

Effort Certification

UNC Pembroke

Program Overview

- Effort Certification in a Nutshell
 - What is it?
 - Why should you care?
 - Who has responsibility?
 - How is it determined?
 - What's the difference between payroll and effort?
- Effort Certification at UNCP
 - Overview of the certification process
 - Roles and responsibilities
 - Procedures
 - Special Consideration plus a few more
 - Red Flags and a few more points to remember
- Examples to test your knowledge

What is Effort Certification?

- Federal sponsors require the University to track and certify how employees are compensated for work performed on sponsored agreements. This work is expressed as an employee's percent of effort performed directly on sponsored agreements.
- Certification is required by all individuals working on sponsored projects and is performed by reviewing and signing that an individual's activities align with his/her salary sources (including cost sharing).

Why Should We Care?

- Integrity and responsibility in research
- Regulatory requirement when the University accepts federal awards.
- Both the PI and the University signed and committed to effort in the proposal.
- Pay sources should reasonably reflect actual activity. Erroneously certifying effort can be viewed as fraud.
- Violations subject institutions and individuals to both civil actions and criminal prosecutions...

Fines Levied and Recent Audits

- Northwestern University \$5.5 million ('03)
- John Hopkins University \$2.6 million ('04)
(for one investigator)
- East Carolina University \$2.4 million ('04)
- Harvard University/Beth Israel Deaconess Medical Center \$3.25 million ('00 & '04)
- Dartmouth \$37,780 ('05)
- University of Connecticut \$2.5 million ('06)

Who has Responsibility?

- PI
- Technical staff members
- Administrative staff members
- Senior management
- University

How is Effort Determined?

- Based on 100% of employee activities (effort is NOT based on a generic 40-hour work week).
- 100% of salary is comprised of various sources (sponsored and non-sponsored).
- As a practical matter, no more than 90% effort should be charged to sponsored programs so the PI may commit effort to other activities included in his/her faculty appointment.
- Effort includes any Salary, Cost Sharing; to the Sponsor, effort percentage is an obligation even if not completely paid for by sponsor.

How is Effort Determined? (continued)

- Staff: all activities performed as an employee including over-time
- Faculty Appointment including:
 - Sponsored project activities
 - Non-sponsored project activities
 - Administration (includes duties as chair, dean, etc.)
 - Instruction
 - Clinical activities

Examples: Sponsored Project Activities

- Working on a...
 - Federal grant or contract (e.g. NIH, NSF, DOD)
 - Non-federal research project (e.g. a foundation grant or industry sponsored clinical trial)
 - Specific funded sponsored project:
 - Writing progress reports
 - Holding a meeting with lab staff
 - Presenting research results at a scientific conference held by an outside professional society
 - Reading scientific journals to keep up-to-date with the latest advances in the field

Examples: Non-Sponsored Project Activities

- Writing a brand new grant application
- Attending general departmental faculty meetings
- Serving on the Institution Review Board (IRB) / Institutional Animal Care & Use Committee (IACUC)
- Serving on an NIH Study Section or NSF Peer Review Panel

Activities NOT Included in 100% Effort

- Performing external professional activities (with or without pay) which are approved in accordance with the University's policy and procedure on "Regulations on External Professional Activities for Pay by Faculty and Non-Faculty EPA Employees".*
 - Receiving an honoraria or reimbursement of expenses
 - Membership / service to professional association
 - Membership on professional review or advisory panel
 - Presenting lectures, papers, concerts or exhibits outside the technical scope of the project

Activities Included as Salary Cost Sharing

- Salary cost sharing reflects work on a sponsored project that is not paid by the sponsor but must be shown on the effort report
 - Mandatory: required by the sponsor (conditions of the program, NIH salary cap)
 - Voluntary: not required by the sponsor but is promised in the proposal (in the budget or narrative) and therefore required by the award

Example: Mandatory Salary Match

- Kauffman Foundation requires the University to match 50% of the PI's salary
- PI commits 100% effort on the project
- PI Institutional Base Salary = \$250,000

Therefore:

\$125,000 charged to the sponsor's account

\$125,000 charged to a departmental account (i.e. trust fund, state appropriations, overhead receipts) and cost shared to the project

Example 1: Mandatory Salary Cap

- NIH salary cap is \$191,300
- PI commits 100% effort on the project
- PI's Institutional Base Salary (IBS) = \$250,000
(IBS – Cap) X Effort % = Salary Cost Share

Therefore:

$(\$250,000 - \$191,300) \times 100\% = \$58,700$ salary cost share
charged to a departmental account

\$191,300 charged to NIH program account

\$ 58,700 = 23.5% Effort

\$191,300 = 76.5% Effort

\$250,000 = 100.0% Effort

Example 2: Mandatory Salary Cap

- NIH salary cap is \$191,300
- PI commits 25% effort on NIH project
- PI's Institutional Base Salary (IBS) = \$250,000

Therefore:

$(\$250,000 - \$191,300) \times 25\% = \$14,675$ salary cost share charged to a departmental account

$\$191,300 \times 25\% = \$47,825$ charged to NIH program account

$\$14,675 = 5.87\%$ Effort Cost Share

$\$47,825 = 19.13\%$ Effort NIH Program Account

$\$62,500 = 25.00\%$ Effort committed based on PI's IBS

Example: Voluntary Cost Sharing

In the proposal narrative:

“Dr. Smith has committed 5% of her effort at no charge to the project to advise PI Joe Doe.”

Therefore:

5% of Dr. Smith’s salary, paid by a non-sponsored account, must be cost shared to the project.

What's the Difference between Payroll & Effort?

- Payroll and effort distributions are not the same thing
 - Payroll distribution – sources (funds) of an individual's salary
 - Effort distribution – allocation of an individual's activities
- The effort certification process is to verify and ensure that the payroll and effort distributions are in line with each other for the reporting cycle
 - Work activities may actually occur differently than planned for in the budget or as reflected in the current payroll distribution

Certification is **REQUIRED**

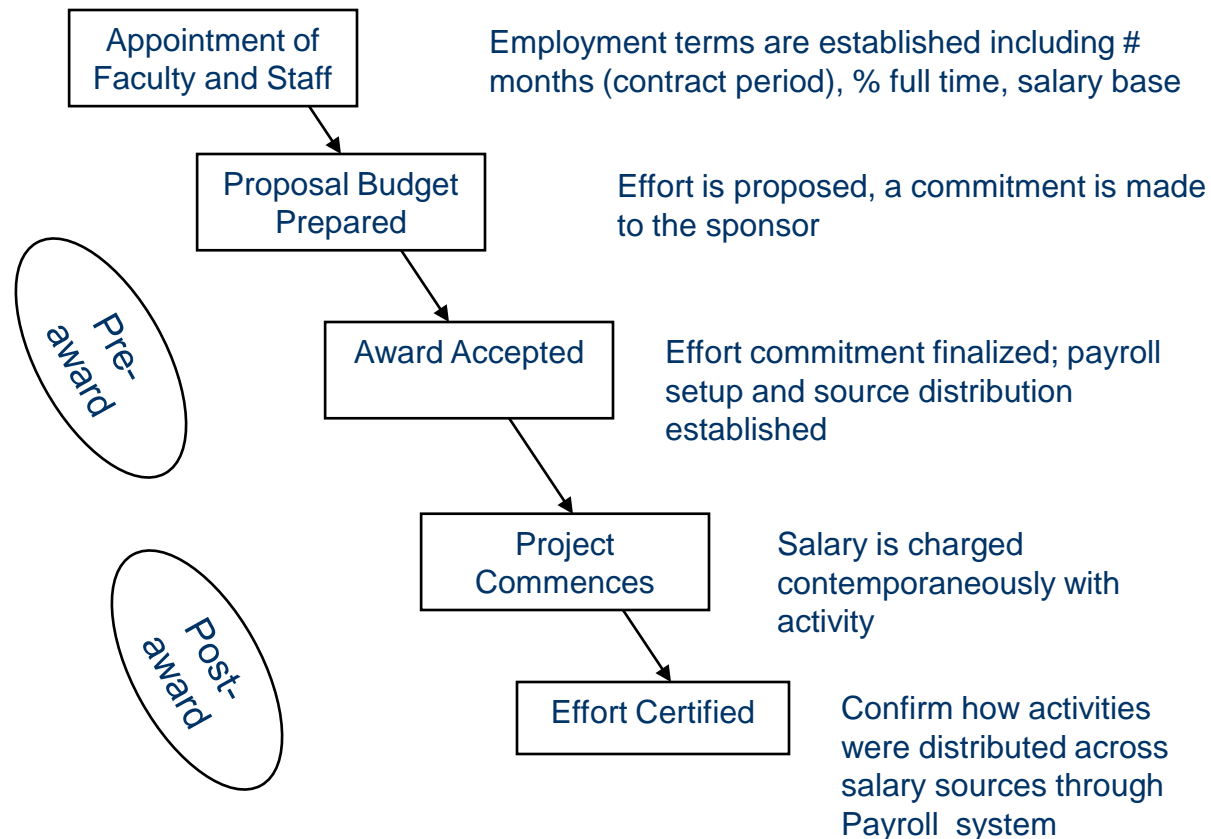
- Federal Regulation to maintain compliance
 - Not signing is a violation of our agreement with the sponsor and our federal cognizant agency
 - Late certification is a violation of University policy, a federal compliance requirement

Effort Certification at UNCP

- Topics Covered:
 - Overview of the certification process
 - Roles and responsibilities
 - Procedures
 - Special Consideration plus a few more
 - Red Flags and a few more points to remember

Overview of the Certification Process

The certification process begins well before the effort report is generated...



Who Certifies the Time & Effort Report?

- The individual who has first-hand knowledge of the employee's activities
 - Each employee is responsible for certification of his/her effort
 - Waiver of Signature Policy – requested by department dean / chair for documented reasons (e.g. researcher in a foreign country or temporary leave of absence)
- In the case of an incidental absence, the PI/Chair/Department Head must sign and indicate why the employee is not available for signature
 - Upon return, the employee must confirm or correct the Time & Effort, sign and send to Grants Accountant

Red Flag Issues

- Lack of timely effort reports
- Effort certified by those without first-hand knowledge of all effort
- Unauthorized individual certifying effort
- Inconsistent base salary definitions
- NIH salary cap violations
- Administrative responsibilities without attributed effort
- Billing during the summer month for work performed during academic year

Red Flag Issues (continued)

- PI with 0% effort on funded awards
- PI with greater than 90% effort on federal grants
- PIs with large number of simultaneous projects
- Significant number of re-certifications

Points to Remember

- Effort reporting is under intense scrutiny by the Office of Investigator General, NIH, and other Federal Agencies
- ‘Research Support’ and ‘Other Support’ sections of Federal grant applications require full disclosure of all research resources
- The individual is responsible for certifying their own effort
- Effort reporting tracks the actual expended activity on projects and should not just simply mimic budgeting amounts

Examples:

1. Salary Support > 40 hour Work Week
2. Salary Cap
3. Effort Committed with No Salary Support
4. Service Contract
5. External Professional Activities for Pay
6. External Professional Activities for Pay
7. Adjusting Effort Due to New Awards
8. 100% Funded Faculty
9. 9-Month Salary Paid Over 12 Months
10. Graduate Students
11. Effort without Salary
12. Effort on Non-sponsored Projects
13. More Expended Effort than is Funded by an Award
14. Award Received that Moved Committed Effort Over 100%
15. Answer
16. Consistency Between Effort Reports and Other Documents
17. 9-Month Appointment

NOTE: The examples in this presentation use hours worked for purposes of illustration only. Effort is based on a percent of total time the individual spent on UNCP activities – there is no blanket number of hours that constitutes UNCP total Time.

Example 1: Salary Support > 40 hr work week

- Dr. Azad is slated to devote 75% to an NIH project and is paid from the grant at that rate
- She puts in 30 hours a week on the project, but also spends 20 hours a week on her teaching and vice-chair responsibilities
- Since 30 hours is 75% of a 40 hour week, so she thinks she is compliant.

WRONG!!!!!! Her effort is 60% (30/50)!

Example 2: Salary Cap

- IBS = \$200,000 annually
- Sponsor Salary Cap = \$150,000
- Total Committed Effort = 20%

Question: What should be set up in Payroll and the effort report distribution?

	Payroll	Effort Distribution
Sponsor account	\$30,000	15.0%
Cost share account	\$10,000	5.0%
Committed effort	\$40,000	20.0%
Other sources	\$160,000	80.0%
Total salary	\$200,000	100.0%

Example 3: Effort Committed with No Salary Support

- Dr. Sandberg received salary support from the following awards:
 1. NIH Award 1 = 25%
 2. NIH Award 2 = 30%
 3. General Salaries = 45%
 4. Robert Wood Johnson = committed 5% effort in narrative proposal at no cost to the project

Question: What should be set up in payroll and the effort report distribution?

1. NIH Award 1 = 25%
2. NIH Award 2 = 30%
3. General Salaries = 40%
4. General Salaries cost shared to RWJ award = 5%

Example 4: Service Contract

- Dr. Estes serves as a journal editor under a contract with the University and spends an average of 8 hours per week working on the journal
- Her administrative assistant is also compensated for working on the journal

Question: How should Dr. Estes and her administrative assistant consider their time spent working on the journal?

Dr. Estes' and her administrative assistant's effort must be reported as effort on their PAR reports

Example 5: External Professional Activities for Pay

- Dr. Fong reviews grant applications for the American Heart Association an average of 8 hours per week during the winter quarter and has no other external consulting activities
- Dr. Fong has 50% funded effort on an NIH grant and typically devotes 20 hours per week to the grant and 20 hours per week to other University activities

Question: How should Dr. Fong's effort be reported?

50% NIH grant and 50% other University activities because AHA reviews are external activities

Example 6: External Professional Activities for Pay

- Over the course of a week, Dr. Tweed usually works on Carolina business 34 hours during the day (M-F) and 10 hours on nights and weekends
- He spends about 6 hours each Monday consulting and receives pay directly from an outside entity for this service
- Dr. Tweed has committed and averages 11 hours per week on grant activities

Questions:

1. What number of hours constitutes 100% of Dr. Tweed's effort?
 - Answer: 100% of Dr. Tweed's Carolina effort is 44 hours
2. How much effort should be charged to grant activities?
 - Answer: 25% of Dr. Tweed's effort should be charged to his grant activities (11/44)

Example 7: Adjusting Effort Due to New Award

- Dr. Hough works 60 hours per week
 - NIH Grant 15 hours 25% effort
 - Other UNC activities 45 hours 75% effort
- He receives another NIH award with a 20% committed effort.
 - NIH Grant 1 12 hours 20% effort
 - NIH Grant 2 12 hours 20% effort
 - Other UNC activities 36 hours 60% effort

Question: Since this results in a reduction to his first NIH grant, does Dr. Hough have to formally advise NIH of his reduced effort on the first NIH grant?

No, since it is $< 25\%$ reduction in awarded effort ($5/25 = 20\%$)
Is it a good idea to inform the sponsor anyway? Probably

Example 8: 100% Funded Faculty

- Dr. Rosenbluth's payroll is set up as follows:
 - NIH Award 20 hours per week 40%
 - Robert Wood Johnson Grant 30 hours per week 60%
- Each week, Dr. Rosenbluth also works an average of 4 hours on various committees and other university commitments for a total of 54 hours per week

Comment: Dr. Rosenbluth needs to correct his payroll distribution to reflect the portion of his effort that is expended on non-sponsored activities before he certifies his effort

Corrected entry:

- University commitments 4 hours per week 7%
- NIH Award 20 hours per week 37%
- Robert Wood Johnson Grant 30 hours per week 56%

Example 9: 9-Mth Salary Paid Over 12 Mths

- Dr. Li has a nine-month faculty appointment and has opted to have his salary paid over twelve months
- He receives an award to perform research during the summer and accordingly, expends 100% effort on the award throughout the summer

Question: How will Dr. Li's effort report look during the summer months?

May: 50% 9 month faculty source (1/12)
50% research award

June: 0% 9 month faculty source (1/12)
100% research award

July: same as June

August: same as May

Example 10: Graduate Students

- Ms. Paige is a graduate student and is being paid as a graduate assistant on dr. Yakubu's grant
- She is enrolled for 7 semester hours for the Fall semester and expends 100% of her work effort in the lab on one of Dr. Yakubu's NIH awards

Question: How should Ms. Paige's effort be reported?

Ms. Paige is compliant if she reports 100% effort on dr. Yahubu's award

Example 11: Effort without Salary

- Dr. Meeker has an NIH-sponsored project to which she pledged 3% effort but did not request corresponding salary support (voluntary committed cost sharing);

Question: What should Meeker's T&E look like?

Answer: 3% = Cost Share Account (normally state fund)

97% = Other Sources

100% = Total Salary

Example 12: Effort on Non-sponsored Projects

- Dr. Spruce receives salary support from the following sources:
 - Research Award 1 = 40%
 - Research Award 2 = 40%
 - Teaching a graduate course = 20%
- She plans to teach another course 4 nights a week which she estimates will take an additional 10% of her time.

Question: Does her effort report need to be changed:

YES – because Dr. Spruce expanded her time on non-sponsored project activities, proportionately reducing her effort distribution on sponsored research projects

	<u>Original</u>	<u>Change</u>
Award 1	40%	36%
Award 2	40%	36%
Teaching	20%	18%
<u>Night Class</u>	<u>----</u>	<u>10%</u>
Total Effort	100%	100%

Example 13: More Expended Effort than is Funded by an Award

- Dr. Gomez requested 50% effort on his NIH grant but actually spends 80% of his effort on the project

Question: Does he have to increase his effort on the grant to 80%, even if it means not having grant funds to support an assistant?

No – with his Chair's concurrence, he can certify 50% as his NIH effort, with the remaining 30% being considered as unfunded departmental research

Example 14: Award Received that Moves Committed Effort Over 100%

- In October of 2006, Dr. Wayer received a new Notice of Award (#3) that included a 25% effort commitment
- However, Dr. Wayer was already working on Award #1 with 50% committed effort, Award #2 with 30% committed effort, and various departmental-funded activities that account for the remaining 20% of Dr. Wayer's salary

Increasing the number of hours worked will not correct this situation because Dr. Wayer has over committed effort.

Example 15: Answer

- Dr. Wayer must address this situation and talk to her Dean/Department Chair to determine if they will:
 - Attempt to revise the level of effort on grant activities by communication with the sponsor(s)
 - Reduce effort on other activities by getting approval from the department
 - Refuse the award

Example 16: Consistency Between Effort Reports and Other Documents

- For three years Dr. Irving has certified 80% effort on his NIH awards and 5% on other activities
- He is being considered for tenure and states in his tenure materials that he has spent 40% of his time at UNCP on his teaching and 10% on departmental service
- If Dr. Irving's tenure packet is accurate, these materials may serve as evidence that he misrepresented his NIH effort

Dr. Irving and the University could be subject to liability because of the inconsistencies between effort certification and other university documents

Example 17: 9-Month Appointment

- Dr. Smith has a nine month appointment and receives this compensation over 12 months
- He has special expertise outside of his regular faculty appointment that qualifies him to consult on another PI's summer project at UNCP, for which he receives a lump sum payment equal to one month salary (1/9)
- In addition, Dr. Smith receives two months salary (2/9) from an NSF grant which he works on during the summer.

Question: When certifying to the summer effort reporting cycle, does Dr. Smith need to adjust his effort to accommodate for his consulting engagement?

- No - lump sum payments are not part of committed effort per University policy
- Therefore the consulting engagement is essentially external professional activities and is not part of Dr. Smith's university activities