Over 90 Day Salary Cost Transfers and Effort Reporting – Best Practices
(Considerations for preparing over 90-day Journals)

Salary cost transfers (journals) are designed for correcting errors based on actual effort performed during the reported period. Effort Drives Payroll Distribution (never vice versa): the basis for salary cost transfers (journals) must be based on the actual effort performed on specific projects and activities during the reported period.

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<th>Best Practices for Preparing Over 90 Day Journals</th>
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1. **Before requesting or creating a JNL, review the certified effort report.**
   a. If charging a sponsored account, is the request still within one year, and was effort certified timely (within six months of quarter end)?
   b. Does certified effort support the desired transaction(s)?
      i. For sponsored and recharge accounts, net total payroll % should not exceed certified %. Remember to account for:
         1. Transactions already completed - posted in myHR GL (General Ledger)
         2. Transactions in progress (submitted and anticipated to post in myHR GL)
         3. Salary cap, if applicable
      ii. **NOTE:** Sponsored and recharge accounts should not be used to balance out a journal (i.e. do not charge small amounts to these solely to zero out the total; if balancing is needed, charge a non-sponsored account).

2. **If the answer to all questions above is yes, write the over 90 day memo. Memo should be:**
   a. Consistent with certified effort and the transactions requested.
   b. Thorough, accurate, and specific. Ensure that each question is answered in full.
   c. Precise – be careful with your language. Keep in mind:
      i. “Effort” and “Payroll” should not be used interchangeably. In the context of effort reporting and cost transfers, each has a distinct meaning and implication.
      ii. Charging salary to a sponsored project does not “ensure compliance” – salary recovery is generally an internal budgetary concern.
      iii. Commitments are met by completing and certifying the work, not merely by charging salary.

3. **Refer also to the “90-day Cost Transfers to Sponsored Projects & Effort Reporting Checklist” and “Over 90-Day Salary Journal Memos – Do’s and Don’ts”**

4. **Remember, over 90 day journals are part of the auditable record.**

**References:**
1. A cost transfer is defined as the reassignment of a payroll expense from one chart string to another.
2. Effort is expressed as a percentage of time, in proportion to the total activities, spent on a sponsored project or university compensated activity during that reported period. Effort Certification is the approach taken by Northwestern to fulfill the Federal requirements.
3. For more information regarding Effort, see: [http://www.northwestern.edu/coststudies/effort.html](http://www.northwestern.edu/coststudies/effort.html)