Personnel Appointments to Sponsored Research Projects

From Proposals through Certification and Project Closeout

Presented by:
The College of Medicine
Office of Research
7/13/2010
Presenters:

Melinda Akins  
Assistant Director, Office of Research  
College of Medicine

Karla Gengler-Nowak  
Assistant Director, Office of Research  
College of Medicine
In proposals and through the life of a grant or contract, OSU tells sponsors how a scope of work will be accomplished, including who will work on the project.

OSU is responsible for ensuring that sponsor expectations are met, including expectations for certification of effort.

Federal regulations and policies must also be followed. 21 CFR, Part 220 Appendix A, Section J(10) – Compensation for personal services
Agenda – Personnel Appointments to Research Projects

• Proposal preparation – the budget and justification
• Managing personnel appointments at time of award
  • Sponsor-paid and cost-shared appointments
• Modifying appointments during life of the award
  • Sponsor approvals (i.e. what we can do without prior approval from the sponsor)
  • PETs and PET certifications
• Effort certification
• Project closeout
Proposal Preparation

- Almost all proposals require a budget and/or a budget justification
- The PI estimates the efforts for all staff (including the PI) to complete the scope of work as proposed
  - Some programs require specific levels of effort, and therefore do not require the effort to be stated in the proposal
  - Be specific about effort changes over the years and appointment type (academic year, summer salary, part-time appointments)
- ALL projects require someone’s effort, whether or not the sponsor will pay for it
- Cost share is the charge of costs to a sponsored project from a source other than the sponsor
  - If the sponsor will not pay for the effort, effort expended on a project is cost share
Proposal Preparation

- Proposals should not promise levels of effort that are not realistic
  - Do not promise effort that you *know* will have to be reduced if the award is made
  - Sponsors differ in their levels of flexibility with regard to changes in promised effort levels
- The amount budgeted for salary in the proposal will not be increased at award time; if individuals receive raises, you will need to rebudget if allowable
  - Do not promise raises to employees that are conditional upon the receipt of a grant — the salary used in the proposal is the institutional base salary (current institutional base, plus 3% as start)
Proposal Preparation – Cost Share

- Promises of “without cost” or “unpaid” time are cost share that must be honored if the proposal is awarded, even if the sponsor doesn’t require cost share
  - Do not slip such promises anywhere into the text of the proposal
- Cost share is commonly required when the award is small and/or when there is a cap on the amount the sponsor will pay for salary
- Required committed cost share, voluntary committed cost share, voluntary uncommitted cost share
- All cost-shared must be included on the PA005 and approved by the Department and College
Budget and Justification Example

- Personnel costs: $128,547 (2 year grant)
  - James Smith, PI, 10% effort ($45,000 total)
  - Janelle Grant, Co-I, 8% effort ($47,528 total)
  - Research Assistant, 50% effort ($36,019 total)

- Dr. Smith (1.2 academic months, .3 summer WOC) will be in charge of the overall direction of the project.
- Dr. Grant (0.96 calendar months, year 2 only) will be in charge of statistical analysis of all project data.
- TBN Research Assistant (6 calendar months) will perform all assays as outlined in the research plan.
When the Award is Made

- Congratulations! Now everyone needs to provide the services promised in the proposal.
- All committed effort must be captured in the HR system
  - The DA/Grants Manager/HRP should therefore be one of the first people the PI speaks to after an award is made
  - The HRP needs to know who should be appointed, at what effort, for what period, and whether the appointments should be cost-shared
- **All committed effort** must be recorded in the OSU HR system, whether they are paid by the sponsor or not (cost shared)
  - Work with your Sponsored Program Officer if you have third-party cost share (like cost-shared quarter-off-duty appointments)
- Cost share is captured in the HR system by using a project number in combination with a fund that is not 590000
Consequences for not appointing people in a timely manner

- Charges will not post to the project – the PI may think there is more money to spend on non-personnel costs than there is
  - May lead to cost overruns
- PETs will be required to correct the errors
- PI will need to certify all the PETs (and chair may need to sign the PET form if very late)
- If PETs are very late, effort certification will need to be corrected and re-certified
- **It is more work to do the appointments late than on time**
Some Tips for Getting Appointments Done in a Timely Manner

- Ask your Sponsored Program Officer to send the notice of grant award to your Grants Manager and/or HRP and to copy those same people when efforts must be modified (such as a sponsor approval)

- Encourage PIs to respond quickly to Grants Manager /HRP requests for information for appointments
Adjustments to Personnel Appointments
Completed by OSP

- NIH Salary Cap (currently $199,700, $16,641.67/month)
  - OSP Accounting adjusts the salary charged to a project so that the cost does not exceed the monthly rate allowed by NIH
    - The adjustment typically occurs in the month after the charge posts
  - The difference between the original charge and the amount allowed is returned to the department’s general fund (fund 011000) or release time fund (fund 017000)
- HRPds do not modify appointments in the HR system – OSP handles this
- Portal commitments calculate based on HR system – overcommitment results
- Ex. $250,000 salary, 10% effort
  - Initial charge to project: $250,000 x 10% / 12 = $2,083.33
  - Allowable charge to project: $199,700 x 10% / 12 = $1,666.42
  - Unallowable charge: $2,083.33 - $1,666.42 = $416.92
Adjustments to Personnel Appointments
Completed by OSP

- Practice plan salaries are posted by OSP
  - Salary is based on the practice plan portion of the Institutional Base Salary; the IBS is determined by departments and communicated to OSP with an MOU each year (by October)
  - Practice plan salaries also may need to be capped on NIH awards
  - There is **no commitment** for the practice plan portion of salary in PI Portal – potential risk of overrun
Adjustments to Personnel Appointments Completed by OSP

Ex. $50,000 OSU + $200,000 practice plan, 10% effort
OSU portion is 20% of IBS; Prac Plan is 80% of IBS portion

- OSU: 20% x $199,700 = $39,940;
- Prac Plan: 80% x $199,700 = $159,760

- Total Monthly Allowable: $199,700 x 10% / 12 = $1,664.17 per month

- OSU: $50,000 x 10%/12 = $416.67 charged to project
- OSU Salary Allowable: $39,940 x 10% / 12 = $332.84
- Practice Plan: $159,760 x 10%/12 = $1,331.34 (capped immediately)
- Unallowable: $416.67 - $332.84 = $83.83 adjustment to project
Adjustments to Salaries Done by OSP

- 9-month faculty
  - The charge that posts to the project is based on a 12-month distribution of salary
  - OSP Accounting adjusts the charges to account for the difference
- Ex. $100,000 salary, 10% effort
  - Initial charge to project = $100,000 x 10% / 12 = $833.33
  - Correct charge to project = $100,000 x 10% / 9 = $1,111.11
  - Adjustment to project = $277.78
Modifications to Appointments

Changing the efforts of personnel on sponsored projects may require prior approval

- Sponsors differ in their policies
- Expectations may vary depending upon the employee and the role on the project
- Additional criteria include whether the change is an increase or a decrease; the size of the change needed by the PI
- There may be dollar value parameters to be aware of (caps on personnel costs)
Modifications to Appointments – Some guidelines

- Changes to faculty appointments are more likely to require sponsor approval
- Decreases in effort are more likely to require approval
- Non-profit sponsors vary widely in their requirements
- NIH: key personnel’s efforts *usually* may be decreased *up to* 25% from the proposed effort without prior approval under *Expanded Authority* (depends on grant mechanism and notice of grant award)
- Training-type awards are usually less flexible with regard to the PI or trainee’s time
- If you don’t know if sponsor approval is required, contact your Sponsored Program Officer
Modifications to Appointments - PETs

- Personnel Expense Transfers
  - After-the-fact transfers of effort from one source to another
  - Transfers may be from a sponsored project, to a sponsored project, or between sponsored projects
- PETs are a red flag for auditors
- The OSP website provides detailed information at http://osp.osu.edu/administration/pet.cfm
  - There are sample PETs for direct and cost-shared appointments at the bottom of the page
Modifications to Appointments - PETs

• Illegitimate reasons for entering a PET
  • To use up all the funds remaining on a project
  • For reasons of convenience
  • To avoid restrictions imposed by the sponsor
  • To change the record of effort on a project when the change does not reflect what actually happened
Modifications to Appointments - PETs

- PETs may be entered in the HR system directly for pay periods within 90 days prior to the start of the current month
- If the project end date has passed, there are 60 days to enter PETs
  - Contact OSP Accounting if you need to do a PET in that 60-90 day period
- Each PET requires a justification and approval that must be entered before the PET is processed
Modifications to Appointments - PETs

- PETs for period more than 90 days in the past must be done on paper and signed by PI and chair
  - Such PETs are subject to more scrutiny by auditors because they are not being made in a timely manner
  - Efforts certified in previous periods must be un-certified, then re-certified
  - OSP reviews each one of these PETs. If approved, OSP Accounting enters the PET in the HR system.
- Transfers that involve new costs to a sponsored project are scrutinized very closely
- Download the form at http://osp.osu.edu/forms/PETform.pdf
Modifications to Appointments – PET Certification

- All PETs must be certified by the PI of the project being debited (i.e. the project receiving the charge)
- Click on “eTools” at [http://osp.osu.edu/etools/](http://osp.osu.edu/etools/) for access to list of all uncertified PET justifications
  - Accessible to those with PI Portal access
- PIs receive an email from OSP, but department admins should review the list and remind PIs if they have not certified
  - Department administrative staff who worked with the PI on the PET can help the PI understand the information on the certification page – it’s in accounting-speak
    - Credits, debits, justifications, etc. are included on that page
Effort Certification – Who Must Certify?

- Time and effort must be certified for all individuals who are paid from a sponsored project OR who have unpaid appointments to a project (cost share)
- Faculty and most employees paid monthly certify their own effort
  - Be sure new employees are informed of this requirement
- PI certifies effort for postdocs, GRAs and employees paid bi-weekly
Effort Certification

- We are required to base the report on 100% of an employee’s effort
- 100% effort is not defined as a 40-hour week
- 100% effort is an employee’s total hours spent on work within the scope of his/her employment with OSU, whether that week is 30 hours or 80 hours
- Does not include outside consulting
Effort Certification

- The efforts of all personnel appointed to a sponsored project (whether as sponsor cost or cost share) must be certified quarterly by someone with first-hand knowledge of the employee’s effort
  - **E-Cert** is the online effort certification system managed by the Office of Sponsored Programs
  - Data are pulled from the OSU HR system
  - Certification months are June, September, December and March
  - Certifications should be done within 30 days.
  - Additional certifications are generated every month if PETs are processed on a project
Effort Certification

- Data are derived from the OSU HR system
- Data are pulled from the earnings distribution and adjusted by PETs
  - PETs done after effort is certified for a period are a red flag!
- Effort is calculated by dividing the effort on an activity by the paycheck amount for that period
  - Rounding errors are possible
  - Additional compensation can affect effort distributions
- If the DA, Grants Manager or HRP cannot explain the distribution by cross-checking with the HR system, contact Doug Rader in OSP
Effort Certification

- Employees certify that the effort reported for the period is a **reasonable estimate**
- If the employee thinks the effort is not correct, s/he should contact the PI, DA, Grants Manager or HRP to review
  - Do not certify effort that is incorrect!
  - Not certifying incorrect effort reports and failing to take steps to correct the reports is a compliance risk
    - By not responding, the employee/investigator is not confirming that s/he worked on the project at all
Effort Certification - Consistency

• The effort certified must be consistent with other sources of information about effort
  • Other support, annual reports, clinical records, leave records, etc.
• Discrepancies among these sources can lead to audit findings and, possibly, multi-million dollar fines
The initial page averages the effort over the three months in the report. Click on the hyperlink to bring up the detail.
### Effort Monthly Detail

For reporting period **01/01/2010 - 03/31/2010**

<table>
<thead>
<tr>
<th>Project</th>
<th>Appt Type</th>
<th>01/2010</th>
<th>02/2010</th>
<th>03/2010</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>60013855</td>
<td>Direct</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>33%</td>
</tr>
<tr>
<td>60025262</td>
<td>Direct</td>
<td>no data</td>
<td>100%</td>
<td>100%</td>
<td>67%</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th></th>
<th>01/2010</th>
<th>02/2010</th>
<th>03/2010</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Close
Effort Certification – List of Reports

- Click on “eTools” at http://osp.osu.edu/etools/ for access to list of all uncertified E-Cert reports (separate list for those outstanding for 45 days)
  - Accessible to those with PI Portal access
- Administrators should periodically review the late reports and work with the responsible individuals to either certify the reports or correct problems so the reports can be certified
- Late certification of effort is also an audit risk
Project Closeout

- As a project’s end date approaches, determine if the project will end or if the award will continue (PI and SPO can help)
  - If the award is continuing and will likely arrive late, request an end-date extension (or preliminary project if a new project needs to be created) using the OGC-005 form from [http://osp.osu.edu/forms/](http://osp.osu.edu/forms/) so appointments can be updated in a timely manner
  - If the project end date is extended and an end encumbrance date is not entered in the HR system, the commitments will recalculate based on the new end date
    - Massive, temporary overcommitments are common on NIH projects because they are automatically extended by the SPO when the progress report is submitted.
Project Closeout

- If the project is ending, personnel need to be moved off the project in a timely manner.
- If the project end date passes and personnel remain appointed, their salaries and benefits will continue to charge to the project, but **there will be no commitment in the Portal**.
- Use e-ProjEnd tool to monitor ending projects (eTools on OSP home page) and to see if anyone is on projects after the end date.
- Remember that timely PETs must be completed within 60 days of the project end date.
Project Closeout

- Get any required PETs done quickly. OSP is under pressure to close projects within 90 days, and SPOs are increasingly unable to hold projects open to allow PETs to be done.
  - The justification for a PET >90 days after the end date of a project must be very strong to be approved
  - If a project has been closed by OSP, it is even more difficult to get approval to have a PET processed
Summary

- Planning for the appointments of personnel to sponsored projects begins when the proposal is prepared.
- DA’s, Grants Managers and HRPs must be kept in the loop when an award is made so that appointments are made in a timely manner.
- All effort must be captured in the HR system, whether sponsor-paid or cost-shared.
- All effort must be certified in E-Cert.
- Timely appointments minimize the number of PETs needed on sponsored projects.
- All PETs must be certified by the PI.
- Watch project end dates and move personnel off as needed.
Need Help? Contact the College of Medicine, Office of Research

- Karla Gengler-Nowak
  - Karla.gengler-nowak@osumc.edu
  - 292-7936

- Melinda Akins
  - Melinda.akins@osumc.edu
  - 688-5811