

# **Effort Certification**

## **Doing it Right at Carolina**

Prepared by:  
The Office of Sponsored Research  
University of North Carolina at  
Chapel Hill

# Program Overview

- **Effort Certification in a Nut Shell**
  - 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 UNC-CH**
  - Overview of the certification process
  - PARS and PAR
  - Roles and responsibilities
  - Procedures
  - Special Consideration plus a few more
  - Red Flags and a few more points to remember
- **Examples to test you 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).**
- **At UNC-CH the Personnel Activity Reporting System (PARS) is used to certify effort.**

# 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 prosecution...

# Fines Levied and Recent Audits

- Northwestern University \$5.5 million ('03)
- Johns 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**

# Examples: Mixed Research & Clinical Care

- **Seeing patients, some of whom are also research patients (a reasonable allocation of effort between sponsored projects activity and clinical care must be made)**

## **OMB Circular A21 J10b(1)(c)**

“In the use of any methods for apportioning salaries, it is recognized that, in an academic setting, teaching, research, service and administration are often inextricably intermingled.”

“ A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate.”

# 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"*.<sup>\*</sup>
  - 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

<sup>\*</sup> UNC Policy Manual: 300.2.2.1[R]

[http://intranet.northcarolina.edu/docs/legal/policymanual/300.2.2.1\[R\].pdf](http://intranet.northcarolina.edu/docs/legal/policymanual/300.2.2.1[R].pdf)

# 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

$$(IBS - Cap) \times \text{Effort \%} = \text{Salary Cost Share}$$

**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

$\$ \underline{47,825} = \underline{19.13\%}$  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.**

# K-Awards and Cost Sharing

- **Career Development Awards - projects specify minimum effort required which may result in required cost sharing**

75% min effort required

25 - 50% min/max required

K01  
K02  
K07 Development  
K08  
K12  
K22  
K23  
K25

K05  
K07 Leadership  
K18  
K24  
K26

**Read your particular award as specific requirements may vary (salary limitations, admin. charges, etc.)**

<http://grants2.nih.gov/training/careerdevelopmentawards.htm>

# K-Award Examples

**K07 requires a minimum 75% effort by the PI  
and has a salary limit of \$75,000**

**If PI's IBS = \$115,385**

	<u>Payroll</u>	<u>Effort Distribution</u>	
<b>K 07 Award</b>	<b>\$ 75,000</b>	<b>65.0%</b>	} K 07
<b>Cost share to K 07</b>	<b>\$ 11,539</b>	<b>10.0%</b>	
<b>Other sources</b>	<b>\$ 28,846</b>	<b>25.0%</b>	
<b>Total</b>	<b>\$115,385</b>	<b>100.0%</b>	

# What's the Difference between Payroll & Effort?

- Payroll and effort distributions are not the same thing
  - Payroll distribution – sources (accounts) 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**

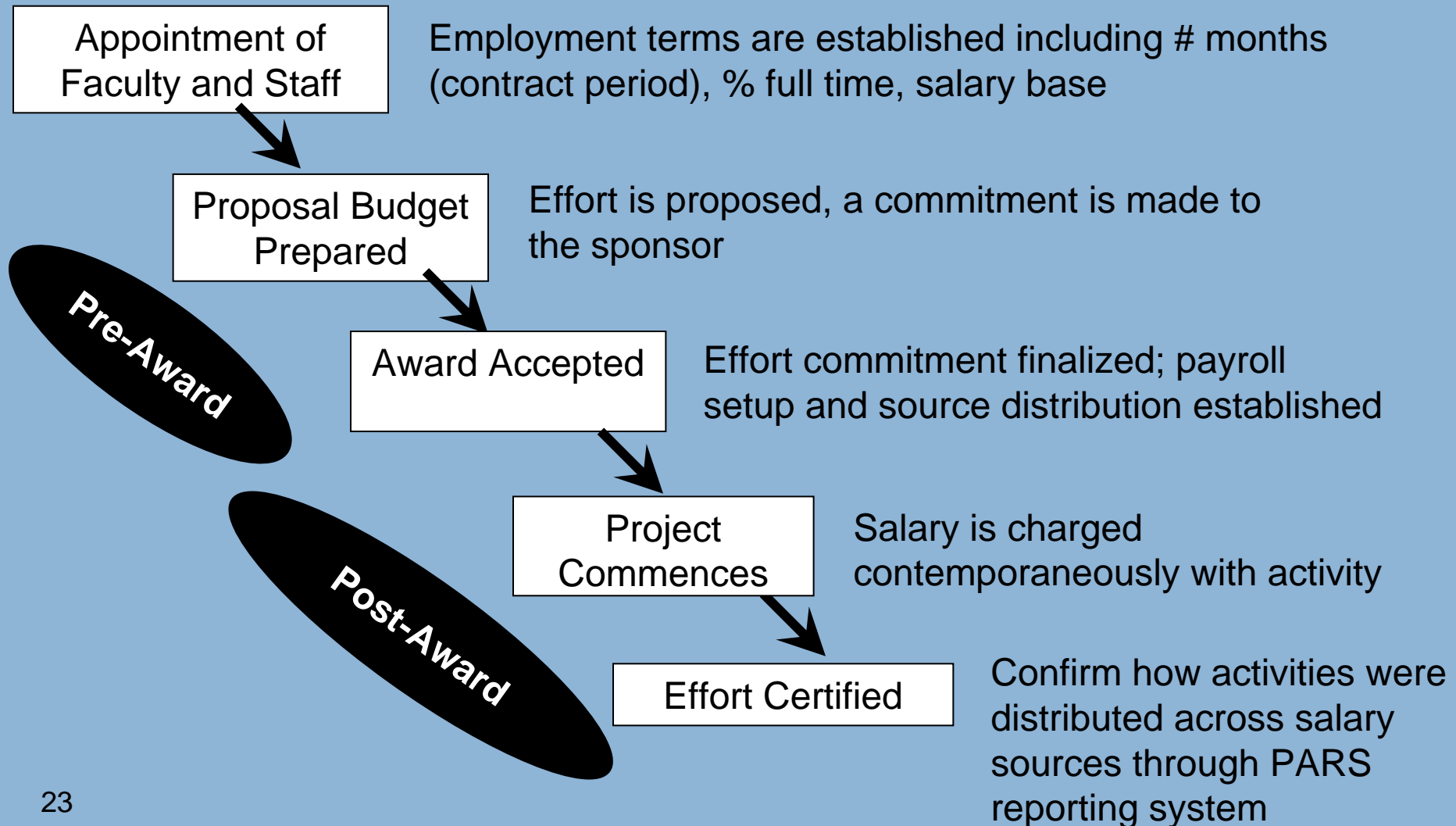
# Effort Certification at UNC-CH

## Topics Covered:

- Overview of the certification process
- PARS and PAR
- 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...



# **Personnel Activity Reporting System (PARS)**

- **Personnel Activity Report System (PARS)**
  - Reporting system based on payroll distribution (committed effort)
  - Documents both salary and wage charges
  - Accounts for 100% of each individual's effort
- **Personnel Activity Report (PAR)**
  - Report created for each faculty and staff member who
    - receive salary support from sponsored research or training award and/or
    - contribute effort in the fulfillment of cost sharing
  - Reported Quarterly for EPA
  - Reported in 13 Bi-weekly Cycles for SPA

# Roles and Responsibilities

- **Investigator (ultimate responsibility) & Research Staff**
  - All employees (SPA and EPA) working on sponsored research activities are responsible for the certification of his or her own effort.
- **PARS Coordinator (assistive responsibility)**
  - The Departmental PAR Coordinator reviews each individual's report to determine all applicable personnel actions affecting the salary distribution for the reporting period.
- **University (joint responsibility, integrity and reputation)**
  - The Cost Analysis & Compliance section within the Office of Sponsored Research is responsible for distributing, collecting, reviewing, and maintaining the official file of time and effort reports in compliance with the Office of Management and Budget Circular A-21.

# Who Certifies the PAR?

- **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 PAR, sign and send to OSR

# PAR Procedures

- 1. OSR prepares PAR reports according to PARS Cycle and distributes them to departmental PAR coordinators.**
  - a departmental control report listing all employees for whom a PAR was prepared is also included
- 2. PAR coordinator reviews reports against Personnel Distribution (PD) forms associated with salary distribution for the reporting period. If there is a discrepancy, a copy of the PD form is attached to the individual's PAR report.**
- 3. PAR coordinator distributes PAR reports to each individual for certification**
- 4. Individual verifies actual effort worked by consulting available resources documenting his/her activities during the period**
  - other time or effort reports (e.g. clinical time reports)
  - calendars
  - clinical schedules
  - phone logs
  - correspondence
  - meeting documentation

# PAR Procedures (continued)

## 5. Individual certifies PAR

*"I confirm that the above distribution of activity represents a reasonable estimate of the work I have performed..."*

- If printed percent effort reasonably represents the actual expended effort – certify by signing and dating
- IF NOT – correct PAR by entering the appropriate percentage(s), calculate 'Actual' column to sum 100%, sign and date
- Return certified form to PARS Coordinator

# PAR Procedures (continued)

## 6. PARS Coordinator reviews the PAR

- If PAR was corrected by the employee, coordinator determines if change is temporary or permanent
- annotates on the control sheet receipt of each certified PAR
- batches the original reports with the original control sheet and returns them to OSR by the due date listed on the control sheet

## 7. OSR enters information into the PARS

## 8. OSR closes the PARS cycle and reports are prepared

# FY2007 PARS Cycle

## FY09 PARS CYCLE

<b>Cycle</b>	<b>Mail</b>	<b>Due Date</b>	<b>Close Date</b>
PB01	07-30-08	08-13-08	08-22-08
PB02	08-27-08	09-10-08	09-19-08
PB03	09-24-08	10-08-08	10-17-08
PB04	10-22-08	11-05-08	11-14-08
PB05	11-19-08	12-03-08	12-12-08
PB06	12-17-08	12-31-08	01-09-09
PB07	01-14-09	01-28-09	02-06-09
PB08	02-11-09	02-25-09	03-06-09
PB09	03-11-09	03-25-09	04-03-09
PB10	04-08-09	04-22-09	05-01-09
PB11	05-06-09	05-20-09	05-29-09
PB12	06-03-09	06-17-09	06-26-09
PB13	07-01-09	07-15-09	07-24-09
PM01	09-26-08	10-08-08	10-24-08
PM02	12-22-08	01-06-09	01-23-09
PM03	03-27-09	04-10-09	04-24-09
PM04	06-26-09	07-10-09	07-28-09

**Holidays and early payroll closures considered dates are subject to change.**

# Sample PAR Report

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL  
MONTHLY PERSONNEL ACTIVITY REPORT (PARS07)

PAGE 1

CYCLE: **PM02**                   **12/15/2005**  
DEPARTMENT:               **2236 CENTER FOR HEALTH RESEARCH**  
P.I.:                               **ASST. DEAN**

EMPLOYEE NAME      ID NBR  
**ILOVE RESEARCH**      **ZZZZ-ZZZ**

	PAY PERIOD <b>M04</b>	PAY PERIOD <b>M05</b>	PAY PERIOD <b>M06</b>
	BEGIN <b>10/01/2005</b>	BEGIN <b>11/01/2005</b>	BEGIN <b>12/01/2005</b>
	ENDING <b>10/31/2005</b>	ENDING <b>11/30/2005</b>	ENDING <b>12/31/2005</b>

(ACCOUNT TITLES) ----- ACCOUNT -----

	L ACCT ID	OBJ	C/S	B	PUR	DEPT	PARS	ACTUAL	PARS	ACTUAL	PARS	ACTUAL
<b>UNC P&amp;A ACDEMIC EXP</b>	<b>3 14754</b>	<b>1112</b>		<b>0</b>	<b>142</b>	<b>4236</b>	<b>25.0%</b>	<b>%</b>	<b>25.0%</b>	<b>%</b>	<b>25.0%</b>	<b>%</b>
<b>CENTER FOR HEALTH RESEARCH</b>	<b>6 66738</b>	<b>1112</b>		<b>0</b>	<b>101</b>	<b>4202</b>	<b>15.0%</b>	<b>%</b>	<b>15.0%</b>	<b>%</b>	<b>15.0%</b>	<b>%</b>
<b>SUBCLINICAL THYROID</b>	<b>5 52139</b>	<b>1112</b>		<b>0</b>	<b>101</b>	<b>4635</b>	<b>60.0%</b>	<b>%</b>	<b>60.0%</b>	<b>%</b>	<b>60.0%</b>	<b>%</b>
							<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

CONFIRMATION:  
I CONFIRM THAT THE ABOVE DISTRIBUTION OF  
ACTIVITY REPRESENTS A REASONABLE  
ESTIMATE OF THE WORK I HAVE PERFORMED  
DURING THIS THREE MONTH PERIOD.

PD FORMS POSTED DURING THIS REPORTING PERIOD

PAY PERIOD <b>M04</b>		PAY PERIOD <b>M05</b>		PAY PERIOD <b>M06</b>	
PAY NBR	EFF DATE	PAY NBR	EFF DATE	PAY NBR	EFF DATE
<b>103846</b>	<b>10/1/2005</b>				

-----  
*Ilove Research*      *2/7/06*  
SIGNATURE            **ILOVE RESEARCH**            DATE

Effort Reporting  
Reference Sheet

<b>(L) LEDGER CODES</b>	1	Current Unrestricted State Funds (revenues)
	2	Current Unrestricted State Funds (expenditures)
	3	Auxiliary Enterprises and Totally Receipt Supported Activities
	4 & 5	Sponsored Research
	6	Other Current Restricted and Unrestricted
	9	Agency Funds
<b>(OBJ) OBJECT CODES FOR PERSONNEL COMPENSATION</b>	<b>1110</b>	<b>EPA Regular Salaries</b>
		1112 EPA Non-Teach - On Campus
		1113 EPA Non-Teach - Off Campus
		1117 Monthly Non-Teach—Student/Other
		1118 Bi-Weekly Non-Teach—Student/Other
	<b>1210</b>	<b>SPA Regular Salaries</b>
		1212 SPA On Campus
		1213 SPA Off Campus
	<b>1310</b>	<b>EPA Academic Salaries</b>
		1312 EPA Teach On Campus
		1313 EPA Teach Off Campus
	<b>1410</b>	<b>Non-Student Regular Wages</b>
		1411 Non-Student Wages
		1412 Non-Student Wages—Off Campus
	<b>1450</b>	<b>Student Regular Wages</b>
		1451 Student Wages
		1452 Student Wages Community Service
		1459 Graduate Assistants
	<b>6500</b>	<b>Educational Awards</b>
		6571 Trainee Degree Stipends
	6577 Graduate Assistant Tuition Award	
	6578 Post-Doctoral Trainee Non-Degree	
	6579 Post-Doctoral Trainee Clinical Fellow	

# Effort Reporting Reference Sheet

<b>(B) BUDGET CODES</b>	0	Institutional Trust Funds, Special Funds, Endowment Funds, and Other Funds
	1	Academic Affairs
	2	Health Affairs
	8	Area Health Education Centers Programs (AHEC)
<b>(PUR) PURPOSE CODES</b>	100	Instruction
	101	Regular Term Instructon
	102	Summer Term Instruction
	103	Extension Instruction
	107	Distance Learning
	110	Organized Research
	140	Public Service
	142	Community Service
	150	Academic Support
	152	General Academic Support
	170	Institutional Support
	190	Area Health Education Centers
	192	Residency Training
	193	Health Science Support
	401	Educational Agreements
990	Multi-Activity	

# Special Consideration

## Retroactive Personnel Actions – Sponsored Agreements

- Occurs when a payroll expenditure classification must be changed after the closing date of PARS cycle
  - Letter of Justification (LOJ) required because the prior period effort has already been certified
  - Federal cost transfer guidelines apply
    - Must be requested within 90 days of the error for which reclassification is requested
    - Include in LOJ:
      - how actual effort benefited project being charged
      - why the charge to the project is appropriate
      - how the error occurred and how it was discovered
      - be specific
- Not acceptable: 'to correct overdraft', 'to correct administrative error', 'to transfer to correct project'*

LETTER OF JUSTIFICATION  
FOR CHANGE IN EFFORT  
(guidelines for preparation follow on page 2)

TO: Rebecca Hinshaw, PARS Section  
Office of Sponsored Research, CB# 1350, 962-4666  
FROM: Becca Doe-Smith  
DATE: 1/25/2006  
DEPT. NAME: Medical Area  
DEPT. NUMBER: 9999  
NAME OF EMPLOYEE: Dr. None Spruce  
PID 99999999

PERSONNEL ACTION FORM NO.(s) serial #00000

UNC ACCOUNT NUMBER(s)  

<u>5-31RRR</u>	TERM DATE:	<u>6/30/2006</u>
<u>5-32RRR</u>	TERM DATE:	<u>6/30/2006</u>

PARS CYCLE DATE(s) 10/01/2005 to 12/31/2005

PARS CYCLE: PB **Bi-Weekly**  01  02  03  04  05  06  07  08  09  10  011  012  013

**Monthly**  01  02  03  04

(to **deselect** a check box click on the box again)

**JUSTIFICATION: (State how the error occurred, and how the effort performed benefited the project being charged).**

Dr. Spruce has increased her work load by taking on night classes in addition to her other duties. She needs to adjust the % effort certified on research grants 5-31RRR & 5-32RRRR effective 11/23/2005. The need for this correction was brought to attention at the quarterly departmental review. The delay in processing this action is due to the holidays and the implementation of the new EPAweb process during late December.

**SIGNATURES:**

Employee Name	Signature	Date
---------------	-----------	------

Principal Investigator	Signature	Date
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*Chairperson, Dean, Director	Signature	Date
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\*Last signature required only for transfers exceeding 90 days\*

# Other Considerations

- **9-month appointment**

The regulatory convention is to...

- **Certify 8 months of academic year at 100%**
- **Certify 9<sup>th</sup> month as follows**
  - 50% May
  - 0% June/July unless individual has a summer salary source
  - 50% August
- **Summer Salary source**
  - 50% for May & August
  - 100% June & July

- **Overloads / Loaded Hourly Rate**

- **Complicated**
- **All specialized case, therefore contact OSR**

# 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**
- **Data inconsistency**
  - **Clinical time reports**
  - **Travel vouchers**
  - **Outside activity forms**
  - **Position descriptions**
  - **Other Support forms**
  - **Leave reports**

# 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. Effort on Awards and Clinical Trials
5. Service Contract
6. External Professional Activities for Pay
7. External Professional Activities for Pay
8. Adjusting Effort Due to New Awards
9. 100% Funded Faculty
10. Scientific Meetings
11. 9-Month Salary Paid Over 12 Months
12. Graduate Students
13. Effort without Salary
14. Effort on Non-sponsored Projects
15. More Expended Effort than is Funded by an Award
16. Award Received that Moved Committed Effort Over 100%
17. Consistency Between Effort Reports and Other Documents
18. Vacation and Sick Leave
19. 9-Month Appointment
20. NIH Career Award
21. Graduate Student Mentoring Award
22. Inconsistent Documentation

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 UNC-CH activities – there is no blanket number of hours that constitutes UNC-CH 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?**

	<u>Payroll</u>	<u>Effort Distribution</u>
Sponsor account	\$ 30,000	15%
Cost share account	\$ 10,000	5%
Committed effort	\$ 40,000	20%
Other sources	\$160,000	80%
Total salary	\$200,000	100%

# 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 3: PAR REPORT

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL  
MONTHLY PERSONNEL ACTIVITY REPORT (PARS07)

CYCLE:

DEPARTMENT:

P.I.:

EMPLOYEE NAME      ID NBR  
**HAROLD SANDBERG    ZZZZ-ZZZ**

(ACCOUNT TITLES) -----	ACCOUNT		PAY PERIOD					ACTUAL
	L ACCT ID	OBJ	BEGIN	ENDING	PARS	ACTUAL		
NIH AWARD #1	5 3NIH#1	1112	0	101	2236	25.0%	%	
NIH AWARD #2	5 3NIH#2	1112	0	110	2236	30.0%	%	
GENERAL SALARY	3 3RWJ1	1112	0	110	2236	40.0%	%	
GENERAL SALARY	3 1XXXX	1112	3RWJ1	2	142	2236	5.0%	%
						<u>100.0%</u>	<u>100.0%</u>	

## Example 4: Effort on Awards & Clinical Trials

- **Dr. Duffy has three NIH grants from which he derives 90% of his salary**
- **In addition, he is the PI/CoPI on eight other awards at no salary, and he serves as a division director**

**Question: If you were an auditor would you view charging 90% of Dr. Duffy's salary to federal grants as reasonable?**

**NO because this would raise a red flag to indicate the NIH may be charged for other research and departmental activities**

## Example 5: 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 6: 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 7: 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 8: 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 9: 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 a 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: PAR Report

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL  
MONTHLY PERSONNEL ACTIVITY REPORT (PARS07)

PAGE 1

CYCLE: **PM02**                      **12/15/2005**  
DEPARTMENT:                      **2236 A RESEARCH DEPARTMENT**  
P.I.:                      **ASST. DEAN**

EMPLOYEE NAME      ID NBR  
**ROSE ROSENBLUTH      ZZZZ-ZZZ**

	PAY PERIOD <b>M04</b>	PAY PERIOD <b>M05</b>	PAY PERIOD <b>M06</b>
	BEGIN <b>10/01/2005</b>	BEGIN <b>11/01/2005</b>	BEGIN <b>12/01/2005</b>
	ENDING <b>10/31/2005</b>	ENDING <b>11/30/2005</b>	ENDING <b>12/31/2005</b>

(ACCOUNT TITLES) ----- ACCOUNT -----	L ACCT ID	OBJ	C/S	B	PUR	DEPT	PARS	ACTUAL	PARS	ACTUAL	PARS	ACTUAL
<b>A DEPARTMENT</b>												
<b>ACCT</b>	<b>2 2DDDD</b>	<b>1312</b>		<b>0</b>	<b>101</b>	<b>2236</b>	<b>0.0%</b>	<b>1 %</b>	<b>0.0%</b>	<b>1 %</b>	<b>0.0%</b>	<b>1 %</b>
<b>ROBERT WOOD</b>												
<b>JOHNSON</b>	<b>5 4RWJ1</b>	<b>1112</b>		<b>0</b>	<b>110</b>	<b>2236</b>	<b>60.0%</b>	<b>56%</b>	<b>60.0%</b>	<b>56%</b>	<b>60.0%</b>	<b>56%</b>
<b>NIH AWARD</b>	<b>5 3RRRR</b>	<b>1112</b>		<b>0</b>	<b>110</b>	<b>2236</b>	<b>40.0%</b>	<b>37%</b>	<b>40.0%</b>	<b>37%</b>	<b>40.0%</b>	<b>37%</b>
							<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

CONFIRMATION:  
I CONFIRM THAT THE ABOVE DISTRIBUTION OF  
ACTIVITY REPRESENTS A REASONABLE  
ESTIMATE OF THE WORK I HAVE PERFORMED  
DURING THIS THREE MONTH PERIOD.

*Rose Rosenbluth 2/7/06*

-----  
SIGNATURE                      **ROSE ROSENBLUTH**                      DATE

**PD FORMS POSTED DURING THIS REPORTING PERIOD**

PAY PERIOD <b>M04</b>	PAY PERIOD <b>M05</b>	PAY PERIOD <b>M06</b>
PD NBR    EFF DATE	PD NBR    EFF DATE	PD NBR    EFF DATE

*PD 11111 dated 10/01/05 attached*

## Example 10: Scientific Meetings

- **In October Dr. Joshi attends three different scientific meetings and is away for half the month**

**Question: Can he still report that 80% of his effort is related to his grants while away?**

**YES - attendance at scientific meetings or conferences about content that is related to the technical scope of his grants is allowable effort**

# Example 11: 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 12: 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 6 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. Yakubu's award**

## Example 13: 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); Therefore, Dr. Meeker must set up a required cost sharing account

**Question: What should Meeker's PAR look like?**

Answer:        3% = Cost Share Account  
                  97% = Other Sources  
                  100% = Total Salary

# Example 14: 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>	---	10%
Total Effort	100%	100%

## Example 15: 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 16: 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 16: Answer

Dr. Wayer must address this situation and talk to her administrator 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 17: Consistency Between Effort Reports and Other Documents

- For three years Dr. Irving has certified 80% effort on his NIH awards and 5% on clinical activities
- He is being considered for tenure and states in his tenure materials that he has spent 40% of his time at Carolina 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 18: Vacation and Sick Leave

- Dr. Kropp has a 12 month appointment and is absent for one month during the summer for vacation and because of illness. His salary is funded 80% from NIH grants
- During the other two months of that summer he continues to expend 80% effort on his grant activities

**Question: How should his effort for the summer quarter be reported for certification?**

- He should certify 80% effort for the entire quarter because University policy is to pay vacation and sick leave from the salary source distribution in effect when the leave is taken
- Regulations require universities to communicate their policies to the Federal Government and to administer them on a consistent basis
- Note: NIH may need to be notified if absences are prolonged

# Example 19: 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 Carolina, 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

## Example 20: NIH Career Award (K-Award)

- Dr. Quesenberry, a clinical faculty member would like to pursue a new career in research.
- As a first step toward to his goal he is awarded an NIH Patient-Oriented Research Career Development Award (K23) which requires a minimum of 75% of his effort on research activities.
- To keep his clinical commitments, he must maintain an average of three hours per day (Monday – Friday).
- He has identified a faculty colleague who has research grants in an area of Dr. Q's interest. This colleague has agreed to have Dr. Q learn research techniques by assisting with his projects, and the NIH sponsor sanctions this activity to qualify for research on Dr. Q's K award.

**Question:** How many hours a week does Dr. Q have to spend to meet the 75% K Award effort requirement?

45 hours ( $15/0.25$ ) minus 15 hours clinical requirement

# Example 21: Graduate Student Mentoring Award

- Dr. Orr spends 3 hours a week teaching a didactic course for graduate school credit to graduate students
- She also spends an average of 4 hours a week mentoring each of her three graduate students and 2 hours a week in a lab meeting discussing research issues relevant to her NIH-funded project

**Question:** How should the lab meeting and mentoring time be reported as effort?

Both can be considered as part of her effort devoted to the grant (since the grant is a mentoring award), but the course should be considered instruction and attributed to non-sponsored sources

## Example 22: Inconsistent Documentation

- **Dr. Q fails to list 6 industry-sponsored clinical trials (aggregate of 5% effort) on his NIH Biographical Sketch and his just-in-time Other Support page submitted to NIH**

If this is brought to the Office of Sponsored Research's attention, NIH could argue that this information was critical to the scientific and/or administrative review process, and the grant was inappropriately awarded

NIH could order UNC-CH to return funds already expended and those remaining from the award.