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.
Option 2: Effort exceeds Payroll

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

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.
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.
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.
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.
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.
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 Policies and Procedures
  - [https://www.northwestern.edu/coststudies/effort.html](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/](https://www.researchintegrity.northwestern.edu/training-2/research-administration-training-seminar/)
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).

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.
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.
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.
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.
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:

- Relevant federal regulations: Uniform Guidance (2 CFR Part 200), Section 200.430, Compensation – Personal Services
- Northwestern effort reporting policies and procedures

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.