Faculty Effort Reporting

Washington University School of Medicine
Fiscal 2006
Institutional Risk

• National attention focused on Effort Reporting
  ▪ Large University financial settlements
  ▪ Office of Inspector General Work plan

• Local attention
  ▪ Internal audit reports
Why is effort reporting a big deal?

• Grantees agree to comply with Federal Principles, OMB Circulars A-21 & A-110.

• A-21 requires payroll costs to be documented to ensure that external sponsors reimburse the grantee only for the time and effort actually expended on their behalf.

• Salary costs are the majority of costs incurred on a grant.
February 6, 2003

Northwestern Will Pay $5.5 Million to Resolve False Claims Suit

+ Legal Fees
+ Reimbursement
$907,500 to Whistleblower
February 26, 2004

Johns Hopkins University paid $2.6 million to resolve false claims suit
+ Legal Fees
+ Payment to whistleblower, $440K
June 18, 2004

Harvard agrees to pay additional $2.4 million to settle allegations of overcharging NIH for salaries + $850k paid back in 2002
How We Protect the PI

• Effort Reporting Compliance at WU
  - Reporting systems
  - Internal Audit reviews

• And now, Education program
  • Faculty meetings
  • Department specific discussions
What is effort reporting?

• An individual certifies that salaries charged to sponsored projects are reasonable in relation to the work performed.

• Actual salary dollars are presented as percentage figures (of total salary) on a Personnel Activity Report (PAR).
Faculty Effort

• Total activity for which a faculty member is compensated by WU.
  - regardless of the number of hours actually worked (100% Institutional Effort).
  - No standard hours or work week
  - Effort varies from individual to individual
Effort Reporting Cycle

**Pre-award**

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

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

**Post-award**

- **Charging Salary**
  - **Effort is charged**, contemporaneously with activity

- **Certifying Effort**
  - **Effort is attested to**, after activity has occurred
Appointments

Pre-award

Preparing the Proposal Budget

Post-award

Charging Salary

Certifying Effort

• Faculty appointment, as documented in the HRMS system, denotes the individual’s FTE and salary.
• PI must have some level of proposed effort for each project.
• Proposed effort is a *commitment* to the sponsor that must be honored and tracked if awarded.
• Sum of effort for all WU activities, including awarded sponsored projects, must equal 100%.
• Salary charges should be posted to appropriate accounts as actual activity occurs
• Salary charges must be commensurate with actual effort expended; cannot be > effort
Certifying Effort

- Certification of activity should reflect actual effort, which should be based on effort commitments
Institutional Base Salary (IBS)

• Annual compensation paid by WU for a faculty member’s appointment, whether that individual's time is spent on:
  ▪ Organized Research
  ▪ Instruction
  ▪ Department Research
  ▪ Patient Care (Clinical Care/Trials)
  ▪ Graduate Medical Education
  ▪ Department Administration
  ▪ Management of Hospital Services
Excluded from IBS (and PARS)

- VA Salary
- Incentive pay (Z)
- Consulting per WU policy (paid/unpaid)
- Patient Advocacy
- Community Service
- Paid Editor Positions
- Additional pay (on-call)
Roles and Responsibilities

- **Faculty**: Reviews, adjusts (as necessary) and legally certifies by signature the accuracy of employee PARs.

- **Department Administrator**: Assists faculty in reviewing, adjusting and certifying (if the employee is not available) PARs for appropriate project personnel.
PAR Support

- Each department/division has a designated PAR Coordinator.
- Sponsored Projects Accounting (SPA) coordinates the timing, distribution and collection of effort reports. SPA provides institutional oversight for effort reports and maintains and monitors all aspects of the effort reporting system.

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Implications of K Awards

- Minimum level of effort, typically 75%
- Great for basic sciences, but in clinical departments, clinical effort MUST be reduced.
- Clinical revenue due to clinical effort.
- Some other faculty member must pick up slack.
Prior Approval

PI must seek and receive prior approval from the Federal agency before making the following project changes (OMB A-110):

- PI time devoted to project is **reduced by 25% or more** from the level in the approved application.
- He/she relinquishes active direction of the project for more than **three months**.
The following slides provide key definitions of effort reporting categories that should be used in allocating effort.
Organized Research

- Research development activities that are sponsored by federal agencies, non-federal/private organizations and industry.
- Includes training of individuals in research techniques where such activities utilize the same facilities as other organized research projects and trainees are supported by sponsored projects.
Department Research

- General research support, including start-up funding and bridge funding that is not project oriented.
- Typically, department research support is paid from a pool and is not identified by project.
Instruction

• All teaching and training activities
  ▪ Offered for credit towards a degree /certificate or on a non-credit basis
  ▪ Offered through regular academic departments or separate divisions
• Excludes - supervision of residents enrolled in an ACGME accredited program (see separate GME category).
Instruction, cont.

Teaching
• Lecturing / tutoring
• Supervising independent study, laboratory course work
• Preparing for scheduled teaching
• Grading papers

Course Development
• Preparing for future courses
• Devising new instructional techniques
• Revising manuals, tapes, slides, etc.
Patient Care

• **Clinical services** - rendered to individual patients that are normally eligible to be billed to patients or third parties (Part B).
  - Professional
  - Technical
  - Support staff services

• **Clinical trial activities** - testing of drugs and medical devices using human subjects (industry-sponsored).
Graduate Medical Education (GME)

- **Supervision of residents** - activities related to the supervision of persons enrolled in ACGME accredited intern and residency programs.
  - Teaching of clinical procedures. Normally, the *extra time required* for any procedure or other patient interaction due to the supervision of the resident(s).
  - Grand rounds
  - Teaching conferences
Department Administration

• Administrative and supporting services which benefit two or more departmental activities or objectives.
• Activity cannot be directly identified with an organized research project, instruction, patient care, hospital administration...
Dept. Administration, cont.

• Preparation of competitive grant proposals.
• Participation in school/dept committees
• Review of dept accounts and financial statements.
• Selection/training of general staff
• Selection/recruitment of faculty
• Planning for building projects or renovations
Management of Hospital Services

• Relates to the affiliation agreements and contracts with a specifically named hospital

• The University is providing faculty to:
  ▪ Supervise hospital services
  ▪ Serve on hospital committees
  ▪ Provide other administrative and general patient services (Part A).
Helpful Hints

The situations below require special attention:

• 100% on sponsored research projects
• Large clinical (RVU) activity \textit{and} large research effort percentages
• Should include effort associated with administrative duties
  ▪ Preparation of competitive grant proposals
  ▪ School/department committees
  ▪ Selection of general staff, faculty and students
Report a Concern or Violation

- Institutional Officials for Research and Financial Compliance
  - **Ted Cicero** – Vice Chancellor for Research
    - 314-362-7010
  - **Barb Feiner** – Vice Chancellor for Finance
    - 314-935-9018

- University’s Compliance Hotline
  - (314) 362-4998
  - Reports can be made anonymously
  - No caller ID or number recognition
Effort Reporting Links

• Effort Reporting at WU
  ▪ http://researched.wustl.edu/Effort%20Reporting/Main.htm

• Personnel Activity Reports – Procedures
  ▪ http://www.spa.wustl.edu/pars.htm

• PARs – Top Ten List
  ▪ http://www.spa.wustl.edu/topten/pars_top10_8-18-03.pdf
Contacts

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Faculty Effort Reporting

Presented By Sponsored Projects Accounting and the Asst. Vice Chancellor for Research Administration

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