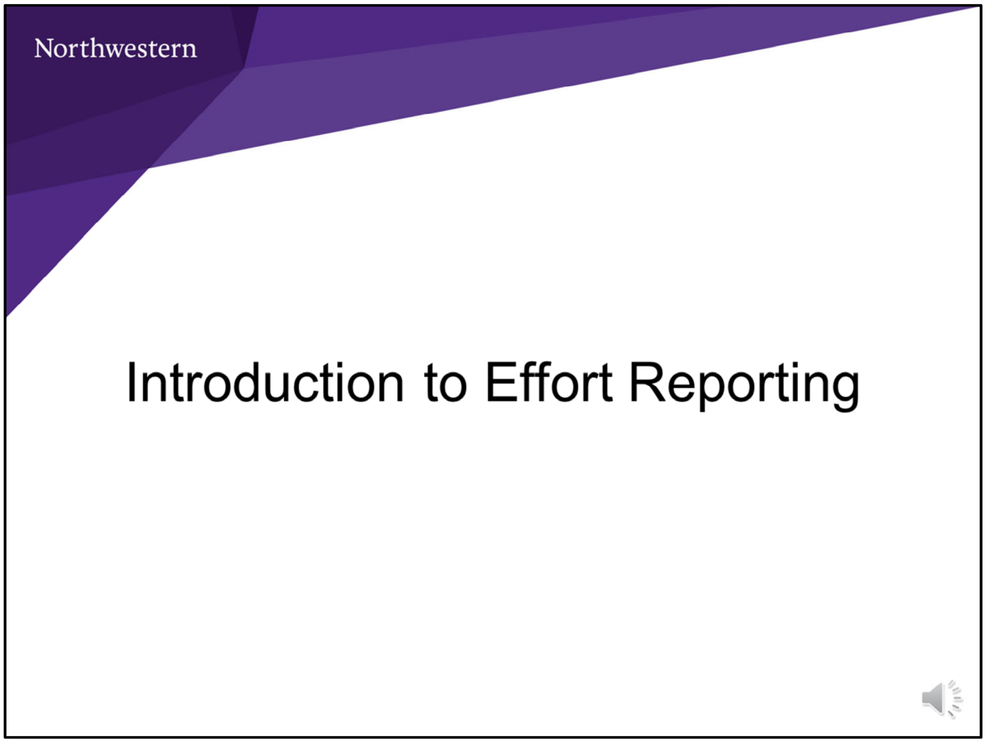
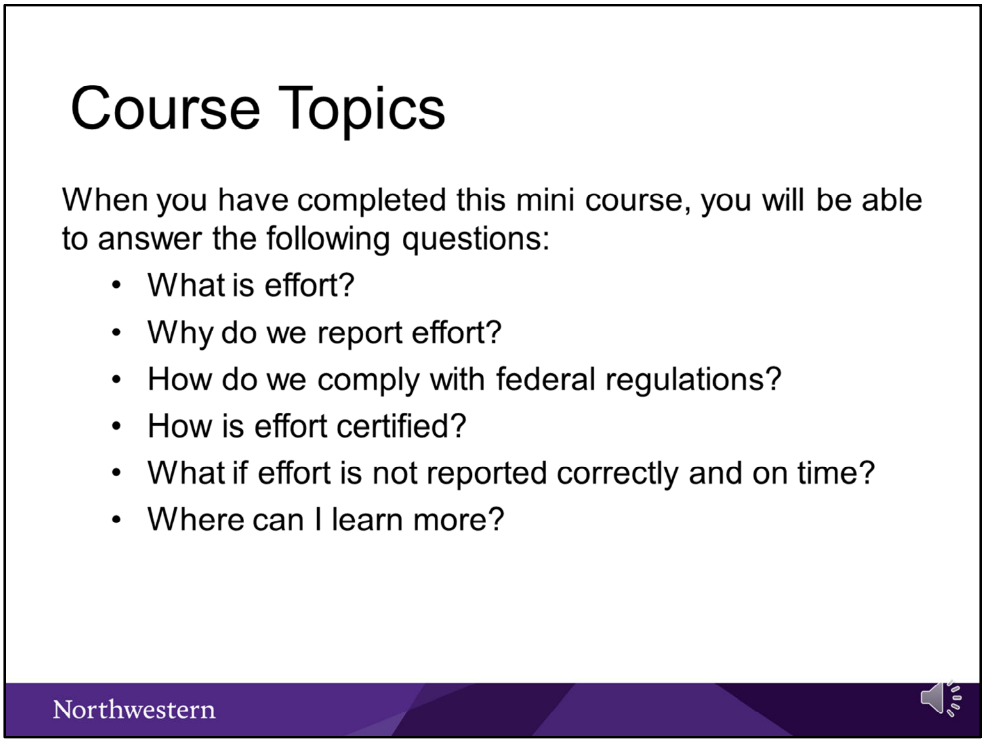
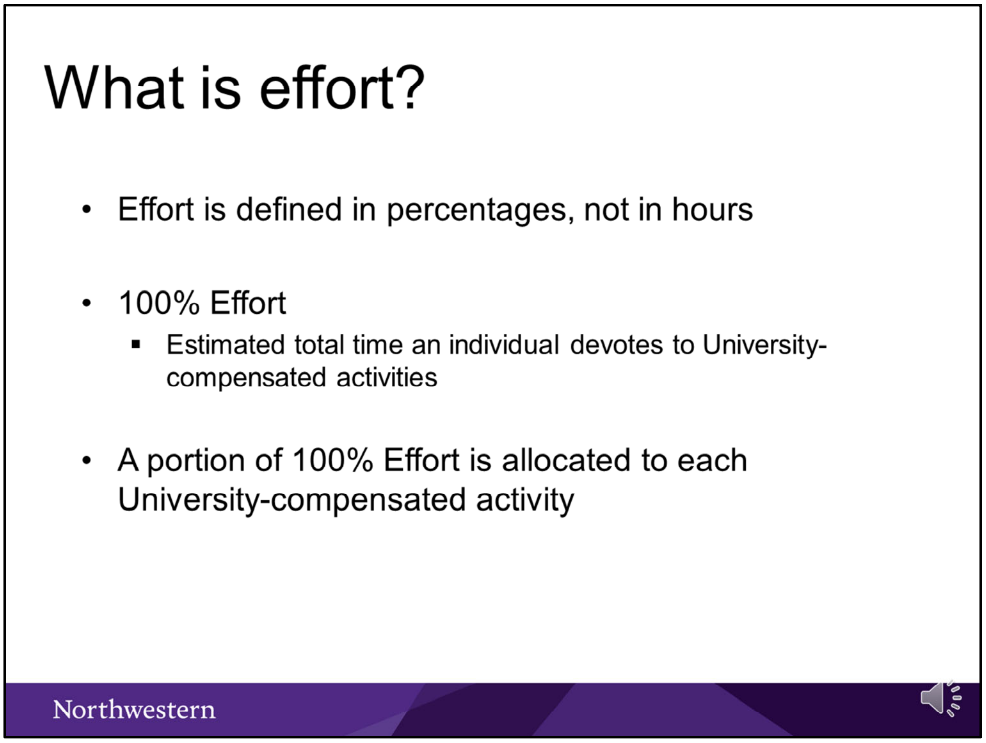


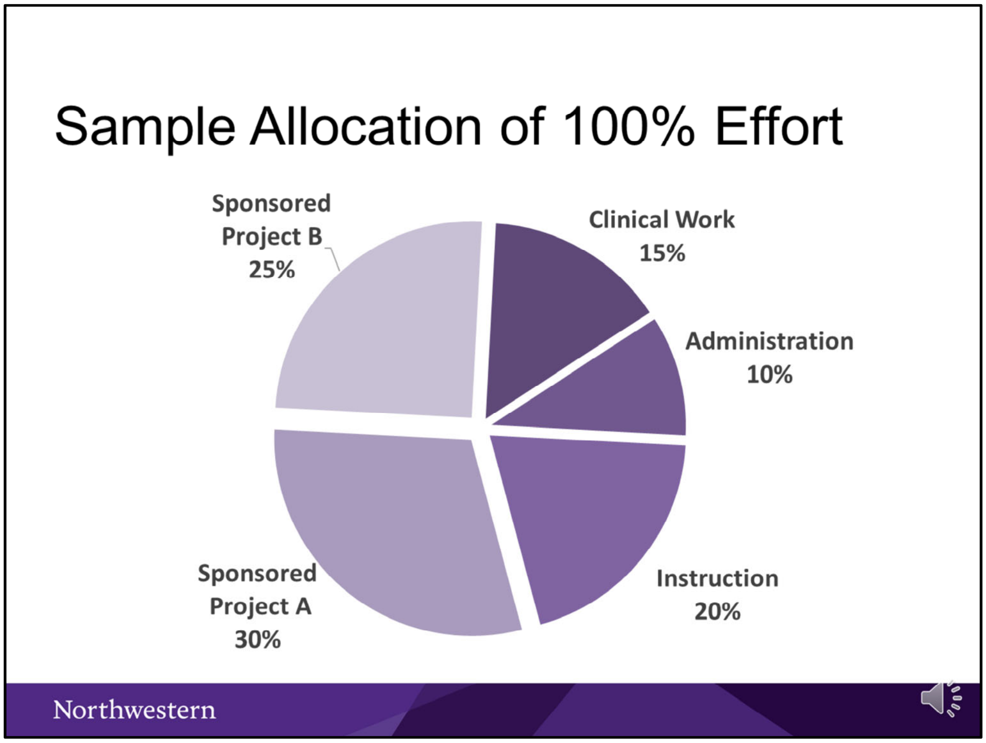
Welcome to the desktop mini course, Introduction to Effort Reporting.



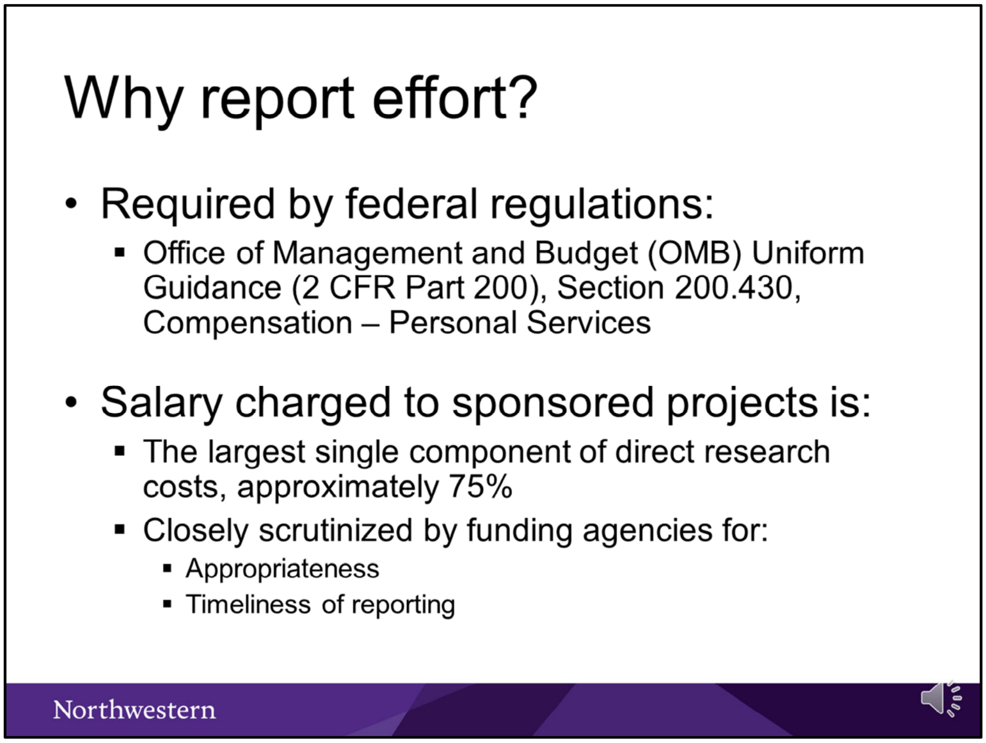
The following questions related to effort reporting are addressed in this course. First, what is effort? Effort is defined. Next, why do we report effort? The rationale and federal regulations behind effort reporting are described. Then, how do we comply at Northwestern? This course provides an overview of how we comply with federal requirements at Northwestern, including how we certify effort. Also discussed – if 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.



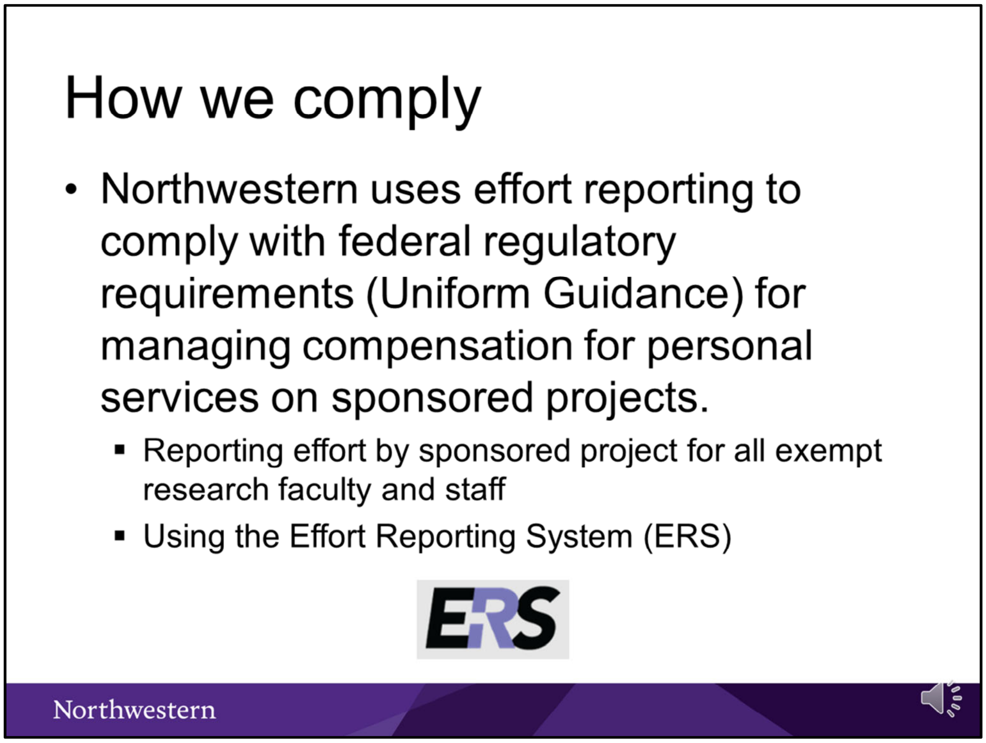
To begin, we need to define effort. At Northwestern, effort is defined in percentages; it is never defined in hours. 100% effort is the total time an individual devotes to university-compensated activities. A portion of the total 100% effort is allocated to each of those activities. Effort applies to all exempt faculty and research staff members.



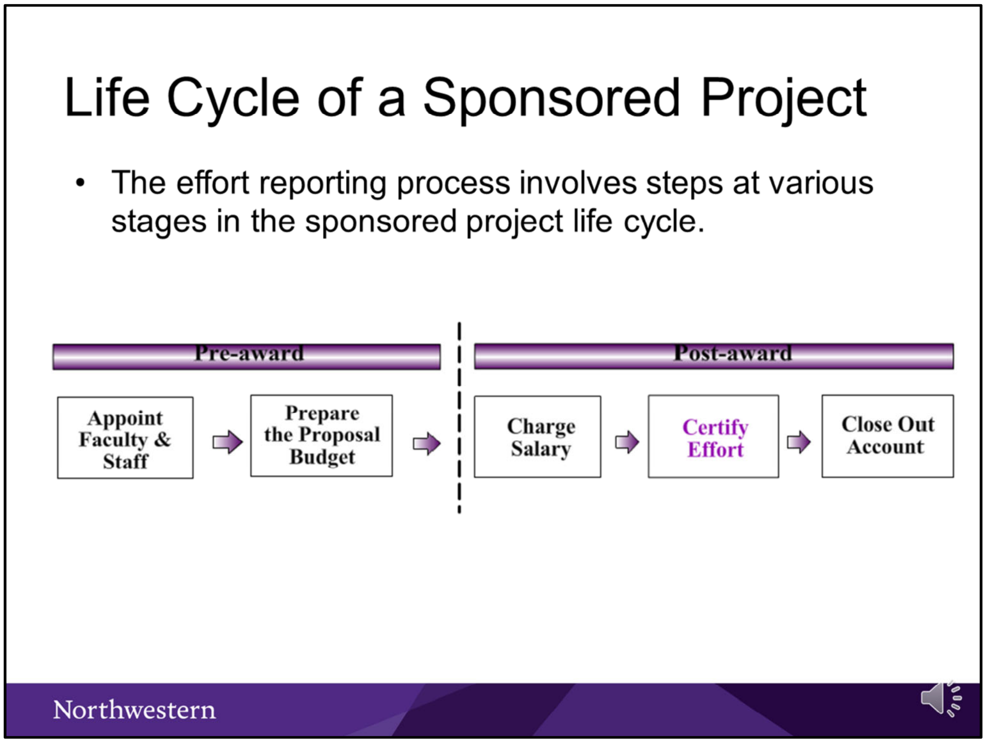
Effort includes instruction, research, and administration covered by Northwestern appointments. For Northwestern Medical Group members, clinical work is also a component of their 100% effort. Our sample faculty member's 100% effort is comprised of clinical work, administration, and instruction. She also 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 faculty or exempt research staff member will have an individual breakdown of 100% effort. The effort percentages typically translate to percentages of an individual's salary charged to each activity.



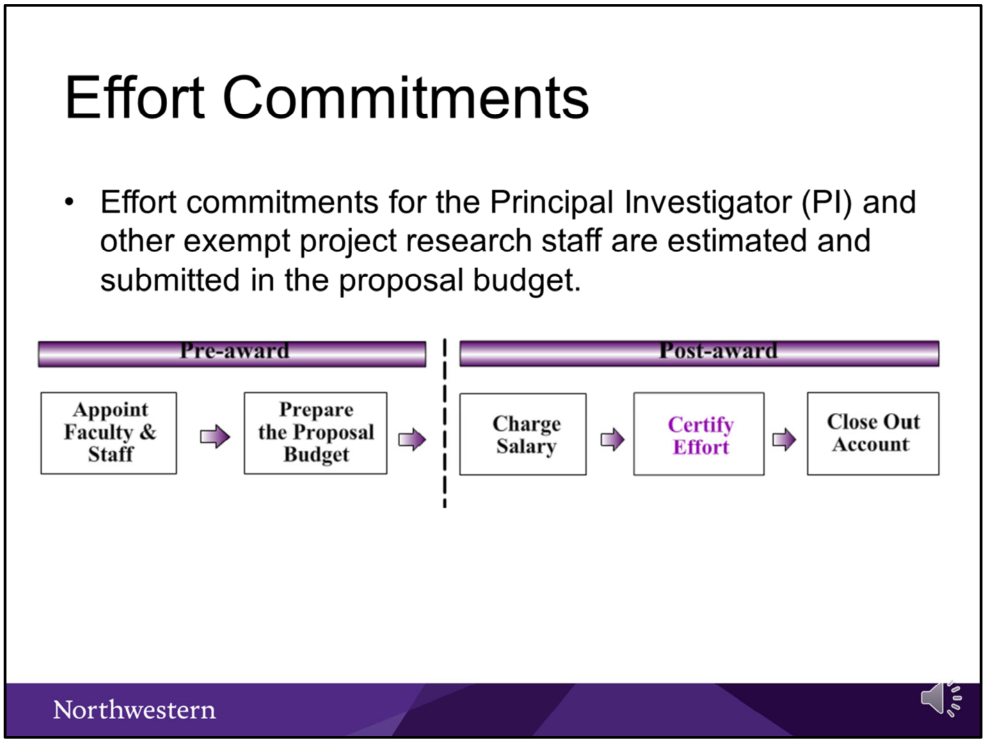
Salary is the largest component of direct research costs; approximately 75%. Faculty and research staff salaries charged to sponsored projects are closely scrutinized by funding agencies to make sure they are charged appropriately and on time. As a recipient of Federal research funding, it is required by the Office of Management and Budget Uniform Guidance (2 CFR Part 200) that Northwestern fulfill the requirements set forth in Section 200.430, Compensation – Personal Services. Effort Reporting is the approach Northwestern utilizes to fulfill these requirements; it is one acceptable method for verifying whether compensation for personal services on sponsored projects is appropriate, and if Northwestern fulfilled labor commitments as promised. Note that Northwestern extends these requirements to all sponsored projects regardless of the sponsor. Since labor is the largest category of direct research expense, we need 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.



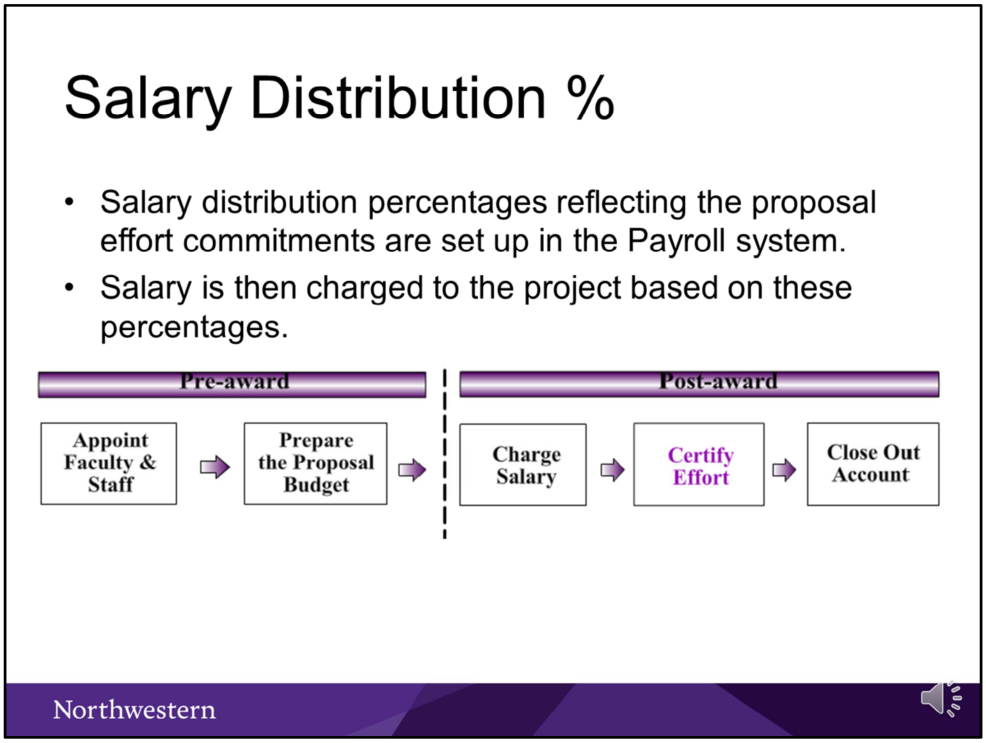
At Northwestern, effort is reported for exempt faculty and staff who work on sponsored projects. The Effort Reporting System (ERS) and related policies and procedures support compliance with the federal regulatory requirements.



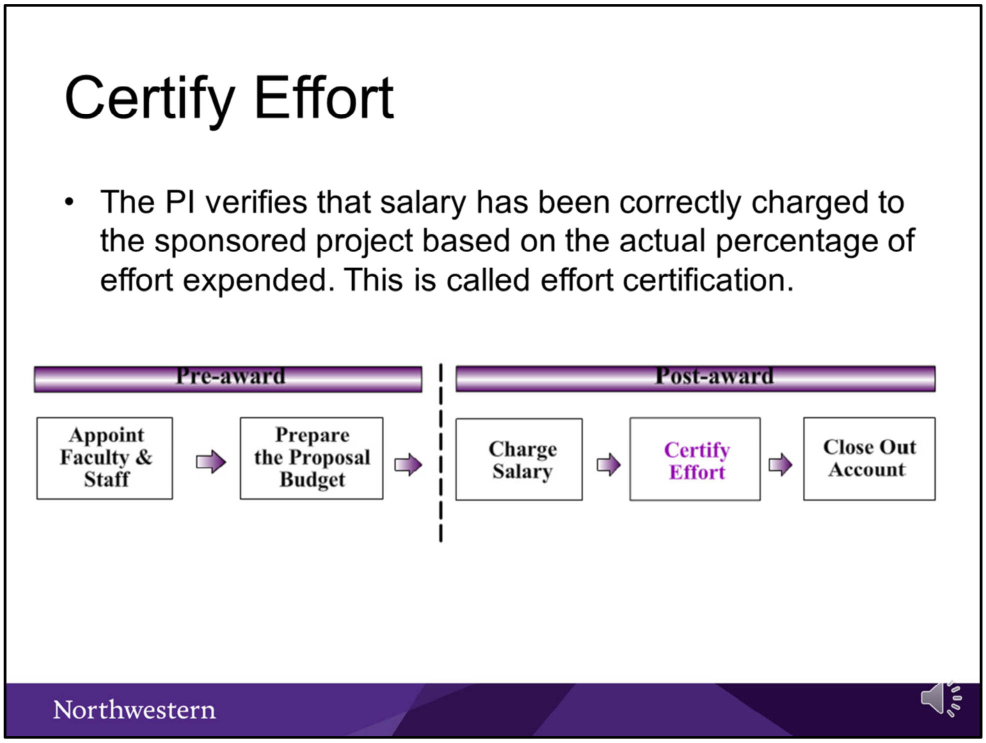
The effort reporting process involves steps at various stages in the sponsored project life cycle, in both the pre-award and post-award phases. Take a minute to review the steps in the life cycle of a sponsored project. In the pre-award stage, faculty and staff are appointed, and proposals with their budgets are prepared. 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 PIs write proposals and prepare the proposal budgets, they must estimate the effort commitment plan for each exempt project member. The staff budget for the proposal is based on effort percentages and the corresponding institutional base salary for each project member.

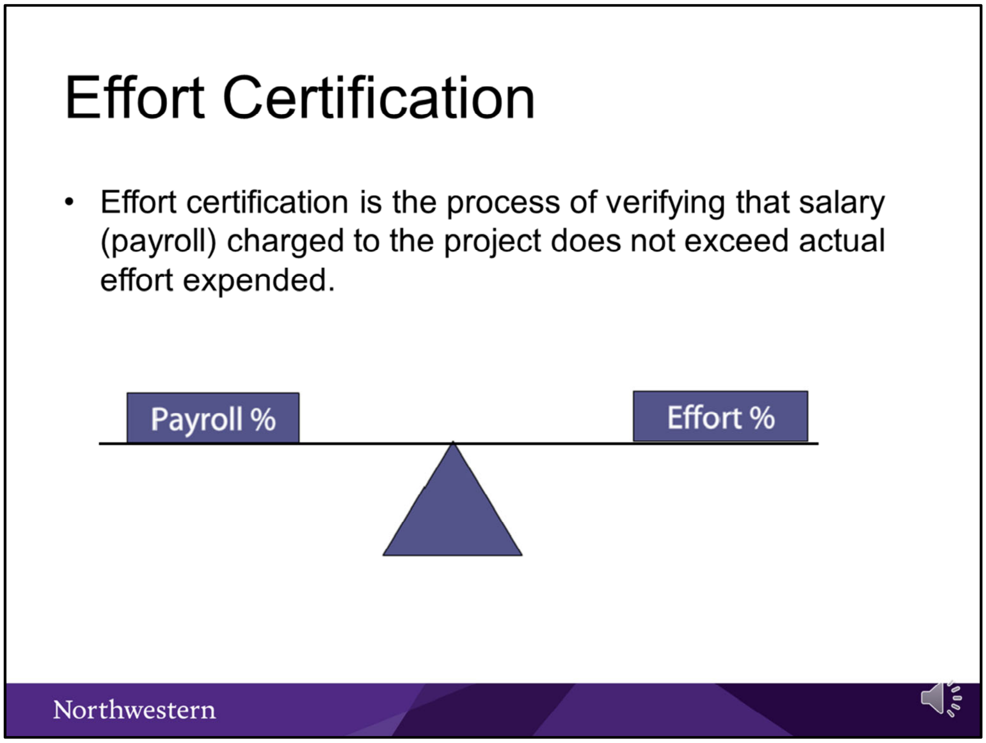


When the award is received, the project must be added to each project member's salary distribution (i.e. deployed funding) in the payroll system. The payroll system will then automatically charge the defined percentage of salary to the project's chart string each pay period during the life of the project, or until the individual's salary distribution is updated.

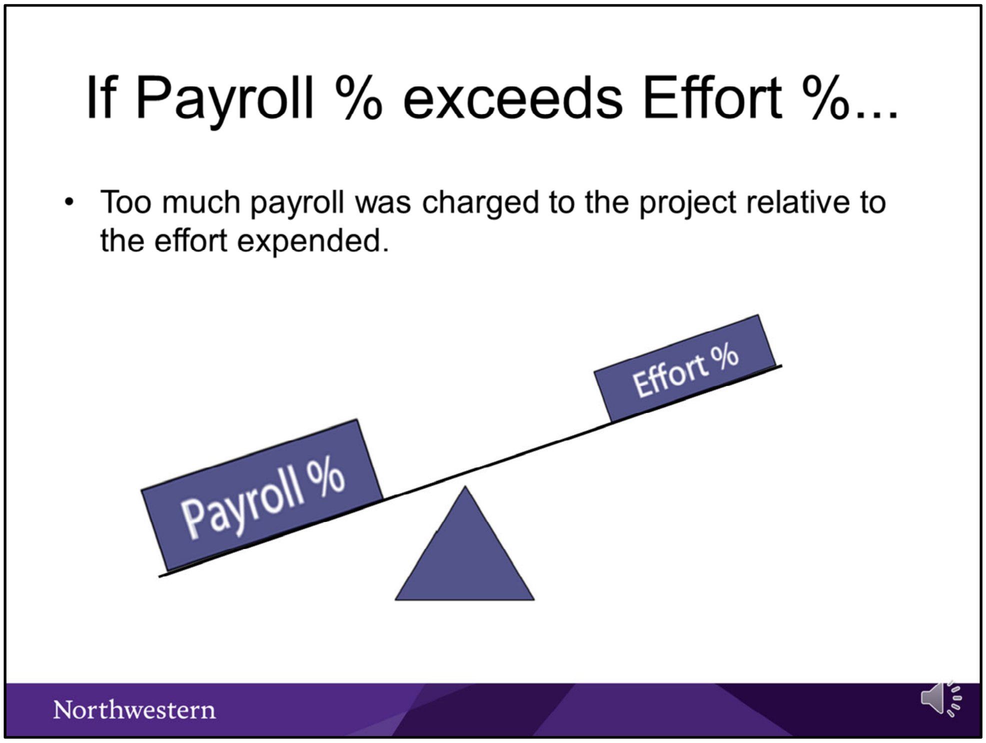


Let's recap what occurs prior to the effort certification step. First, the PI prepares the proposal budget and maps out the effort commitments for each project member in the project budget. When the award is received, project members' salary distribution percentages in the payroll system are updated to include the new project's planned effort commitments. Next, salary for each team member is charged to the project chart string each pay period, according to the predefined percentages set up in the Payroll system.

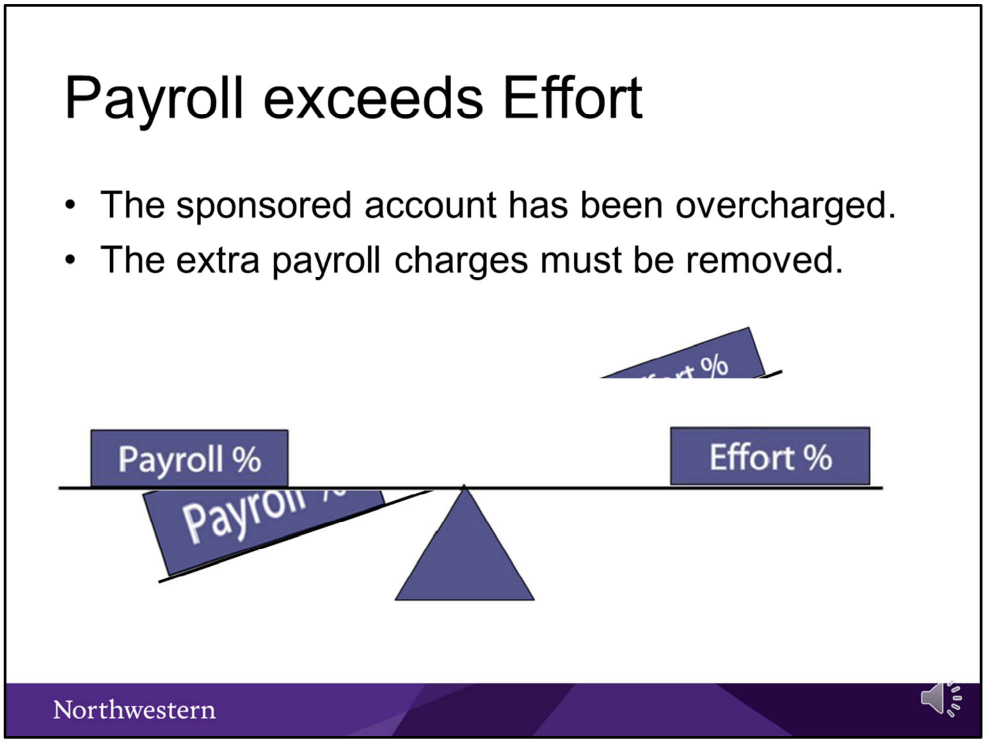
At the certification step (completed on a quarterly basis), the Principal Investigator is responsible for determining whether the effort actually expended by each project member corresponds with the salary charged to the project. This is the effort certification process.



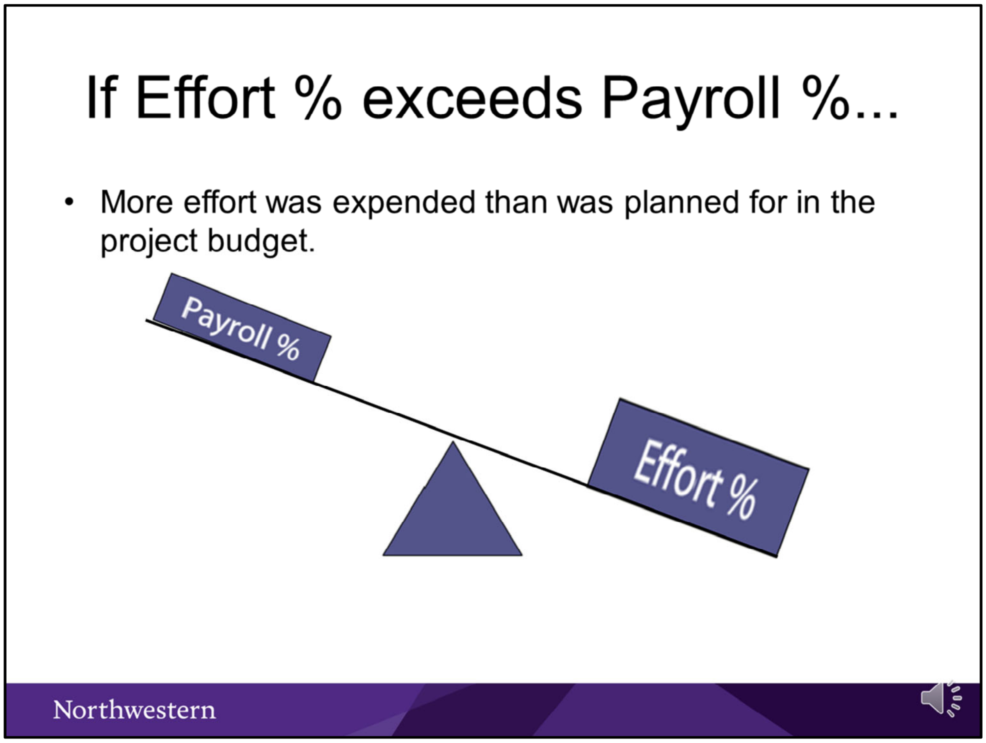
In the effort certification process, the PI must confirm that the salary charged to the project does not exceed the effort expended for each project team member. If the PI agrees that the actual effort expended by a project member corresponds to the planned and charged effort percentage, no adjustment is needed. In this case, as illustrated, salary was appropriately charged to the sponsored project. The payroll and effort percentages are balanced.



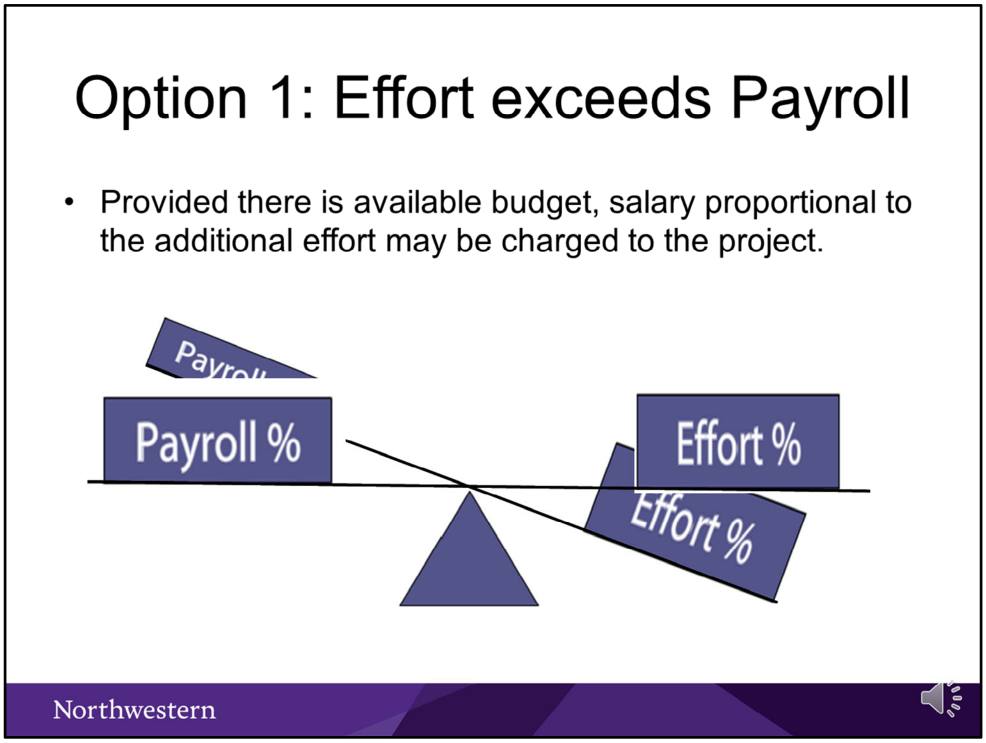
If a project team member devotes less than the planned effort to the project during the reporting period, the result is payroll charged in excess of the effort expended. Payroll percent and effort percent are out of balance as illustrated.



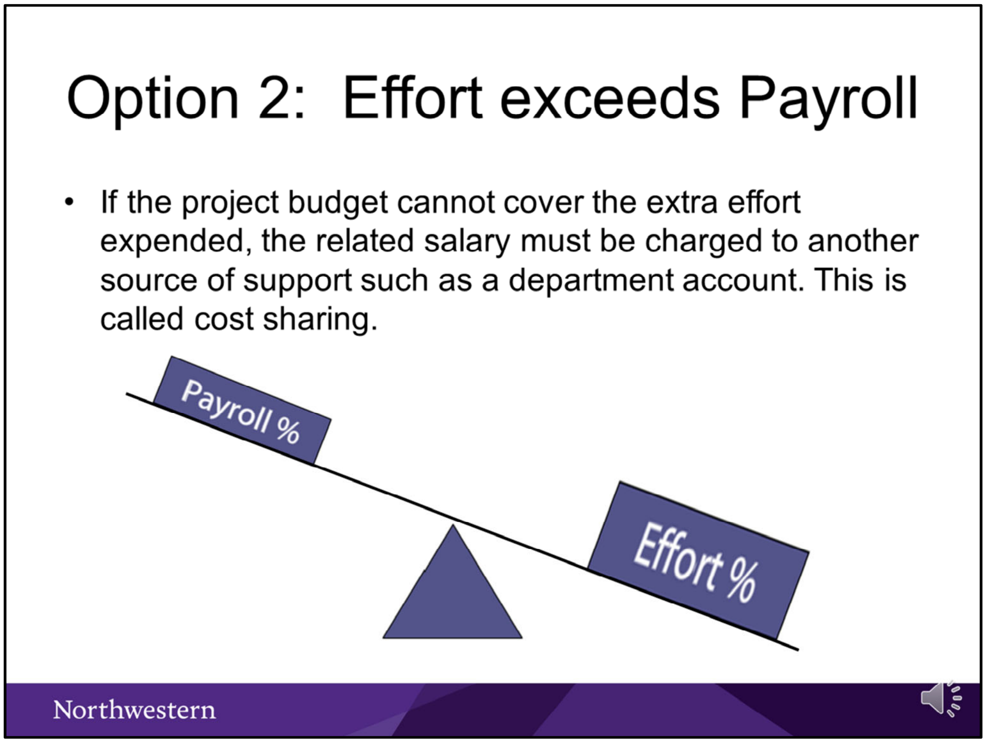
When payroll exceeds effort, the sponsored account has been overcharged relative to actual effort expended, and the excess salary on the project must be removed so that the net payroll charge matches the reduced effort expended by this project team member. Then, payroll and effort will be in balance.



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 salary associated with the excess effort, as we will see in the following slides.



If the project has available budget, salary proportional to the additional effort may be charged to the project. Payroll percent is brought into balance with the higher percent of actual effort expended.



If the project budget cannot cover the additional effort expended, the related salary must be charged to another source of support such as a departmental account. This is known as cost sharing.

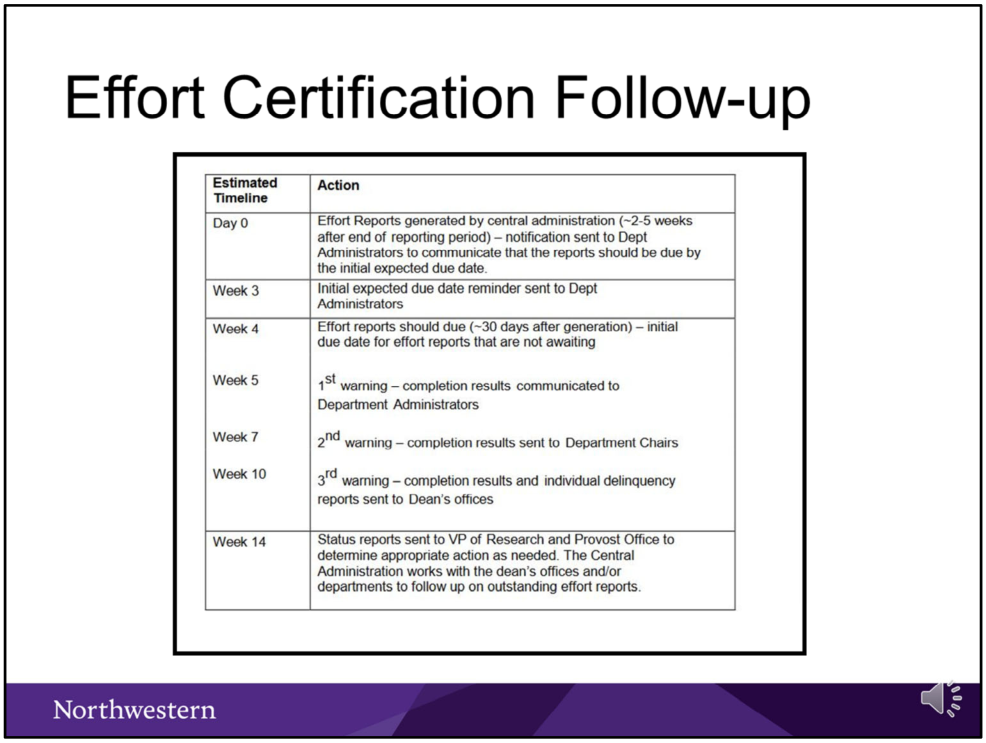
Effort Reporting Schedule

- Effort Reports are generated and available for certification 4 times a year per the schedule below:

Effort Reporting Periods - Calendar				
	Fall (Quarter 1)	**Winter (Quarter 2)**	**Spring (Quarter 3)**	**Summer (Quarter 4)**
Faculty/Staff with 12-Month Appointments (All Campuses)	09/01 – 11/30	12/01 – 02/28 (29 if leap year)	03/01 – 05/31	06/01 – 08/31
Faculty with 9-Month Appointments on Evanston Campus	09/16 – 11/30	12/01 – 02/28 (29 if leap year)	03/01 – 06/15	06/16 – 09/15
Effort Reports Generated	January	March	July	October

Northwestern

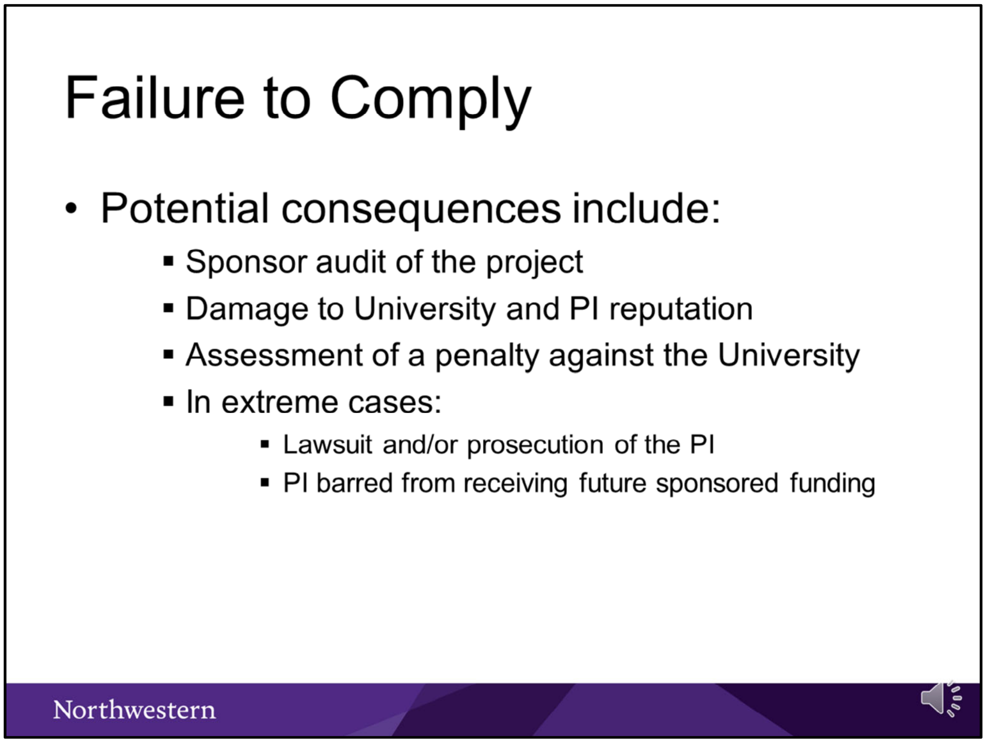
At Northwestern, the effort certification process takes place quarterly according to the schedule on this slide. Effort must be reported appropriately and in a timely fashion, in accordance with Northwestern's Effort Reporting policies and procedures. Once effort reports are produced, the clock starts on the effort certification follow up process.



Effort Certification Follow-up

Estimated Timeline	Action
Day 0	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.
Week 3	Initial expected due date reminder sent to Dept Administrators
Week 4	Effort reports should due (~30 days after generation) – initial due date for effort reports that are not awaiting
Week 5	1st warning – completion results communicated to Department Administrators
Week 7	2nd warning – completion results sent to Department Chairs
Week 10	3rd warning – completion results and individual delinquency reports sent to Dean's offices
Week 14	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/or departments to follow up on outstanding effort reports.

Northwestern's effort reporting procedure requires timeliness in completing the effort certification process. Our initial expected 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.



University compliance with Uniform Guidance requirements 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.

Consequences of Non-compliance

Institution	Date Settled/Agency	Issues	Settlement
Northwestern University	2003/ NIH	Institutional base salary, K award, Certifier Assignment	**$5.5 million**
Johns Hopkins University	2004/ NIH	Faculty time & effort overstated	**$2.6 million**
Harvard University	2004/ NIH	Government billed for salaries & expenses unrelated to federal grants, self reported	**$3.3 million**
Florida International U	2005/ Dept of Energy	Effort reporting, cost transfers, payroll dist.	**$11.5 million**
U of Alabama at Birmingham	2005/ NIH	Research work overstated, Medicare billed for research	**$3.9 million**
The Mayo Clinic	2005/ NIH, others	Cost allocation, cost transfers, inadequate accounting system	**$6.5 million**
University of Pennsylvania	2006/NSF	Timeliness, cost transfers	**$3.3 million**
U Massachusetts Medical School	2006/NIH	Cost transfers, unsupported labor charges	**$24K; triggered Yale & Roger Williams Hospital audits**
St. Louis University	2008/ NIH, CDC, HUD	Supplemental compensation, effort reporting	**$1 million**
Yale University	2008/ Multiple agencies	Cost transfers, summer salary charges, effort reporting	**$7.6 million**
Duke University	2009/ NIH	Direct charging of administrative and clerical costs	**$1.7 million (reduced from original recommendation of $2.4 million)**
Scripps Research Institute	2020/NIH	Non-grant related activities (proposal preparation, teaching, committee work, and other administrative tasks) charged to NIH grants (100% faculty salary on grants)	**$10 million**

Northwestern

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 policies and procedures at Northwestern have been strengthened and broadly communicated. Northwestern relies on PIs and administrators like you to stay informed about federal regulations and university effort reporting policies, and to implement appropriate compliant practices.

Roles Recap for Effort Reporting

- Administrators and PIs must work together.
- Faculty are required to certify (sign) their own effort reports, and typically certify the effort reports of the research staff working on their sponsored projects (graduate students, post doctoral fellows, and other similar persons).
- Certifiers must have direct knowledge / suitable means of verification of the work performed by the individual(s) they are certifying for.

Northwestern

The effort reporting process requires the coordinated efforts of administrators and PIs to certify effort appropriately and on time. Remember, faculty should typically certify for themselves and their research staff. Certifiers should have direct knowledge of the work performed by the individuals they are certifying for. This concludes the introduction to effort reporting policies and procedures. In the next section, you will learn about training opportunities and other resources where you can learn more about effort reporting.

Information Online

- Effort Policies and Procedures
    - https://www.northwestern.edu/coststudies/effort.html
- Office for Research Integrity (ORI) Research Administration Training Seminar Materials
    - https://www.researchintegrity.northwestern.edu/training-2/research-administration-training-seminar/

Northwestern

This slide identifies online resources for learning more about effort reporting policies and procedures, including the Office for Research Integrity Research Administration Training Seminar Materials.

Effort 101 Class

- This class covers the fundamentals of Effort Reporting at Northwestern, including:
  - Federal Regulatory Basis (Uniform Guidance)
  - Northwestern Policies & Procedures
  - Roles and Responsibilities
  - Effort Reporting System (ERS) Tasks and Navigation
- Completion of Effort 101 is required to gain administrative access to the Effort Reporting System (ERS).

Northwestern

Effort 101 is a required course for administrators who will be using the Effort Reporting System. This class covers fundamental effort reporting concepts, federal regulations, Northwestern policies and procedures, and hands-on training for ERS tasks and navigation. Administrators must complete Effort 101 to be eligible for ERS administrative access.

Research Administration Training Seminar

- Before Effort 101, attend the ORI Research Administration Training Seminar, held on a quarterly basis.
- This seminar is geared toward research administrators and any staff involved in research administration. It provides an introductory overview of the Office for Research and related offices, research roles and responsibilities, regulatory fundamentals, research compliance, and key concepts essential to research administration.
- For more information and to register: https://www.researchintegrity.northwestern.edu/training-2/research-administration-training-seminar/

Northwestern

Before taking Effort 101, we recommend attending 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.

MyHR Training Classes

- Gain eligibility for administrative access to the Payroll system (myHR), and learn how to view and update payroll distribution (deployment).
  - HRS 101: myHR Data Lookup
  - https://www.northwestern.edu/hr/documents/work-essentials/myhr-datalookup-guide.pdf
  - HRS 102: Deployed Funding:
  - https://www.northwestern.edu/hr/documents/work-essentials/myhr-payrollfunding-manual.pdf
- Take these classes before or soon after Effort 101
- More information and registration at:
  - MyHR Learn: https://learn.northwestern.edu

Northwestern

As you learned in this mini course, administrators enter and update payroll distribution information in the payroll system, myHR. The myHR courses listed here will give you the background and access eligibility necessary to perform this role. Administrators should take these courses before Effort 101 or as soon after as possible.

Additional Training

- FMS505: Managing Sponsored Projects
  - Learn about managing sponsored projects using Northwestern’s systems: InfoEd, NU Financials, and Cognos.
  - Take this class before or soon after Effort 101
  - More Information and registration at:
    - https://learn.northwestern.edu

- Sponsored Project Online Training (SPOT) – on demand mini-courses and microlearning modules available online (no registration required): https://learn.northwestern.edu

Northwestern

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. Additionally, the Office for Sponsored Research offers Sponsored Project Online Training, for on demand training about a variety of topics. Registration is not required for these online mini-courses and microlearning modules.

Review of Course Topics

- You should now be able to answer these questions:
  - What is effort?
  - Why do we report effort?
  - How do we comply with federal regulations?
  - How is effort certified?
  - What if effort is not reported correctly and on time?
  - Where can I learn more?

Northwestern

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. 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 regulations governing compensation for personal services, Northwestern effort reporting policies, and the procedures used to comply with them at Northwestern University. Thank you for taking the time to review these materials.