The PIs must meet any proposed voluntary or mandatory commitments of effort to sponsors (i.e. uncompensated effort on the awards).

Sponsors generally consider estimates of effort in proposal budgets to be

commitments, if such proposals are subsequently awarded. The basis for estimating proposed effort is the same as after-the-fact effort reporting (that is, the proposed or estimated effort must be expressed in relation to each individual's total University effort).

Minimum Proposed Effort

Key personnel are expected to meet minimum mandatory effort requirements on sponsored projects. Acceptance of an award with specified minimum mandatory effort requirements, such as certain program project awards, and center or career development awards, carries with it the responsibility for meeting those (See pg 2 EFFORT)

(Continued from page 1 MONTH)

- are within the guidelines of the restrictions of the award
- are appropriately charged to the award
- **are properly classified to the correct account codes (account codes can be found at <http://www.usu.edu/controller/accountcodes.cfm>)**
- have supporting documentation
- and that prior month's errors have been corrected

Principal Investigators (PIs) have ultimate responsibility to make sure all expenses on sponsored awards are allowable, allocable to the projects and reasonable.◇

(Continued from page 1 EFFORT)

requirements. For most federally funded projects, faculty are expected to propose some level of effort (at least 1% or the minimum required by the program) on proposals where they are listed as the PI or key personnel, unless specifically exempted by the sponsor. However, some types of programs do not require faculty effort. Examples of programs not requiring faculty effort would be programs for equipment and instrumentation, doctoral dissertations, and student augmentation. If a proposal is awarded, the faculty member and key personnel are committed to providing the level of effort proposed unless sponsor policies permit otherwise.

Maximum Allowed Sponsored Project Effort

Most faculty members generally have responsibilities for teaching, administration, and other duties that preclude them from devoting 100% of their effort to sponsored activities. Department Heads, faculty, and department research administrators should regularly review proposed sponsored activities to ensure that, if other activities required of the faculty member reduce the

available effort to devote to sponsored activities, adjustments are made according to sponsor terms and conditions.

Salary support for teaching, departmental administration, public service, new competing proposal preparation, and institutional governance must come from University funds unless they are specifically approved activities of a sponsored project. In cases where such other responsibilities do not exist, it may be appropriate for certain research faculty and staff salary to be charged to sponsored projects for 100% of their effort.

Charging Effort to Awards

Salary should be charged to sponsored projects or the related cost sharing indexes based on effort expended. Effort should be expended similar to how it was committed in the proposals (or adjusted for in the awards).

It is the PI's responsibility to be aware of their effort commitments and communicate to their business manager when salary adjustments are needed and to ensure that any necessary sponsor approvals of changes (See page 3 PI)

(Continued from page 2 PI)

in the PI's effort are obtained. Whenever a significant change in effort is anticipated PIs, Business Managers, and Department Heads should review activity to ensure there is sufficient time available to meet all obligations.

If the PI's effort on an award is reduced by more than 25% of the committed effort, federal regulations require that prior approval be obtained from the sponsor. The PI should work with the Sponsored Programs Office (SPO) to obtain prior approval from the sponsor.

If the effort on an award is reduced by less than 25% of the committed effort, the reduction in effort should be documented and SPO should be notified. Salary charged to an award should also be adjusted to commensurate with the effort devoted.

Utah State University's Effort Reporting Process relies on payroll data to reflect the proper allocation of salary as related to effort for the annual Time and Effort Reporting certification.

Differences Between Effort Committed and Salary Charged to Awards

Effort commitment is the effort projected in a proposal at the start of the project. It is not the actual effort expended. The amount committed should be a realistic amount that can be adhered to.

Effort reporting is done after the effort has been expended. It shows the actual effort spent on the project.

If the effort expended is in line with effort committed, but the salary charged to the award is less than the effort committed, the difference is voluntary committed cost sharing. A cost share index must be established to capture salary for the cost sharing and a non-federal funding source is required.◇