Grants Management:
Key Tactics for Effective Monitoring

Presented By: Michael Lesiecki, PhD

Provided By:
Principal Investigators Association™

Principal Investigators Association
9990 Coconut Road, Ste 316
Bonita Springs, FL 34135
800-303-0129
www.principalinvestigators.org
A Note from the Editor

Dear Professional:

Thank you for ordering this webinar from Principal Investigators Association Library. We developed this series of topic–specific publications so our clients could have practical, how-to guidance addressing some of their most critical challenges all in one place, without searching far and wide for information on their managerial and funding activities.

In addition to the numerous special reports that make up the Library, we offer a weekly e-Alert, and a year-long series of audio conferences – devoted to helping you improve performance and spend more time doing what you love.... the research.

Our goal is to be the world’s leading source of real-world, results-orientation information in all fields of science. Our unique approach -- delivering targeted guidance, case studies, success strategies, and best practices -- has earned us a reputation for depth, usefulness, and high-value information as well as a loyal group of researchers who rely on that information to help them with their administrative and funding duties. We’re glad you’ve joined them, and invite you to review all of our products and services at www.principalinvestigators.org.

We are always on the look-out for interesting topics, researcher needs, and ways we can be of service to you. If you have a success story you’d like to share with your colleagues, please do not hesitate to contact us. We’d be thrilled to hear from you, and look forward to serving you and your organization with the best advice and information available in the months and years to come.

Best Regards,
Leslie Norins, M.D., Ph.D.
Founder
Principal Investigators Association
9990 Coconut Road, Suite 316
Bonita Springs, FL 34135
info@principalinvestigators.org
Grants Management:  
*Key Tactics for Effective Monitoring*  
-What Every PI Should Know and Do

Michael Lesiecki, PhD  
PI and Consultant

---

**About the Presenter**

- I have had the privilege to be a PI and Reviewer for both NIH and NSF grants since 1989.
- My technical background is chemical physics with a lot of focus on applications of laser technology in science and medicine.

---

**About the Grants Management Series**

- The proposal has become a funded grant. Let’s get on with the work!
- However, in addition to the scientific endeavor the PI bears responsibility for the overall management of the project.
- What are those responsibilities? How is a PI supposed to know?
**PI and Grants Management**

- What can a PI do at the beginning to insure a smooth running project?
- Looking forward, what can the PI set in place now to insure a clean close out?
- How can the PI make adjustments or corrections for errors that may come up in spending or compliance related issues?
- And...what should the PI do when the auditor comes?

---

The series focuses on five major topics:

1. **Effort Reporting** including certification and the issues of summer salaries.
2. **Costs and Finances** including misallocations, cost sharing and transfers.
3. **Monitoring** with a major focus on subaward and contracted efforts.
4. **Reporting and Revisions** to scope of effort, budget and personnel.
5. **Compliance** including Conflicts of Interest, Institutional Review Boards, Data Management.

---

**Point of View**

- The PI and Research Team.
At Some Point the PI

- Will establish a subaward agreement, or
- Will be a subawardee, or
- Will review a performance report from a contractor or consultant, or
- Struggle with non-performance of subs or contractors.

At Some Point

- You will collaborate with someone and money will flow.
- Monitoring will be a critical part of this.

Grants Management Series: Outcomes

- What Successful Grant Project Management Looks Like.
- Catalyze a Discussion With Your Office of Sponsored Programs.
- Disclaimer……
Definitions

- OIG = Office of Inspector General
- Subawardee and Subrecipient are terms used interchangeably
- SOW = Scope of Work

Monitoring: Issues

- Subaward Costs.
  - Allowable, allocable and reasonable.
- Subaward Performance.
- Subaward Compliance.

- Contracts for Services.
- Cost Sharing and Matching.

Issues Can Lead To

- Inefficient Project Management.
- Potential Audit Findings.
Diversion Into Audits

- The federal government uses various types of risk indicators regarding the management of grant funds:
  - A "Single Audit"
  - Desk Review
  - Site visits
- If risk (financial or compliance) is identified this can trigger an Office of Inspector General audit.

The Single Audit

- Sometimes referred to as a A-133 audit.
- Audits of Institutions of Higher Education and Non-profit organizations.
- Applies to recipients who expend more than $500k in one year.
- Focuses on financial and compliance issues.
- Applies to subaward recipients as well.

Desk Review

- Assesses the financial and administrative capabilities of awardees.
- Often done for new awardees.
- Agencies like NSF will often contract this out.
- The word “Desk”.....
Desk Review Notification

- "The reviews will include:
  - an assessment of the organization’s general management practices,
  - review of the organization’s accounting and financial systems, and
  - an evaluation of Federal Financial Report (FFR) and reconciliations to accounting records."

Source: Kenneth L. Busch, NSF, OIG, April 2010

The Responsibility the PI Faces for Subawards and Subcontracts

- Scope of Work.
- Review of Costs.
- Review of Performance.

Source: NIH Clinical Center, Isolating Adult Stem Cells Using Fluid Gradient Centrifugation
**PI Responsibilities (continued)**

**NIH Language**

- Under consortium (subaward) agreements the grantee is:
  - Accountable for the performance and
  - Accountable for the appropriate expenditure of grant funds by all parties.
  - *Ongoing basis for the life of the project.*

---

**Test Your Understanding**

Choose the correct statement:

A. A Subaward Agreement contracts with a third party vendor for services.
B. The Scope of Work typically includes intellectual property provisions.
C. It is possible for a subrecipient to be a member of your own institution.
D. All of the above.
E. None of the above.

---

**What is a Subward Relationship?**

- And how is it distinguished from a subcontract or vendor relationship?
Subaward vs. Subcontract:
Distinction #1
- Subaward: an agreement to accomplish purpose through the grant.
- Subcontract: a legal agreement to provide services.

Subaward vs. Subcontract:
Distinction #2
- Subaward: carries out functions in support of goals.
- Subcontract: does not directly support goals; provides ancillary supplies or service.

Subaward vs. Subcontract:
Distinction #3
- Subaward: subject to programmatic compliance.
- Subcontract: subject to procurement regulations.
Subaward vs. Subcontract: Characteristics

- Subaward: progress against objectives.
- Subcontract: progress against deliverables.

Today: To Frame This Issue We Look at an OIG Report for…

- An international non-profit educational research organization.
  - Did not perform adequate fiscal monitoring on $1.3M or 9% of the subaward costs.

Source: Audit Report No. OIG OIG-09-1-001
http://www.nsf.gov/oig/09_1_001_EDC.pdf

More On The OIG Report

- The auditors concluded "the organization cannot insure the subaward costs for this grant or the 35 other grants the organization has, are valid and allowable."
- This is a risk multiplier.
Audit Themes – They Vary With Time

- Effort reporting.
- Administrative and clerical costs.
- Additional compensations.
- Subrecipient costs.

Items of Cost Included in Most Audits

- Salary & Fringe Distribution
- Travel Costs
- Entertainment Costs
- Contributions & Gifts
- Lobbying Costs
- Indirect Costs & Allocation Plan
- In-kind Contributions
- Equipment
- Contracts & Subagreements
  - Source: John M. Seeba, Assistant Inspector General for Audit

FLAGS (Audit and Otherwise)

- A subaward agreement is going to require prior approval of the granting agency, if not in the original proposal.
Subawards and Grants Management

- The instant the grant is funded, sit down with your Office of Sponsored Programs or Grants Management and plan the development of the agreement.
- You, as PI, will drive the development of the Scope of Work.

SOW: Where Do You Start?

- Construct scope of work and budget in reference to the proposal.

Scope of Work: Key Factors

- Your understanding of the relationship.
- Deliverables and timing, dates, and reporting requirements.
Grant Management Tip

- It is all about the Scope of Work.
- Someone has to draft it, it can be the prime or the subawardee.
- Ideally it may be in the original proposal (in some form.)

Examples

- Included as a handout.
- Describes the overall effort and specific activities.

PIRE NSF Exchange Program, Dalian China: Gas Chromatograph; Photo courtesy R. Savinelli

Questions?

National Eye Institute, NIH Image Bank
Additional Resources

- NCURA, the National Council of University Research Administrators, recorded a series of short video clips eliciting "wisdom" on specific topics from experts in the field. This short segment presents “Subrecipients and Vendors,”
  [http://www.youtube.com/watch?v=F3DuZviGQ28&feature=relmfu](http://www.youtube.com/watch?v=F3DuZviGQ28&feature=relmfu) and this segment on “Subcontracts,”

As A Subawardee

- I got myself into trouble with a vague Scope of Work from the prime.

  "The subawardee will manage the curriculum development and dissemination aspects of the project."

Who Creates the Agreement?

- Your Office of Sponsored Programs and Legal Department.
- They will turn to you, the PI, for the Scope of Work and Budget.
Grants Management Tip

- Send an early copy of your subaward agreement to the subawardee.
- Ask for a quick review to see if any problems are anticipated.

Grants Management Tip

- Unfortunately....... *Think Months.*

The Agreement

The Agreement will have provisions you need to be aware of:
1. Who is directing and monitoring the research effort.
2. Timelines and reporting requirements.
More Provisions

3. Ownership of Intellectual Property and disposition of data produced under the agreement.
   - May include a "right to publish" clause.
4. Reimbursements, spending approvals.

More Provisions

5. Exit clause.
   - Breaking up is hard to do.
6. The intent of each consortium participant to comply, including submission of applicable assurances and certifications.
7. And about 27 more provisions you do exactly care about.

A Lesson

- I learned my lesson as a sub-awardee from the SUNY system.
- Would not accept my own institution’s IRB training certificate.
Now You Have An Executed Agreement

- You can’t believe how much time has gone by.
- You need to start anticipating your monitoring activities:
  - Site visits
  - Invoicing
  - Reporting.

Test Your Knowledge: Risk

Which hypothetical Subawardee situation has the highest risk?
1. A $2M award to a major research university with a large grant portfolio.
2. A $200k award to a major research university with a small grant portfolio.
3. A $2M award to non-profit with a small grant portfolio.

Monitoring

- Depends to an extent on the financial level of the subaward.

- Monitoring guidelines (“risk-based”) annual amounts:
  - >$500k
  - $100k – $500k
  - <$100k.
Monitoring

- How do grantees have to monitor?

Answer: how the grantee chooses.

Monitoring Risk: Matrix

- Risk
  - High Experience
    - Large $
  - Low Experience
    - Large $
  - High Experience
    - Small $
  - Low Experience
    - Small $

Risk →
**PI Responsibilities: Subaward Monitoring**

- Know your institution's policy for what you have to do.
- Determine frequency and scope of monitoring activities.
- Ensure your own personnel are familiar with subaward monitoring policy.
- Ensure programmatic reporting is timely and current.

**Subrecipient Cost Monitoring**

- You should question costs which differ materially from the approved budget, or which appear unusual or unallowable.

**Subrecipient Monitoring**

- Approve all invoices on the basis of your direct knowledge or with someone who knows the relationship of the costs to the work performed.
- Determine when a subaward is to be amended:
  - $
  - Scope
  - Reporting.
Subrecipient Monitoring: Example

- Your institution will have a policy in place.
- UC Berkeley example:
  - [http://controller.berkeley.edu/efa/policy/SubRecipientMonitoring.htm](http://controller.berkeley.edu/efa/policy/SubRecipientMonitoring.htm)

Corrective Actions

- What to do when things go south?
- Keep detailed records for unsatisfactory performance.
- Team up with your Sponsored Programs Office.
- They will not wish to lose the money – use this.

Never

- Have someone sign off on an invoice who does not understand the relationship of the costs to the work performed.
- Assume you do not need to send a reminder of a report that is coming due.
- Just hope it will work out.
Audit Tip

- Use documentation to head off problems.

How to Test Your System

- Think like an auditor.
- Ask your staff and research team the following questions.

Ask These Questions

- Who approves the subawardee’s invoices?
- What is the relative level of risk with our subawardees?
- When is our next planned visit to the subawardee site?
  - Sometimes these are too infrequent and too few.
What to Do When the Auditor Comes

- They look for your ability to monitor and approve costs submitted by subawardee.
- They look closely at your monitoring procedures.
- Documentation is the key.
- Much of this will fall on your Grants Management Office.

More Monitoring

- Cost Sharing and Matching.
- Professional Service Contracts.

Cost Sharing and Matching

- Not quite “monitoring” – think tracking.
- Much less emphasis today since policies and regulations have undergone significant changes.
- Each university will have a detailed policy; example: [http://www.research.northwestern.edu/policies/cost-sharing-policy.html](http://www.research.northwestern.edu/policies/cost-sharing-policy.html)
Cost Sharing and Matching (continued)

- NSF eliminated voluntary committed cost sharing effective for proposals submitted or due on or after Jan. 18, 2011.

Some Exceptions To No Cost Sharing

- NSF Programs with Mandatory Cost Sharing
  - Innovation Corps Program (I-Corps)
  - Major Research Instrumentation Program
  - Robert Noyce Scholarship Program
  - Engineering Research Centers
  - Industry/University Cooperative Research Centers
  - Experimental Program to Stimulate Competitive Research

Professional Contracts and Contracts for Services

- Keys to working with consultants:
  - Deliverables, deliverables, deliverables
  - Timeliness
  - Invoicing.
- See sample scope of work.
- The invoice and its justification is an important piece of your documentation.
Consultants

- Rates: the golden rule is: rates should be based on market value.
  - There may be an agency specific maximum rate.
  - Fixed fees are possible.

Grants Management Success

- Know requirements (award letter, award terms and conditions, OMB Circulars.)
- Good accounting practices – accumulation & segregation of costs.
- Focus on the objectives of the project/program.

Source: Charlie Ziegler, NSF Special Assistant, Cost Analysis & Audit Resolution Branch, cziegler@nsf.gov

Grants Management Success (cont’d)

- Document approvals and conversations between the awardee and NSF program and grant officials.
- Know how your institution chooses to monitor.

Yaping Sun, Lab of Su Guo, University of California, San Francisco, NIH Image
Summary
- Framed monitoring issues.
- Distinguished subawards and subcontracts.
- Focused on the SOW.
- Discussed PI monitoring responsibilities and audit implications.
- Clarified cost sharing and matching today.
- Advised on contractor relationships.
  And…..

Monitoring: Summary
- Subaward Costs.
  - Allowable, allocable and reasonable.
- Subaward Performance.
- Subaward Compliance.
- Contracts for Services.
- Cost Sharing and Matching.

Questions?

Biomechanical Modeling, NSF/Sung-Hoe Lee, Efthyochis Sifakis and Demetri Terzopoulos, University of California, Los Angeles
Register for the remaining webinars in the series at once and SAVE!!
Call us at 800-303-0129 ext. 506 to find out more.

**Important Reminder…**
This Webinar is a part 3 of the 5-part series: Grants Management—What Every PI Should Know and Do

**Additional upcoming Webinars include:**

- **Grants Management Part 4: Reporting & Revision Strategies Funders Will Applaud**
  Wednesday, May 23rd ~ 2:00 PM - 3:00 PM EST
- **Grants Management Part 5: Tackling Compliance Requirements Like a Pro**
  Wednesday, June 6th ~ 2:00 PM - 3:00 PM EST
- **Grants Management Part 1: Effort Reporting from A to Z**
  Available On-Demand: CD-ROM, MP4 or Transcript
- **Grants Management Part 2: The Ins and Outs of Costs, Purchases and Budgets**
  Available On-Demand: CD-ROM, MP4 or Transcript
- **Grants Management Part 3: Key Tactics for Effective Monitoring**
  Available On-Demand: CD-ROM, MP4 or Transcript
Grants Management: Key Tactics for Effective Monitoring—What Every PI Should Know and Do

SAMPLE: Subaward

Scope of Work: for the Sub award in support of the proposal titled “............... Nanotechnology Workforce Development.”

Prepared by: My Institution

Date: September 20, 2011


Overview: Our Institution is pleased to continue and expand its collaboration with the University through participation in the proposed effort as a sub-awardee. The University’s proposed missions include 1) development of course materials, 2) development of a “physical” hub-based network to support partnering for nanotechnology education, 3) insuring students have a workforce ready skill set, 4) promoting resource sharing and 5) creating a virtual shared site approach to support nanotechnology education everywhere in the US. In support of these broad missions, our Institution agrees to perform the specific activities described below.

Specific Activities:

1. Disseminating information to community and technical colleges, through conventional, electronic and social media, about The University’s courses and materials in nanotechnology and alternative ways that the courses and materials can be utilized.

2. Enhancing resources through the alignment of materials to skills standards, the addition of assessment instruments and rubrics and the transformation of selected learning materials to mobile learning platforms.

3. Redesigning the website to provide integrated service for faculty users and student-centric features with activities they can take part in and information they can use.

4. Managing a web-based content delivery system for nanotechnology learning resources that adds value to the repository and creates a curated referatory (a gateway for finding and using resources.)

5. Providing metrics related to access of The University’s learning resources including collaborative work with evaluators to establish survey mechanisms and surveys.

6. Producing a professional development webinar series for faculty about nanotechnology developments, pedagogy and specific use of The University’s resources.

7. Organizing and managing The University’s Curriculum Dissemination Committee of representatives from community and technical colleges and research universities to guide efforts.
Statement and Scope of Work

SAMPLE: Contract for Professional Services

Consultant: IM Consultant

Project: Name of project


Overview:
The named Center is charged to establish unique approaches and programs for broadly disseminating learning material and services for faculty professional development and student success. The information technology infrastructure is based on the open source software OSS system. OSS was specifically created to help build collections of Science, Technology, Engineering, and Math (STEM) resources for widespread access and use.

The contractor will focus on enhancements, updates and extensions to the OSS software platform as a service to help address the resource center address its goals.

Activities and deliverables:

1. The consultant will review the center’s planned strategy for implementing a web based Student Resource Center and will recommend an approach utilizing the OSS system and log-in functions to develop a system of access and tracking of student use of resources. Deliverable: report on SRC/OSS implementation recommendations, March 1, 2012.

2. The consultant will analyze the current OSS installation on the Center’s site and make specific recommendations regarding the optimization of the search and user login functions and how they can be better integrated across the center’s website. Deliverable Report on Recommendations, due June 30, 2012.

3. On an ongoing basis through the dates of the contract period, the consultant will advise and assist as needed in the resolution of technology-related issues encountered regarding software and server aspects of the OSS implementation during the course of the project.

4. The consultant will evaluate the approach to impact and use metrics in collaboration with the project at the University of State which catalogues and features resources developed by the center and others. The intent is to refine the approach to use and embedded user metrics for these resources to better gauge faculty and student impact. Deliverable: Resource Metrics Impact report, December 31, 2012.

5. The consultant will collaborate with the center and external evaluator to analyze and refine the center’s implementation of the Student Resource Center and provide recommendations, based on the pilot implementation of the SRC that will optimize its use, usability, impact and impact measures. Deliverable: SRC Pilot Optimization Report. March 1, 2013.
Grants Management: What Every PI Should Know and Do

It's official! Your proposal has now become a funded grant. Yet, in addition to the scientific endeavor, as a PI, you bear responsibility for the overall management of your project. But, what exactly are those responsibilities and what does it mean to you? What can you do from the start to ensure a smooth and compliant running project? What should you do when the auditor comes?

Prepare yourself now with this new Webinar series: Grants Management – What Every PI Should Know and Do.

This must-have series is based on recommendations from agencies, an analysis of Office of Inspector General reports at the NSF and NIH highlighting compliance issues, recommendations from Internal Audit experts at Universities, advice from grants management personnel and the direct experience of PIs...just like you!

Each Webinar completely covers one important facet of the grants management process, but as a series they represent a comprehensive view of the major aspects of grants management today.

Who Should Attend?

PI's, Research Teams, Grants Management, Sponsored Program Office and Administrative personnel. This series can and will catalyze a strong working relationship with grants accounting, grants management, research and the PI's team.

Meet Your Expert Presenter:

Michael Lesiecki, PhD, is the principal investigator for a large grant from the National Science Foundation’s Advanced Technological Education program. He has 27 peer-reviewed journal publications and one patent. He received his PhD in Physical Chemistry from Oregon State University.

EARLY-BIRD RATE:

Register for the remaining Webinars in the series at once and SAVE HUNDREDS!! PLUS! Get the Principal Investigator Advisor Library, including 100+ unique articles designed to make your lab management and grant-writing responsibilities more efficient and lucrative, a $328 value, yours FREE!

Call us at 800-303-0129 ext. 506 to find out more.