Effort Reporting / PARs

Presented by
Tom Downen
Accounting Services
07 July 2005
Resignation Rap

In the middle of August, I will be leaving the HSC.

To enroll full-time at Tech, for an accounting PhD.

Someday, when I am a professor, you can come hear me talk.

Or you could just stop by my office and ask

“eh, What’s up doc?”
Section J.10. (Compensation for Personal Services)

- Plan Confirmation method
- After the Fact (Activity Records) method
- Multiple Confirmation (Records) method
(a) Activity reports will reflect the distribution of activity expended by employees covered by the system.

(b) These reports will reflect an after the fact reporting of the percentage distribution of activity of employees. Charges may be made initially on the basis of estimates made before the services are performed, provided that such charges are promptly adjusted if significant differences are indicated by activity records.
(c) Reports will reasonably reflect the activities for which employees are compensated by the institution. To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the reports will be signed by the employee, principal investigator, or responsible official using suitable means of verification that the work was performed.
(d) The system will reflect activity applicable to each sponsored agreement and to each category needed to identify F&A costs and the functions to which they are allocable.

(e) For professorial and professional staff, the reports will be prepared each academic term, but no less frequently than every six months. For other employees, unless alternate arrangements are agreed to, the reports will be prepared no less frequently than monthly and will coincide with one or more pay periods.
After the Fact Method (continued)

(f) Where the institution uses time cards or other forms of after the fact payroll documents as original documentation for payroll and payroll charges, such documents shall qualify as records for this purpose, provided that they meet the requirements in subsections (a) through (e).
Personnel Activity Reports (PARs)

- The Personnel Activity Reporting Procedures were approved by our cognizant federal agency (DHHS) when the procedures were initially established.
  - See HSC OP 65.07

- Any significant revisions to these procedures must also be approved by DHHS.
PARs (continued)

- PARs are required for all exempt employees that charged any part of their salary to a federal account (77*) OR that split their salary between two or more accounts involving two or more functions.

  - BY ACADEMIC TERM for professional or professorial employees
    - Fall: Sep, Oct, Nov, & Dec
    - Spring: Jan, Feb, Mar, Apr, & May
    - Summer: Jun, Jul, & Aug

  - BY MONTH for other exempt employees
PARs (continued)

- PARs for TTUHSC are based on charges in the payroll system (TechPAY).

- PARs are distributed to the administrative contact for each department.

- Any variations between salary distribution (as printed on the PAR) and effort distribution must be noted on the PAR.

- PARs must be signed and returned to Accounting Services within about 35 days.
If a variation exists between the printed salary distribution and the certified effort distribution, a retroactive PAF must be completed and submitted to Human Resources for the period covered.

In rare cases, if the employee shown on the PAR has a salary that exceeds the NIH salary cap, the salary distribution must vary from the effort percentage for fed proj

- CAP $175,700 for federal grants awarded in CY 2004
- CAP $180,100 for federal grants awarded in CY 2005
# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER
## PERSONNEL ACTIVITY REPORT

**For**

**RETURN TO:** ACCOUNTING SERVICES
MAIL STOP 6274

<table>
<thead>
<tr>
<th>Payroll</th>
<th>Instructional or Other Cost Sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Account Number/Mailing Address/Function Name</td>
<td>(2) Account Title/Account Manager</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**

| | 100.0 | 100 | 0.0 |

**EXPLANATION:**

I certify that the effort reported above is based on work that has been performed on the sponsored project(s) and/or activities indicated and the effort reported represents a reasonable estimate of my or the named individual's effort for the period indicated. Any changes in the amount of cost sharing have been indicated. I am aware of my responsibility to ensure that a Personnel Action Form (PAF) gets submitted to Human Resources for any appropriate salary changes as noted above.

**Date**

Signature of Named Individual, Principal Investigator or Person with First-hand Knowledge
PERSONNEL ACTIVITY REPORT (PAR) INSTRUCTIONS

A PAR for June, 2004 is printed on the reverse side of these instructions.

Review and certification of the PAR is required by Federal Regulations. PAR forms are the documentation for millions of dollars in salaries and indirect costs charged to sponsored projects by TTUHSC. Failure to properly review and complete a PAR can result in the reduction or loss of TTUHSC sponsored project funding. Additional information is contained in HSC OP 65.07.

The PAR must be reviewed, signed, and dated by either the individual, the Principal Investigator, or a responsible official with first-hand knowledge of the activities of the individual.

The PAR generated for an individual who is cost shared is being sent directly to the individual. This procedure is a result of an audit which suggested that any faculty/staff member who is contributing time to a sponsored project as part of a formal cost sharing agreement should sign his/her PAR.

For each PAR period, the PAR’s Calc Actual section percentages are generated from the TTUHSC TechPAY history. If these percentages do not represent a reasonable estimate of the individual’s distribution of effort for the PAR period, write the correct effort percentages in the Correct Actual column. NOTE: If a person is appointed only 50% and this is the total worked at TTUHSC, the 50% appointment represents 100% effort.

Employees are responsible for submitting Personnel Action Forms (PAFs) to Human Resources to adjust salary charges as necessary.

The Instructional or Other Cost Sharing section lists any percentage effort pledged to be spent on a sponsored project, but not charged to that sponsored project’s account. Signing the form certifies the pledged effort is occurring.

If a portion of the individual’s effort was contributed to a sponsored project but not charged to that sponsored project’s account, the project account number and the percentage of time contributed to the project must be listed in the Instructional or Other Cost Sharing section.

If you have any questions, please contact Accounting Services at 743-1888. Return the PAR by _________ to Accounting Services, Stop 6274.

Thank you.
PARs - Common Problems

CERTIFICATION - The PARs must be signed by either the listed employee or some other responsible official with *first-hand* knowledge of the work performed by the employee.

- Sorry, but administrators and department heads often do not have first-hand knowledge of the work performed by all employees in the department.
CORRECTION – A retroactive PAF must be submitted timely to correct any variations between salary distribution and effort distribution

- Accounting Services may occasionally send follow-up notice if a variation was certified but no retroactive PAF appears in the budget appointment data
PARs – Common Problems

- COST SHARING – The cost sharing account(s) and percentage(s) must be noted in columns (5) through (7) on the PAR for **ALL** cost sharing (mandatory or not)

  - Examples of cost sharing are matching funds to cover identified costs (such as salary) or waivers of F&A, though they have to be identified in the grant agreement or budget to be considered mandatory cost sharing

  - If part of the effort contributed to a grant project is funded by an alternate source, such as state appropriations, cost sharing exists
PARs - Common Problems

- EFFORT COMPUTATION – Effort (and associated salary) for the covered period should be computed based on calendar days
  - A MONTHLY employee who transferred on April 4th from one dept / proj to another dept / proj should show on the April PAR 10% on the prior acct and 90% on the subsequent acct
  - A TERM employee who transferred on Feb 21st from one dept / proj to another dept / proj should show on the Spring PAR 34% on the prior acct and 66% on the subsequent acct
During our federal R&D audit for FY 2003, ten salary transactions were selected for review. Only seven of the ten were validated by certified PARs. What happened to the other three?
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