Thank you for taking the time from your busy schedule to review this guide.

This guide is for faculty / certifiers of effort reports, to introduce the concepts and principles of effort reporting, as well as the regulatory background.

Additional resources and contact information are available on the Office of Cost Studies website: http://www.northwestern.edu/coststudies/effort.html
Please see V.P. of Research Jay Walsh’s challenge via the video clip link above. As he explains, "We need to focus on compliance, because if we fall outside of the regulations that are placed upon us by our sponsors, most significantly the federal government, then we will not be able to do the work that will have a significant impact on society and the future of the United States and the world."
Meet the Challenge!

- Understand relevant Federal regulations and the Northwestern policies that support these regulations
- Follow established Northwestern Effort Reporting procedures

Understand why and how Northwestern uses effort reporting to maintain compliance with Federal regulations.
Effort Reporting is one acceptable method for verifying whether compensation for personal services on sponsored projects is appropriate, and if Northwestern fulfilled labor commitments as promised.

Labor is the largest category of direct research expenses, so Northwestern needs to demonstrate that these costs are managed at best practice standards. In addition to fulfilling regulatory requirements, we have a responsibility to sponsors (and by extension, taxpayers, foundation donors, etc.) to provide good stewardship of external funds.
100% is not a specific number of hours – 100% varies from person to person, since different appointments have different responsibilities. Regular responsibilities associated with Northwestern and Northwestern Medical Group appointments constitutes 100% effort.

Effort reporting verifies how each person's 100% was reasonably distributed among different activities, including research, instruction, administration, and clinical duties.
The total estimated work hours for that reporting period constitute 100% Effort. For example, in Case 1, the researcher may be working 40 hours a week. In case 2, the researcher may be working 60 hours a week (a bigger pie) for that specific period. The size of the pie may vary. However, the total is 100% Effort for the reported period in both cases.
Excerpt from the Federal Regulations: Uniform Guidance (2 CFR 200), Section 430, Compensation - personal services:

“(x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.”

This excerpt from the Federal regulations (2 CFR 200) acknowledges that teaching, research, service, and administration are often inextricably intermingled; a precise assessment of factors is not always feasible, nor is it expected. In the context of reporting Effort, it is important to note the above, while striving to be as accurate as possible.
This slide shows a compilation of some past audits or settlements related to Effort Reporting. Since it represents such a large proportion of direct research costs, payroll charges and related effort reports are a frequent area of audit scrutiny.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Settlement Date/ Agency</th>
<th>Alleged Misconduct issues</th>
<th>Settlement</th>
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</thead>
<tbody>
<tr>
<td>Yale University</td>
<td>2007</td>
<td>Cost transfers; summer salary charges</td>
<td>$7.6 million</td>
</tr>
<tr>
<td>University of Massachusetts Medical School</td>
<td>NIH</td>
<td>Cost transfer; unsupported labor charges</td>
<td>$24M; triggered Yale &amp; Roger Williams Hospital audits</td>
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<tr>
<td>California Institute of Technology</td>
<td>2006 pending NSF review/ NSF</td>
<td>Timeliness; NSF grants</td>
<td>N/A</td>
</tr>
<tr>
<td>Howard University</td>
<td>2006</td>
<td>Cost sharing on NSF grants</td>
<td>N/A</td>
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<tr>
<td>University of Pennsylvania</td>
<td>2006/ NSF</td>
<td>Timeliness; cost transfers</td>
<td>$3.3 million</td>
</tr>
<tr>
<td>University of Alabama at Birmingham</td>
<td>2005</td>
<td>Research work overstated; Medicare billed for research</td>
<td>$3.4 million</td>
</tr>
<tr>
<td>Harvard University</td>
<td>2004</td>
<td>Government billed for salaries &amp; expenses unrelated to federal grants</td>
<td>$2.4 million</td>
</tr>
<tr>
<td>Johns Hopkins University</td>
<td>2004/ NIH</td>
<td>Faculty time &amp; effort overstated</td>
<td>$2.6 million</td>
</tr>
<tr>
<td>Florida International U.</td>
<td>2004</td>
<td>Cost transfers and direct costs</td>
<td>$11.5 million</td>
</tr>
<tr>
<td>Northwestern University</td>
<td>2003</td>
<td>Institutional base salary (NFF-Northwestern); award cerfier assignment</td>
<td>$5.5 million</td>
</tr>
</tbody>
</table>
Northwestern's Effort Policy #9:
“Faculty are required to certify (sign) their own effort reports, and also are required to certify the effort reports of the research staff working on their sponsored projects (graduate students, post doctoral fellows, and other similar persons).”

Non-exempt employees, who are paid hourly, do not have effort reports as submitting timesheets is an acceptable method of verifying their grant charges.
The above is a high level overview of the Effort Reporting cycle; it is a continuous process impacting multiple areas. Familiarity with the life cycle of effort reporting helps you better understand how effort commitments and salary charges relate to (and impact) management of your sponsored project portfolio.
Effort must be certified based on the actual work performed for that reporting period. After the Effort has been confirmed, the salary (payroll) charged to the sponsored project cannot exceed the actual effort expended for any Effort reporting period (quarterly).

If the salary charged to the sponsored project is higher than the confirmed certified effort, the overcharged portion must be removed from the sponsored project.
This is an example of a certified effort report. The certifier must enter the Certified Effort % based on the actual work/effort performed for that reporting period, which may differ from Payroll % and/or Total % Effort anticipated by the administrator.
100% effort is not based on a specific # of hours – instead, it is comprised of the employee’s regular responsibilities/activities required by their compensated appointment(s) at Northwestern & Northwestern Medical Group (if applicable).

Institutional Base Salary (IBS) is the regular salary paid by Northwestern (and NMG if applicable) per appointment term(s) and contract period(s); the IBS is used to budget and charge salaries on sponsored projects. IBS should not fluctuate according to sponsored funding.

Federal Uniform Guidance (2 CFR Part 200) defines IBS as “the annual compensation paid by an IHE [Institution of Higher Education] for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties performed for the IHE. Unless there is prior approval by the Federal awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.”
Effort Reporting: Key Concepts

• **Key personnel effort**
  - Faculty members and senior researchers must commit some effort to the sponsored project within the fiscal year unless specifically exempted by the sponsor (e.g., equipment grants)

• **Commitment**
  - Most faculty responsibilities would preclude being paid 100% from sponsored projects
  - Special care in determining if research faculty can be charged 100%. e.g., Competitive proposal writing (new or renewal) and regular administrative duties cannot be allocated to sponsored awards

**Northwestern’s Effort Policy #2**

• “Faculty are expected to commit some level of effort (>0%) on proposals on which they are listed as principal investigator (PI) or key personnel, with exceptions for certain types of proposals.”
• Exceptions: equipment and instrumentation grants, doctoral dissertation grants, student augmentation grants, and institutional/individual training grants (for faculty mentors)
• Some level of effort is a reasonable expectation since a PI has responsibility for the scientific, administrative and financial management of a sponsored project - fulfilling these responsibilities requires time.

However, care should be taken not to “overcommit” (i.e. promise more effort to sponsored projects than is realistically feasible)- most faculty are required to spend some time on institutional activities, such as writing proposals, teaching, attending faculty meetings, etc. For most, it isn’t reasonable that 100% of their time could be allocable to sponsored projects.
For compliance, safety, and privacy reasons, please DO NOT share your NetID password and network/system accounts, or use the password of another employee. Per Northwestern Information Technology policy, sharing your password or using another person’s password may be grounds for disciplinary or even legal action. For more information about NetID policy, see: [http://www.it.northwestern.edu/policies/responsibilities.html](http://www.it.northwestern.edu/policies/responsibilities.html)

Consistency is important for validating the accuracy of our reporting – progress reports, current & pending support documents, effort reports, and financial status reports should all tell the same story.
Target (best practice) date for completion of effort reports is four weeks after they are generated. Effort reports first route to administrators for “pre review” – they must complete this step before reports are released to certifiers. If you or your research staff worked on sponsored projects in a given reporting quarter but you have not received notice that effort reports are ready for you to certify, contact your administrator or campus effort coordinator (contact information on final slide) for status.
The effort reporting system (ERS) login page ([https://ers.northwestern.edu](https://ers.northwestern.edu)) includes details of the currently available reporting period and its best practice due date (four weeks from generation), as well as support contacts.

To log in to ERS, use your NetID. If you need to change a forgotten or expired NetID password, go to NU Validate ([https://validate.it.northwestern.edu/idm/user/login.jsp](https://validate.it.northwestern.edu/idm/user/login.jsp)), enter your NetID, and click the *Forgot your password?* button.

For additional NetID assistance, please contact Northwestern University Information Technology (NUIT) at 847.491.4357.
If you have any questions regarding Effort Reporting, please contact us. We are happy to provide assistance.

Effort Reporting Resources: [http://www.northwestern.edu/coststudies/effort.html](http://www.northwestern.edu/coststudies/effort.html)