A Note from the Editor

Dear Professional:

Thank you for ordering this webinar from Principal Investigators Association. 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: 
*Effort Reporting From A to Z*
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 just 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

NIH Image
Gallery, NCI
Grants Management Series: Outcomes

- Develop an Idea of What Successful Grant Project Management Looks Like
- Catalyze a Discussion With Your Office of Sponsored Programs
- Disclaimer……

Effort Reporting: Issues

- Approximately 1/3 of NSF award funds go to salary and wages, that’s about $1.3B.
- In recent years there has been civil settlements involving overcharges of labor costs to Federal grants amounting to millions of dollars at several major universities.
  - Source: NSF Office of Inspector General
The Reality the PI Faces

- Completion of effort reports is a requirement for federal grants
- The federal regulations (OMB A-21) language is confusing and sometimes difficult to understand
- Academics and research are very intermingled
- Audits seem to focus on effort reporting
  - Easy pickings and scare factor

An Acronym Pause

- OMB: Office of Management and Budget
  - Cabinet level Whitehouse office
- OIG: Office of Inspector General
  - Every Agency has one

Back Then

- In one of my first awards from the NSF
  - Do good things......
The OIG Has Been Auditing a Series of Top Universities
Let’s Look at One Example

The Audit Reports the Following

- Institution: A major Midwest Teaching and Research University; one of the top in the country in terms of research expenditure
- The University’s oversight of grant funds is shared (as is typical for many universities) by its Office of Sponsored Programs, Dean’s Offices and various Principal Investigators

Audit Report Excerpts

- A sound Grants Management System but...
- Finding: Internal control weaknesses of its effort reporting system involving
  - Oversight
  - Calculations for summer salary
  - The effort report training program
- The University did not have a process that fully implemented NSF’s two-ninths rule on faculty summer pay
More From the OIG Audit Report

- As a result the University provides less assurance that effort reports for the $31M NSF funds for salary and wages

Effort Reporting – How I Out-Smartered Myself

- As PI, I created an excel version for effort reporting that all team members could access
- After the close of a period I certified the report
- Later, an employee, discovering he had made a mistake went back in and corrected the effort allocation
- Hello Mr. Auditor …..

Audit Findings Snapshot

- Effort reporting continues to be a primary focus for audit of federal research grants
  
  Ivy League U, $7.6M
  East Coast University, $2.3M
  Midwest University $1.0M
Possible Consequences

- Payback of funds
- Suspension of research and future federal funding
- More serious if there is findings of fraud

PIA 19

Dopaminergic neurons derived from mouse embryonic stem cells, Yaping Sun, lab of Su Guo, University of California, San Francisco

PI Responsibility

- The PI’s responsibility is:
  - To insure personnel paid with grant funding are using their grant funded time to perform tasks and accomplish project objectives
  - To certify the above in a timely manner

PIA 20

Questions?

PIA 21

National Eye Institute Image
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 "Effort Certification is Just Two Things."

You may view the video by following this link: http://www.youtube.com/watch?v=9LEKjVeYN6g&feature=related

Acknowledgement

I wish to thank Byron Morgan, Director of Internal Audit at the University of Memphis for permission to use some of the material presented in “Audit Issues with Effort Reporting & OMB A-21”

Regulations

- Governed by OMB A-21
  - Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions
- Many Universities translate these requirements into Policies
Policies Focus on Stewardship and Compliance

NIH Clinical Center, NIAMS Arthritis and Rheumatism Branch, Molecular Inflammation Section

Effort Reporting

- Does not require actual time sheets; the actual regulations are somewhat vague
- Can create management issues when academics and research are intermingled
- Important: if the effort report is not certified it is disallowed and the salary charges are disallowed

Effort Reporting continued

- There ought to be a reasonably close correspondence between the salary charges and the effort spent on a grant
- The PI is in the position to certify this
- No such thing as a 40 hour week
  - That is you cannot claim you worked “overtime”
**Hours**

- For exempt employees 100% FTE does not equate to a set number of hours, 40, 50 etc.
- Regular employees are paid for all work that benefits the institution
- If for example you teach 50% of the time and work on sponsored research 50% of the time then the salary is allocated accordingly

---

**Effort is Based on 100% of Activities**

- Each institution will have its own approach to effort reporting

---

**One Approach**

<table>
<thead>
<tr>
<th>Position change to:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CFS#1 699.700.3326</td>
<td>53%</td>
</tr>
<tr>
<td>CFS#6 650.769.3321</td>
<td>12%</td>
</tr>
<tr>
<td>CFS#6 650.769.33215</td>
<td>8%</td>
</tr>
</tbody>
</table>
1. Do not certify unless you understand what you are certifying
2. You are certifying the actual % of time, not the allocation of salary sources
3. DO NOT miss the due date
   - whatever you do
4. By able to tell (the auditor) the average number of hours you work per week over a semester and a reasonable estimate of time spent on University activities
What To Tell

- Be able to tell the auditor what you did for the grant and what the people you certified did for the grant
- Be truthful but do not volunteer anything except what is asked

Audit Report: Issues

"University of A------- Not Using Suitable Means of Validating Labor Charged to NSF Grants"

- Approved labor charges to federal awards without having knowledge of the work performed by its employees
- 770 of 780 effort reports amounting to $709,520 in labor costs for a sample of 30 employees without having a basis to know whether the work was actually performed


Question #1:

- To certify an effort report I must have direct knowledge of what that person did for the grant.
  - Yes
  - No
Question #2:

- Effort reports require time sheets for the hours worked each day
  - Yes
  - No

FAQ

- Can someone else certify for you?
- What about temps (full or part time)?
- Isn’t this all intermingled?

Flags and Problems

- Mike, I forgot to enter my effort report, can you do it for me?
- I know I am supposed to spend 60% of my time on that but other things got in the way
- I’ll get to the form when I get to it
- Someone else is charging to your grant
**Summer Salary**

- Summer Salary is no longer limited to effort expended during the summer months.
- Reimbursement may be for two months of salary per year whenever appropriate during the year.
- This applies to faculty on nine month appointments when summer or off-duty quarter compensation is allowed in addition to academic year salary.

---

**Summer Salary continued**

- There are institution specific regulations as well, for example in some cases you can only charge up to 90% on grants.
- No matter what the rate you are paid in the summer can not exceed your normal rate.

---

**Do You Need to Set Up Your Own System?**

- No, typically your office of sponsored programs or equivalent has it, and they have training on it.

- NIH Image Bank, Patient Care
When?

- As soon as your budget is set up and you can spend and allocate funds to salaries.
  - Set up, validate the effort system now
- The reporting period is determined by your institution, could be:
  - Every semester
  - Every quarter, within 15 days of close of quarter,
    - Do not miss this

How to Test Your Effort Reporting System

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

The Effort Reporting Questions by Federal Auditors

- What was your general area of study/research during the audit period?
- What was your % effort (Education, Research, Administration)?
- How many grants did you work on, give me a brief description of each project?
- Did you help on other projects?
- Did you write any proposals?
More Auditor Questions

- How do you account for your time?
- Do you certify your own effort?
- Have you ever received any training about effort reporting?
- Did you charge summer salary for work performed during the academic year?
- Are you aware of institutional tolerance for making changes to effort reports?

Tips

- Make sure you (the PI) and your team understand the project and grant requirements
  - Use the first staff meeting of the every month to address (or remind) of one grant management item
- Ask frequently and ask often
- Take corrective actions in a timely manner

More Tips

- Do not move funds around on federal grants after effort has been certified
  - Big red flag
Ask Your Team Members to Describe Their Understanding

Undergraduate Summer Research Experience, Meg Buscema, Georgia State University

What to Do When the Auditor Comes – How To Get Rid of Them As Soon As Possible

- Documentation should answer questions
- Make sure your certification is for "reasonable" and "allocable" charges
- Do not start charging to another grant because this one is almost out of money
- Do not charge a grant for expenses because there are no other funds to charge the expense to

Ask Frequently, Ask Often
Black Hats

- Your Office of Sponsored Programs, Grants Accounting and Grants Management Do Not (necessarily) Wear Black Hats

Source: http://www.hollywoodreporter.com/live-feed/hell-wheels-star-anson-mount-256118

---

An Email From Grants Accounting

Hi Mike,

There already is a certification for 332626, which is why I assumed this one (the "27", which is listed as spending 26% of your time on the program) was for 332628?

Thanks

MB

---

What Success Looks Like

- An auditable, transparent system for effort tracking
- An optimized research group who knows what they are working on
- Balanced workloads
- A built-in system of cross-checks

NIH Clinical Center, Nanofiber Based Engineered Cartilage
Summary: Effort Reporting

1) Framed the Issue
2) Defined the PI’s Responsibilities
3) Discussed Potential Problems and Flags
4) Described What a PI (and team) Should Know and Do
5) Looked at Audit Issues and Handling Audits
6) Presented Tips, Solutions and Recommendations

Questions?

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

Additional upcoming Webinars include:
- Grants Management: The Ins and Outs of Costs, Purchases and Budgets
  Wednesday, April 25th ~ 2:00 PM - 3:00 PM EST
- Grants Management: Key Tactics for Effective Monitoring
  Wednesday, May 9th ~ 2:00 PM - 3:00 PM EST
- Grants Management: Reporting and Revision Strategies Funders Will Applaud
  Wednesday, May 23th ~ 2:00 PM - 3:00 PM EST
- Grants Management: Tackling Compliance Requirements Like a Pro
  Wednesday, June 6th ~ 2:00 PM - 3:00 PM EST

Register for the remaining webinars in the series at once and SAVE!!
Call us at 800-353-0129 ext. 506 to find out more.
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.
NIH Short Form: Answers to 16 Frequently Asked Questions

When NIH instituted the new short form grant application in January 2010, the agency provided little guidance regarding how to tackle the various sections of this instrument. Nonetheless, Principal Investigators have to use the form to obtain funding from the agency.

Listed inside this complimentary white paper are 16 frequently asked questions directly from PIs just like you. And the answers have been provided by grant-winning experts with advice they have gleaned from years in the award-seeking trenches and serving as NIH reviewers!

Download your FREE copy today!

Principal Investigator Mentor

A bi-weekly eAlert for scientists in all fields of research.

Principal Investigator Mentor is the first and only eAlert devoted exclusively to providing Principal Investigators in all fields of research with bi-weekly alerts regarding the many non-science duties and responsibilities they have. It is distributed worldwide, without charge, to tens of thousands of Principal Investigators in every sector of science.

SIGN-UP TODAY - IT’S FREE!