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Reconciling Effort Reporting & Commitments

Online Education Program

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9:30 AM - 11:00 AM Pacific

Presented By:

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Reconciling Effort Reporting and Commitments

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FRA VII
Reconciling Effort Reporting and Commitments
April 2006

Agenda

- Why is this important?
- Effort Reporting throughout the sponsored account life cycle
- The importance of effort commitments
- Systematic committed effort tracking
- Additional challenges pertinent to the Predominantly Undergraduate Institution (but that apply to all institutions)

Why Is This Important?

- The compliance environment has changed ... and it is not likely going to change in the foreseeable future
- Since 2003 there have been over 25 individual institutions that have paid fines or settled with the federal government
- As an institution and individuals that have accepted federal research dollars, there is an obligation to exercise good stewardship of those funds
  - Effort reporting is a part of that stewardship
- Institutional risk management
  - Reviewing effort reporting practices / commitments is a key part of the OIG's 2006 workplan
Effort Reporting Throughout the Sponsored Account Life Cycle

Effort Reporting
*Encompasses more than just certifying effort...*

1. **Preparing the Proposal Budget**
   - Effort is proposed, a commitment is made to the sponsor

2. **Charging Salary**
   - Salary is charged, consistent with activity

3. **Communicating With Sponsor**
   - Progress reports
   - Current and Pending support
   - Requests for reductions in effort

4. **Certifying Effort**
   - Effort is attested to, after activity has occurred
Pre-Award

- Tracking proposed effort
- Tracking committed cost sharing
- Developing other support pages
- Guarding against over-commitment

Award

- Adjusting proposed effort to awarded effort
- Documenting justification for budget reductions and resulting effect on effort levels
- Payroll set-up according to awarded payroll
- Adjusting effort levels on other awards if in over-committed situation
Post-Award

- After-the-fact effort reporting
  - Identify population required to certify
  - Create effort forms
  - Disseminate effort forms
  - Obtain certifications

Post-Award (Reporting)

- Account for differences between effort and payroll
- Account for differences between awarded effort and actual effort
- Quantify cost sharing recorded on effort forms for financial reporting and F&A purposes
- Identify Key Personnel/PIs 100% paid from Sponsors
- Record retention
The Importance of Effort Commitments

Effort Commitments: Importance

- **Obligations** to sponsors as to the **level of effort** to be provided by **key personnel** on **sponsored projects**
  - Includes both charged and cost-shared commitments
  - Commitment made at proposal submission; confirmed as a part of effort reporting (typically) and/or on progress reports
  - Most sponsors allow differences between effort commitments and actual effort, but typically reductions in effort must be less than 25% (NIH policy)
  - Effort commitment can be met over the budget period (not the effort reporting “cycle”)
Effort Commitments: Importance

- **Regulatory Requirement**
  - NIH Grants Policy Statement update (Dec. 2003) -
    - Commitment overlap occurs when a person's time commitment exceeds 100 percent, whether or not salary support is requested in the application.
  - 2005 (and 2006) DHHS/OIG Audit Workplan -
    - Level of Commitment: review whether major research universities committed more than 100% of PI's effort when applying for NIH grants

Northwestern and Effort Commitments

- Need for effort commitment information expressed by both administrators and PIs
  - Some shadow systems in existence, but many units relied on faculty members' own records
  - Some instances of effort commitments of which faculty members were unaware
  - Potential inconsistencies between effort reports, progress reports, proposals (Current & Pending support section)
What are the benefits of managing effort commitments through the use of a system?

- Provide users to track 100% effort profile of commitments for both sponsored and non-sponsored activities
  - Charged and cost shared
- Allow effort planning of commitments by month
  - Able to incorporate non-sponsored commitments
  - Can plan on a month-by-month basis to allow for shorter commitments (service, clinical, teaching)
- Avoid over-commitments...identify all instances of commitments greater than 100%
- May allow institutions to reduce number of individuals who require effort certification
- Enable consistent reporting
  - Current & Pending support
  - Progress reports
  - Financial reporting
  - Effort certification forms
Compliance Considerations...

- Consistent reporting
- Avoid over commitments
- Significant effort budget reductions require advance approval
- Absences in excess of 90 days require advance approval
- NSF summer month requirements: \( \leq 2 \) months
- Department imposed thresholds
- Fulfillment of cost sharing requirements

Effort Commitment Process

General Overview

- Pre-Award
  - Upload
  - Proposal submitted with effort commitments for key personnel
  - Effort commitments for named personnel entered into pre-award system
- Post-Award
  - Tracking of Commitments
    - PI/Administrator monitoring and modifying to reflect actual and plan
      - Review/Plan effort, by budget period
      - Modify plans as necessary
    - Identify changes that must be communicated to sponsors
      - Pre-award Office approving significant changes (communicating with sponsors)
  - Effort Report
  - Proposals (Current & Pending Support)
System Users

- Departmental Administrators
- Plan Managers
- Key Personnel (PIs)

- Pre Award Administrators
- Post Award Administrators
Commitment Indicators

Certify My Researchers

Additional Challenges Pertinent to the Predominantly Undergraduate Institutions

(but that really apply to all institutions)
The Effort Reporting Cycle

Effort Reporting encompasses more than just the certification statement ... another look ...

**PRE-AWARD**
- **Appointing Faculty & Staff**
  - Employment terms are established, including # months (contract period), % full time, salary base

**POST-AWARD**
- **Preparing the Proposal Budget**
  - Effort is proposed, a commitment is made to the sponsor
- **Charging Salary**
  - Effort is charged, in a real time manner consistent with activity
- **Certifying Effort**
  - Effort is attested to, after activity has occurred

LEADERSHIP, POLICIES, PERSONNEL, TRAINING, SYSTEMS

Organizational Challenges

- Knowledgeable leadership
  - PUIs - May not have the leadership at the top to foster necessary compliance
- Clear effort reporting policies procedures
  - PUIs - Often have not taken the time to develop simple and clear effort reporting and cost sharing policies and procedures (e.g., when, how often, which personnel?)
- Personnel resources
  - PUIs - Likely do not have abundant central and local department resources to manage commitments, process effort reports, and ensure compliance
- Training
  - PUIs - Generally training on effort reporting is not on the radar of training needs for faculty at these institutions
- Systems
  - PUIs - Funds generally not available for expensive commercial effort reporting systems
Organizational Challenges

Key Points

- PUIs may be more challenged by these organizational issues, but many larger research institutions grapple with the same challenges.

- For all institutions it is essential to overcome these organizational challenges as they represent the foundational building blocks necessary to establish a strong and compliant effort reporting process.

Process Challenges

- Magnitude
  - PUIs - Effort reporting likely impacts only a very small number of researchers; significant effort required for a small population.

- Cost sharing
  - PUIs - May not have companion accounts or other robust mechanisms to track cost sharing (though likely small amounts); generally no funds to support cost sharing.

- Compensation / Overload Pay
  - PUIs - Often provide research supplements to faculty members that acquire research funding from outside the organization.
  - PUIs - May not have clear policies distinguishing when additional compensation may be allowed (and simultaneously maintaining compliance).
  - PUIs - What is IBS?
Process Challenges

- Compensation / Overload pay
  - Effort and salary $$ are tightly intertwined
  - Starting point is a clear definition of IBS
    - The amount used to calculate the salary / effort requested in sponsored project applications and proposals
    - Keep things simple; complexities cause confusion
  - IBS should be consistently applied and should not increase / decrease based on external support
  - Research supplements are suspect
    - Variable components of salary contingent on external support appear plainly unallowable
  - IBS should be clearly defined, set in advance, and consistently applied
  - University community needs to understand the importance of IBS in the effort reporting process
  - Variable compensation programs that are not solely driven by the acquisition of research can provide acceptable alternatives

- Effort Commitments
  - PUIs - Important for the same reasons as previously mentioned
    - Obligations have been made to sponsors about effort to be provided by key personnel
    - Faculty have obligations to the institution with respect to teaching and other academic responsibilities
    - It is necessary to be able to attest to sponsors that promises have been met
    - Where a PI / faculty knows in advance that commitments cannot be met, it is important to proactively communicate with sponsors about the need to adjust the commitment
Process Challenges

- Effort Certification
  - PUIs - Typically a manual paper-based process
  - Not always cost effective to purchase an expensive commercial system
  - Paper process is better than nothing
    - However automate where possible using simple web forms, forms automation tools, and/or email (simply to ease the distribution and collection burden)
  - Timely collection of statements is key
    - Make sure timeframes exist for submission of certified statements
  - Quality control always plays a role
    - Errors happen in paper environments thus a person should be designated to sample / audit effort statements for accuracy, omissions, or other concerns

Systems

Options for PUIs

- Use of simple tools like Excel, Access can help manage commitments.
- However, try to use any shadow system tools consistently across the institution.

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Questions

Push *1 on your telephone key pad
to comment or ask your question
OR
e-mail your comment/question by
clicking on the “question icon” in
the lower right corner of your
screen. Type your question or
comment in the window that
appears, and then click “send.”
Submitted questions will be
answered verbally as time allows.

Thank You for Joining Us Today

- Please send any remaining questions to Marc Schiffman at schiffman@ncura.edu by June 27
- To receive CEU credit for today’s program please send an excel spreadsheet with a list of registrants (first name, last name, email address) to ceurequest@ncura.edu
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June 22, 2006

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1. Overall rating........................................................................................................................................
   EXCELLENT GOOD FAIR POOR

2. Content................................................................................................................................................

3. Audio quality..........................................................................................................................................

4. Ease of registration.................................................................................................................................

5. Greg Bedell...........................................................................................................................................

6. Jennifer Hubert....................................................................................................................................

7. Doyle Smith.........................................................................................................................................

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   YES NO

9. Did the web component add to the value of the virtual seminar?....................................................... 

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    □ Research Compliance  □ Sponsor Agency Funding Opportunities  □ Post-Award Accounting and Reporting  □ Electronic Research Administration
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Name (optional): ____________________________________________

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