Welcome to the desktop mini course, Introduction to Effort Reporting
The following questions related to effort reporting are addressed in this course. First, what is effort? Effort is defined. Next, why do we report effort? The rationale and requirement behind effort reporting are described. Then, How do we comply at Northwestern? The course provides an overview of how we comply with effort reporting policies at Northwestern; including how we certify effort. If however, effort is not reported correctly and on time, what are the potential consequences? Finally, you will be directed to resources where you can learn more about effort reporting and find answers to any questions you may have.
To begin, we need to define effort. Effort is always defined as a percentage. It is never defined in hours. 100% effort is the total time an individual devotes to university-compensated activities. Then, a portion of the total 100% effort is allocated to each university-compensated activity.
Effort includes instruction, research, and administration. All NU appointments. For Northwestern Medical Faculty Foundation members, clinical work is also a component of their 100% effort. Our sample faculty member’s 100% effort is comprised of clinical work, administration, and instruction. She also devotes a percentage of her total effort to two sponsored projects; Project A and Project B. The total of all effort must equal 100%. Each individual faculty or exempt research staff member will have her own individual break down of 100% effort. The effort percentages translate into percentages of the individual salary that are charged to each activity.
Effort reporting requirements for federal awards are outlined in circular A-21 “Cost Principles for Educational Institutions” from the federal government agency the Offices of Management and budget or OMB. Northwestern extends these requirements to all sponsored projects regardless of the sponsor. Salary is the largest component of direct research costs; approximately 75%. Faculty and research staff salaries charged to sponsored projects are closely scrutinized by funding agencies to make sure they are charged appropriately and on time.
At Northwestern, effort is reported for all exempt faculty and staff who work on sponsored projects. The Effort Reporting System (ERS) and related policies and procedures support compliance with the federal effort reporting requirements.
The effort reporting process involves steps at various stages in the sponsored project life cycle in both the pre-award and post-award phases. Take a minute to review the steps in the life cycle of a sponsored project. Faculty and staff are appointed and proposals with their budgets are prepared in the pre-award phase. Once the award is received, the post-award phase begins. Salary is charged to the project, effort is certified, and finally, upon completion, the sponsored project is closed out.
When a PI writes the proposal and prepares the proposal budget, she must estimate the effort commitment plan for each exempt project number. The staff budget for the proposal will be based on effort percentages and actual salaries for each project member.
When the award is received, the project must be added to each project member’s salary distribution in the payroll system. The payroll system will then automatically charge the defined percentage of salary to the project’s chart string each pay period during the life of the project.
Let’s review what’s already transpired before the effort certification step. The PI prepared the proposal budget and mapped out the effort commitments for each project member in the project budget. When the award was received each project member’s salary distribution percentages in the payroll system were updated to include the new project’s planned effort commitment. The project members were paid each pay period according to the effort percentages set up in the payroll system and the payroll system charged the predefined percent of their salaries to the project’s chart string. Then, each quarter, the Principal Investigator is responsible for determining whether the effort actually expended by each project member corresponds with the salary charged to the project. This is the effort certification process.
In the effort certification process, the PI must make sure that the salary charged to the project does not exceed the effort expended for each project team member. If the PI finds that the actual effort expended by a project member corresponds to planned effort percentage, no adjustment is needed. In this case, as illustrated, salary was appropriately charged to the sponsored project. The payroll and effort percentages are balanced.
If a project team member devotes less than the planned effort to the project during the reporting period, payroll in excess of the effort expended would have been charged to the project. Payroll percentage and effort percent are out of balance as illustrated.
When payroll exceeds effort, the sponsored account has been overcharged relative to the plan, and the extra salary charges to the project must be removed so that the payroll charged matches with the reduced effort expended by this project team member. Then, payroll and effort will be in balance.
If a project team member devotes more than the planned effort to the project during the reporting period, payroll percent and effort percent are out of balance as illustrated. There are two options for charging the additional salary associated with the excess effort as we will see in the next slides.
If the project has available budget, the additional effort may be charged to the project. Payroll percent is brought into balance with the actual higher percent of effort expended.
If the project budget cannot cover the additional effort, the effort in excess of the planned effort percent must be charged to another source of support such as a departmental account. This is known as cost sharing. To balance payroll and effort on this project, only the planned lower effort percentage and the associated payroll are charged to this project.
At Northwestern, the effort certification process takes place quarterly according to the schedule on this slide. You will recall that, per the federal requirement, effort must be reported both appropriately and in a timely fashion. Once effort reports are produced, the clock starts on the effort certification follow up process.
Federal policy requires timeliness in completing the effort certification process. Northwestern’s internal due date for completed certified effort reports is 30 days from when the reports become available. Follow up on delinquent effort reports is turned over first to the Department Chair at week 7, to the Dean’s Office at week 10, and finally at week 14 the delinquency is reported to the Provost and Vice President for Research.

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<thead>
<tr>
<th>Estimated Timeline</th>
<th>Action</th>
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<tr>
<td>Day 0</td>
<td>Effort Reports generated by central administration (~2.5 weeks after end of reporting period) -- notification sent to Dept Administrators to communicate that the reports should be due by the initial expected due date.</td>
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<tr>
<td>Week 3</td>
<td>Initial expected due date reminder sent to Dept Administrators.</td>
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<tr>
<td>Week 4</td>
<td>Effort reports should due (~30 days after generation) -- initial due date for effort reports that are not awaiting.</td>
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<td>Week 5</td>
<td>1st warning – completion results communicated to Department Administrators.</td>
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<tr>
<td>Week 7</td>
<td>2nd warning – completion results sent to Department Chairs.</td>
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<tr>
<td>Week 10</td>
<td>3rd warning – completion results and individual delinquency reports sent to Dean’s office.</td>
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<tr>
<td>Week 14</td>
<td>Status reports sent to VP of Research and Provost Office to determine appropriate action as needed. The Central Administration works with the dean’s offices and departments to follow up on outstanding effort reports.</td>
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University compliance with federal effort reporting regulations is monitored by the federal government. If the federal government has concerns about compliance, they may choose to investigate the individual sponsored projects at Northwestern by performing an audit. If the project is found to be out of compliance, there is the potential for damage to the reputations of the University and the Principal Investigator, and possible assessment of a financial penalty against the University. In extreme cases, the federal government may initiate a lawsuit against the PI. If found guilty, a PI could be barred from receiving future federal funding.
A number of universities have been accused of non-compliance by the federal government. All of the cases listed here allegedly involved an element of effort reporting non-compliance. As you can see, some settlements have been quite substantial. In 2003, for example, a federal government case against Northwestern was settled for $5.5 million. Since the settlement, effort reporting polices and procedures at Northwestern have been strengthened and broadly communicated. Northwestern relies on PIs and administrators like you to stay informed about federal and university effort reporting policies and to implement appropriate compliant practices.
The effort reporting process requires the coordinated efforts of administrators and PIs to certify effort appropriately and on time. Remember however, the PI and only the PI may certify effort. Administrators are not authorized to certify effort. This concludes the introduction to effort reporting policies and procedures. In the next section, you will find out about training opportunities and other resources where you can learn more about effort reporting.
This slide identifies resources on the Northwestern website where you can find more on effort reporting policies and procedures, including the Office for Research Integrity Research Administration Training Seminar Materials.
Effort 101 is a required course for administrators who will be using the Effort Reporting System. The class covers effort reporting concepts, policies and procedures, plus a hands-on lab. Administrators must complete Effort 101 to log into ERS.
Before taking Effort 101, it is best to attend the Research Administration Training Seminar offered by the Office for Research Integrity. The four part seminar is a comprehensive course recommended for all administrators in the research area. It addresses effort reporting and many other topics.
As you learned in this mini course, administrators enter and update payroll distribution information in the payroll system. The three faculty and staff information system courses listed here will give you the background necessary to perform this role. Administrators should take these courses before Effort 101 or as soon after as possible.
The Managing Sponsored Projects class will introduce you to how Northwestern’s enterprise systems for financial management information and proposal administration support and track sponsored project activity. It is recommended that you complete this class before taking Effort 101 or as soon after as possible.
Here are the topics that have been covered in this mini course; Introduction to Effort Reporting. Take a few minutes to read through the questions and see if you can answer them. Pause the course now while you answer each question. And finally, remember that for a refresher, you can view this course again at any time.
Congratulations. You have now completed the Introduction to Effort Reporting mini course. You have been introduced to:

- Federal effort reporting regulations
- Northwestern effort reporting policies and procedures

Congratulations. You have now completed the Introduction to Effort Reporting mini course. You have been introduced to federal effort reporting regulations, Northwestern effort reporting policies, and the procedures used to comply with them at Northwestern University.