Agenda – Day Two

- Export Controls
- Faculty Salary Planning/Direct Charging
- Post-Award Non-Financial Management
- Compensation: Personal Services & Effort Reporting
- Spending & payment Considerations/Close-out

Export Controls: What Are They and How Do They Impact Research?

Lane Campbell
Director, Office for Export Controls Compliance
(OECC)

Overview and Background

- "Export Controls" are federal rules and regulations governing the shipment or transmission of items out of the U.S., including disclosures or transfers of technical data to foreign persons, whether in the U.S. or abroad.

Export Controls Timeline

Overview and Background

- Export control concerns arise due to three primary reasons:
  - The characteristics of the item itself (e.g., if it has military applications)
  - The destination of the item (both the country and the individual or entity) – See Entity List
  - The suspected end use of the item
Overview and Background

- Export controls are intended to address several concerns:
  - Protect U.S. national security
  - Implement U.S. foreign policy
  - Maintain a military and economic edge

Restricted Parties

- The federal government publishes various lists which indicate certain parties (both individuals and companies) subject to restrictions.
- Primary lists include the Entity List, Specially Designated Nationals, Denied Persons, and Debarred Parties.
- Northwestern is now using screening software to conduct comprehensive and dynamic screening of restricted parties.

Embargoed Nations

- The U.S. has embargoes in place against several countries:
  - Cuba, Iran, the Sudan, Syria, and North Korea
  - Engagement with any of these countries requires a review of potential export control concerns

Export Controls Impact on Research

- "Deemed exports" involve the release of items subject to export controls to a foreign national.
  - The item is "deemed" to have been exported to the home country of the foreign national.
  - "Foreign national": not a US citizen, a lawful permanent resident, or a "protected person."

Fundamental Research Exclusion

- Fundamental Research
- Proprietary Research
Fundamental Research Exclusion

- The “Fundamental Research Exclusion” ("FRE") was established in a memo signed by President Reagan
  - NSDD-189 Memo, issued in 1985
  - Characterizes "fundamental research", "the results of which ordinarily are published and shared broadly within the scientific community."
  - "It is the policy of [the federal government] that, to the maximum extent possible, the products of fundamental research remain unrestricted."

Export Controls

Fundamental Research Exclusion

- The FRE is intended to control the flow of science, technology, and engineering information produced in federally-funded fundamental research at colleges, universities, and labs.
- Has subsequently been reaffirmed by 2 additional memos issued by the Department of Defense (DOD).

Beyond the FRE

- The FRE does not apply to all university activities, e.g.:
  - All overseas physical shipments must be in compliance with export control regulations.
  - Anything provided under a non-disclosure agreement is potentially subject to controls.
  - Restricted parties and embargoes must always be considered when evaluating export control compliance concerns.

Consequences of non-compliance

- Failure to comply with export control regulations may have many consequences
  - Criminal charges
  - Monetary penalties
  - Damage to reputation
  - Loss of export control privileges

J. Reece Roth Case

- Professor Emeritus at the University of Tennessee who illegally exported sensitive technical information to China.
- Traveled to China with his laptop, which contained sensitive information.
- Shared information with foreign nationals, despite being put on notice by his employer and by the research contract.
In the News

• UMass Lowell was recently fined $100,000 for the unlicensed export of equipment to a company in Pakistan.
  – At the time, the company was listed on the Entity List.
  – The equipment was classified "EAR99."

• Earlier this year, a former postdoc at the University of Michigan was criminally charged with exporting equipment to his home country of Iran.
  – The defendant faces up to 20 years in prison.
  – The violation involved the shipment of humanitarian items to an embargoed country.

The Role of OECC

• Established November 2012

• Intended to provide a central resource dedicated to export controls compliance.

• Coordinates with other offices to ensure that Northwestern is in compliance with the export control regulations.

• When in doubt, contact us.

Questions and Contact Information

OECC
Office for Export
Controls Compliance
Northwestern University
630 Clark Street
Rebecca Crown Center,
North Tower 2nd Floor
 Evanston, Illinois 60208
 http://export.northwestern.edu

Lane G. Campbell, Jr., MBA
Director
lcampbell@northwestern.edu
Phone 847-467-4063

Deb Cundiff
Business Administrator
McCormick School of Engineering

Marsha McClellan
Director of Financial
Management
Feinberg School of Medicine

What is Faculty Salary Planning?

a.k.a. Direct charging

Begins at the proposal stage

Faculty must estimate how much time they will spend on the project (effort)

Administrator uses effort to calculate the salary request from the sponsor

PI provides the scientific leadership supporting the research

What is Salary Planning?

• Salary charging must adhere to the 4 basic cost principles per the Uniform Guidance, 2 CFR 200:
  – Reasonableness
  – Allowability
  – Allocability
  – Consistency
Salary Planning

Principles & Policies

- The NIH Grants Policy Statement:

  Salary and wage amounts charged to grant-supported projects for personal services must be based on an adequate payroll distribution system that documents each distribution in accordance with applicable Federal Cost Principles and consistently applied institutional policy and practices.

- NSF Proposal and Award Policies and Procedures Guide:

  NSF limits salary compensation for senior project personnel to no more than two months of their regular salary in any one year. This limit includes salary compensation received from all NSF-funded grants. This effort must be documented in accordance with the applicable cost principles.

Key Principles

- Effort commitments should drive salary planning
- Cost sharing (including over the cap salary) must come from a non-sponsored source
- Identify cost sharing sources early
- Not all faculty activities come from extramural funding:
  - Instruction
  - Administration
  - Grant writing (usually...)
- PIs should generally not be 100% funded from sponsored projects, unless there is a sponsor exception

How is Salary Paid on the Evanston Campus?

- Salary is paid over 12 months regardless of appointment length
- On effort report, salary distribution must be restated to appropriately show earned amounts according to appointment
- Calculating the monthly earned rate is complicated
  - Northwestern has developed tools to help

Evanston: What is Academic Base Salary?

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Total Salary</th>
<th>Summer Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/08/17 - 09/15/17</td>
<td>187,000</td>
<td>97,500</td>
</tr>
<tr>
<td>09/16/16 - 01/07/17</td>
<td>185,100</td>
<td>92,550</td>
</tr>
</tbody>
</table>

*Notes:
- SUMMER BASE
- Enter/update MONTH RCD Annual SALARY
- **Salary cap consideration**
- May receive up to 2.5 months of summer salary during contract period
- The NSF Proposal and Award Policies and Procedures Guide:
  - Grant writing (usually...)
  - Instruction
- **Key Principles**
  - Effort commitments should drive salary planning
  - Cost sharing (including over the cap salary) must come from a non-sponsored source
  - Identify cost sharing sources early
  - Not all faculty activities come from extramural funding:
    - Instruction
    - Administration
    - Grant writing (usually...)
  - PIs should generally not be 100% funded from sponsored projects, unless there is a sponsor exception
- **How is Salary Paid on the Evanston Campus?**
  - Salary is paid over 12 months regardless of appointment length
  - On effort report, salary distribution must be restated to appropriately show earned amounts according to appointment
  - Calculating the monthly earned rate is complicated
    - Northwestern has developed tools to help

1/23/2018
**How is Salary Paid on the Chicago Campus?**

- Clinical faculty (MDs) have 12 month appointments

- Most Ph.D./investigator track/tenure eligible faculty have 12 month appointments except for a few that elected to remain with 9 month appointments or have joint appointments with an Evanston school

- Institutional base salary (& effort) includes both NU & NMG

- 12 month academic year: 9/1-8/31

- 9 month Academic year: 9/1-5/31
  - Summer Quarter: 6/1-8/31

- Salary cap

---

**Cost Sharing**

- Cost sharing occurs when a cost specifically benefits a sponsored project but is not charged to that project.

- Can be mandatory (salary or non-salary), over the cap cost sharing or voluntary committed cost sharing (salary and non-salary). Most common type of cost sharing on the Chicago campus is the NIH statutory cap and the salary limitation on NIH career (K) awards

---

**Cost Sharing Model Changes**

- As of 9/1/13, cost sharing changed to a model that illustrates mandatory vs. voluntary committed cost sharing with addition of 193 fund. Allows departments to more effectively manage the cash commitments associated with voluntary committed cost. These funds function as follows:
  - 191: Used exclusively for mandatory cost sharing (salary and non-salary). A budget is established on an annual basis.
  - 192: Used exclusively for over-the-cap cost sharing. No budget established. At the end of the fiscal year, FSM requires departments and units to cover the salary cost share chartstrings with non-sponsored chartstrings.
  - 193: Used exclusively for voluntary committed cost sharing (salary and non-salary). A budget is established on an annual basis.

---

**NIH Salary Cap**

- Some sponsors put a limit on the amount of salary that can be charged to federal awards
  - e.g. NIH salary cap as of 1/8/17 is $187,000 or $15,583.33 per month for 12 month appointments

  - For 9 month appointments, the cap is $140,250

---

**Research/Summer Quarter (Summer Salary)**

- Research/Summer quarter payments are made using the Summer/Research Quarter Salary Request Form (not through deployment in myHR)

---

**Why is Direct Charging Important?**

- Aligns salary expenses to effort commitments on sponsored projects

- Helps achieve compliance

- Utilizes available outside funding sources to cover salary expenses

- Supports all funds budgeting

- Reduces paperwork

- Increases accounting transparency

- Voluntary cost sharing occurs when committed salaries are not charged to awards; the effect is reducing the indirect cost rate

- Requires prospective planning of expense posting based on commitments

---

[www.northwestern.edu/hr/payroll/administratorpayments.html](http://www.northwestern.edu/hr/payroll/administratorpayments.html)
Why Faculty Might Not Direct Charge in Evanston Schools

- The base academic salary is guaranteed by the faculty members' Dean's Office
- Faculty might prefer to utilize the awarded research dollars for other charges to grants
- Some sponsors have salary caps
- Some limit salary charges to a specific number of months
- Some discourage academic year salary/benefit charges to grant budgets entirely
- It is critical to have an understanding of what each sponsor permits
- In contrast, on the Chicago campus, all faculty direct charge their salaries

Why Faculty Might Direct Charge in Evanston

- Academic year salary portion is supported by an appropriated budget at the school/center level in most Evanston schools

When Do We Direct Charge?

- The administrator and faculty member must work together to develop an annual plan at the beginning of the FY
- Make monthly adjustments as needed to reflect unanticipated activities
- Reduce compliance risks and save yourself transactional work if you complete direct charging before the 90 day period expires
- Retroactive salary adjustments more than 1 year after date of the initial charge will not be processed

Evanston Salary Planning Worksheet

www.northwestern.edu/coststudies/effort.html

Note: Once on the above website, look under “References and Templates” and click “here” to log in with your NetID and password to access this worksheet

Chicago 12 Month Salary Template

(continued)
What are your next steps?

• Once you have determined that you will be involved with direct charging faculty salary to sponsored projects, you will need to:
  – Take the myHR training classes that give you access to the system
  – Download the salary planning worksheet and/or the SDA form
  – Consult with your deans office or the Office for Research in the medical school for any further guidance, training, or resources.

ffra.northwestern.edu

Salary Planning

Forms: Where Do You Get Them?

• Summer Salary Forms
  www.northwestern.edu/hr/payroll/administratorpayments.html

• SDA Forms
  www.northwestern.edu/hr/payroll/administratorpayments.html

• Salary planning wkst & Academic Base Salary wkst
  www.northwestern.edu/coststudies/effort.html

Note: Once on the above website, look under “References and Templates” and click “here” to log in with your NetID and password to access this worksheet

Salary Planning

Faculty Salary Charging Quiz #1

• Prof. Marie Curie has an academic base salary of $90,000 and a 9-month appointment
• Her earned rate is $10,000/month
• She is paid over 12 months
• What is her monthly pay rate (amount paid out in each paycheck)?

Answer: $7,500. Since the salary is paid over 12 months, only 75% of the earned rate is actually paid out in each paycheck.

Salary Planning

Faculty Salary Charging Quiz #2

• Prof. Darwin has an academic base salary of $90,000 and a 9-month appointment
• Prof. Darwin wants to charge 1 month of academic effort to his NSF grant.
• What is the total dollar amount of salary that will be charged to the grant?

Answer: $10,000. The effort is based on the earned rate (1/9) not the paid rate (1/12).

Salary Planning

Faculty Salary Charging Quiz #3

• Dr. Oz has an FSM and NMG faculty appointment with an annual base salary on FSM of $50K and a base salary on NMG of $200,000. His total annual base salary is $250,000. In order to calculate effort and salary distribution, would we just use the FSM annual base salary or use both FSM and NMG annual base salaries?
• He has two NIH grants, with effort at 20% on one and 10% on another. Would we have to cost share on these grants or not?

Answer: 1) We would use the IBS, both FSM and NMG
   2) Yes, his IBS is greater than the NIH’s salary cap of $187,000

Salary Planning

Questions?

Chicago:
  Marsha McClellan
  Director of Financial Management, Feinberg
  m-mcclellan@northwestern.edu

Evanston:
  Deb Cundiff
  Business Administrator
  McCormick School of Engineering
deb@northwestern.edu
Networking/Break

Post-Award Non-Financial Management

Office for Sponsored Research

The Sponsored Project Life Cycle

Before the Award
Sponsor may request supplemental documentation and materials prior to issuing the award

- For NIH, Just-In-Time (JIT) information is often required. This can include "Other Support" as well as any required certifications (including human subjects education)
- Sometimes a revised budget may be requested by the sponsor
- DoD often requests salary verification and other budget documentation, assurances of compliance, and IRB/IACUC approvals
- Other information and documentation as applicable

Award Negotiation & Acceptance

- OSR is the institutional unit authorized to accept all award on behalf of the University
- Negotiation & Acceptance Process
  - OSR receives notice of award or award agreement
  - OSR reviews and, when necessary, negotiates terms and conditions
  - OSR confers with PI/Department as needed (e.g. in the case of significant budget cuts)
  - OSR submits any necessary revisions to sponsor
  - OSR confirms that COI and IRB / IACUC approvals in place
  - Once negotiation is completed OSR signs the agreement
- Learn more about award documents: SPOT Course: How to Read an Award Document

Research Terms & Conditions (RTC)

Defined as the standard core set of administrative terms & conditions for research & research-related awards that are subject to Uniform Guidance

Waives the requirement for prior approval from many federal sponsors for:
- Rebudgeting
- Carryover of funds
- 1st no-cost extension
- Federal Agency-specific implementation
What is “Uniform Guidance”?

- Uniform Guidance consolidates the eight federal circulars that govern financial assistance, including A-21, A-110, and A-133
- Guidelines that ALL Federal agencies have to follow in regards to financial assistance mechanisms (i.e. grants and cooperative agreements – NOT contracts)
- Meant to ease administrative burden and strengthen oversight over Federal funds to reduce risks of waste, fraud and abuse

For Additional Information: [http://www.northwestern.edu/asrsp/federal‐initiatives/uniform‐guidance.html](http://www.northwestern.edu/asrsp/federal‐initiatives/uniform‐guidance.html)

Award Set-Up

- OSR checks that all approvals and determinations are in place, and that all required information has been obtained
  - Conflict of Interest (COI) determination
  - IRB/IACUC approvals as appropriate
- Revised budgets as applicable
- OSR completes award data entry in InfoEd and NUFinancials
- OSR generates chart strings and distributes Project Account Summary (PAS) and award documents to PI/department
- Department should carefully review NOA and PAS
  - The PAS includes the funding appropriation, chart strings, and other award details
  - Any questions should be referred to your GO in OSR
- Learn more about award set-up: SPOT mini-course: Setting up an Award

Award Management: Department Responsibilities

- Review PAS against the award notice; ask questions if something looks amiss
- Obtain access to Chart String across all NU business systems (payroll, NUFinancials, etc.)
- Ensure correct expense accounts are used when charging expenditures
- Notify other departments if utilizing outside personnel
- Request additional budget accounts to be opened, if needed
- Monitor spending, subawards, and invoice payments; provide financial reports to PI

Electronic Sponsored Projects Request (ESPR)

- Award Relinquishment
  - Personnel
    - Effort change for PI or other key personnel
    - Extended absence of PI
    - PI or Co-I change
    - Change of department
- Prepending
  - New award
  - Continuation year
- Data Use Agreements & Non-Disclosure Agreements
- Material Transfer Agreements
- Fabricated Equipment
- Subcontract
  - Request to issue new subaward
  - Subaward amendment
- No-cost Extension

Revised Budgets

- Revised budgets may be required at both pre- and post-award stages. For these requests an ESPR should be routed containing the information below:

  - Proposal
    - Original budget and justification
    - Revised budget and justification
    - Key personnel effort reduction
    - Sponsor correspondence
    - Revised scope of work (if applicable)
  - Award
    - Current budget and justification
    - Revised budget and justification
    - Key personnel effort reduction
    - Multiple chart strings clearly marked
    - Uncommon budget categories specified

No Cost Extension (NCE)

- Extends the project period without additional funding from the sponsor
- Effort during NCE is assumed to be the same as the last year of the grant. If effort will change this should be noted in the ESPR request, sponsor approval may be required
- Under RTC most federal awards allow a grantee approved one-year NCE
- Non-federal sponsors generally require prior approval for any NCE
Requesting an NCE

- Formal NCE requests should go through OSR
- Submit an ESPR with the following information:
  - Length of extension requested
  - Strong justification for the extension
  - Reason for the delay?
- Confirmation of effort during NCE
- Most recent IRB and/or IACUC approval, if applicable
- Current balance
  - Justify large or small balances

Subcontract (or Subaward)

- A formal agreement between the prime institution or pass through entity (PTE) and another organization (subrecipient) under a sponsored project
  - Most of the primary award terms and conditions will flow through to the subrecipient, particularly the regulatory requirements and obligations.
  - The subcontract will also incorporate the subrecipient’s proposed scope of work and budget
  - To initiate a subcontract:
    - Department submits an ESPR request along with subrecipient’s SOW, budget, and justification
    - May need agency approval to initiate a subcontract if into in the original proposal
  - PI/department responsibilities:
    - Monitoring subrecipient progress
    - Collecting and retaining technical reports
    - Approving invoices for payment

Progress Report

- All NIH awards require an annual progress report, or noncompeting continuation application, due 45-60 days prior to the start of the next budget period
  - The use of the Research Performance Progress Report (RPPR) module is required for all annual non-competing (Type 5) NIH awards
  - Almost all other sponsors require some type of technical report.
  - For some sponsors, funding in subsequent years is dependent on satisfactory progress

Progress Reports: Things to Remember

- In InfoEd, select: “NU Progress Report/Continuation”
- Make certain COI disclosures are up to date
- Provide a completed copy of the Unobligated Balance calculator, found on the OSR website under Resources and Training → Tools and Checklists
- Provide current IRB and/or IACUC approval, as needed

Award Close-Out

- PI submits final progress report
- Submission of final invention statement
- ASRSP submits final financial report
- Dept. works with ASRSP to reconcile and close chart string

Questions?
Compensation: Personal Services and Effort Reporting

Erin Farlow
Senior Effort Coordinator
Accounting Services for Research and Sponsored Programs (ASRSP)

Compensation for Personal Services
– Cost Studies Personnel

Effort Reporting System and Compliance Monitoring

Jennifer Mitchell (Oversees Effort Reporting, 7-2473)
Tina Mete (Evanston Effort Coordinator, 1-6755)
Erin Farlow (Chicago Effort Coordinator, 3-0323)

Why Effort Reporting?
Effort Reporting is the approach NU utilizes to fulfill the regulations in 2 CFR Part 200 (Uniform Guidance), Section 430: Compensation – Personal Services.

• Labor represents ~75% of direct research costs

2 CFR PART 200 – Uniform Guidance
• Effective in December, 2014
• Significant updates on Effort Reporting
  – 3 Examples removed (less prescriptive)
  – Internal Controls (200.303) emphasized
  – Written policies/procedures emphasized
  – Institutional Base Salary (IBS) emphasized
• Download
  http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Why Effort Reporting?
Effort

• Effort Reporting is the approach NU utilizes to fulfill the regulations in 2 CFR Part 200 (Uniform Guidance), Section 430: Compensation – Personal Services
  – Labor represents ~75% of direct research costs

Standards for Documentation

(i)(1)(i) to (i)(1)(viii)
• Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed
• Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated
• Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities
Internal Controls

§ 200.303 Internal Controls
- Must maintain effective internal control over the federal award that provides reasonable assurance...
- Should be in compliance with COSO and Standards for Internal Control in the Federal Government (the "Green Book").
- Must comply, evaluate and monitor compliance with federal statutes, regulations and the terms and conditions of the federal awards
- Must take prompt action when non-compliance is identified
- Must take reasonable measures to safeguard personally identifiable information and other information designated as sensitive

Is our current Effort Reporting System sufficient for Internal Controls?

What does Effort Reporting Verify?

Effort
- Appropriate Base Salary Rate utilized according to appointment(s), which defines IBS
- Appropriate salary/wage charged to sponsored programs (paid effort)
- Cost Sharing performed as promised
  - Mandatory Cost Share (required by sponsor)
  - Voluntary Committed Cost Share (proposed on award budget)
- Salary over the cap cost funded by non-sponsored funds
- Appropriate NIH salary cap utilized
- Research effort fulfilled for NIH career awards

Who Needs to Certify Effort?

Any person paid (or with a commitment) on a sponsored award must certify that the salary paid (or the commitment) is reasonable in relation to the effort (activity) devoted to the award.

Risks of Non-compliance

Institution  Date  Settled/Issue  Agency  Settlement
Northwestern 2004/ NIH  Institutional base salary; K award; Certification Assignment  $5.5 million
Johns Hopkins University  Feb 2004/ NIH  Faculty & effort overstated  $2.6 million
Harvard University  July 2004/ NIH  Government billed for salaries & expenses; unreported cost sharing  $3.3 million
Florida International University  Feb 2005/ Dept of Energy  Effort reporting, cost transfers, payroll dist.  $11.5 million
University of Alabama at Birmingham  Apr 2005/ NIH  Research work overstated; Medicare billed for research  $3.9 million
The Mayo Clinic  May 2005/ NIH, others  Inadequate accounting system  $6.5 million
St. Louis University  July 2008/ NIH  Cost transfers, effort reporting  $1 million
Yale University  Dec 2008/ Multiple agencies  Cost transfers, summer salary charges, effort reporting  $7.6 million
Duke University  Jan 2009/ NIH  Direct charging of administrative and clerical costs  Final settlement = recommended $ by the auditor

Effort Reporting Phases

Appointing faculty & staff
- Employment terms established (months, contract period, % full time, base salary)
Pre-Award

Preparing the Proposal Budget
- Effort proposed, commitment made to the sponsor
- Salary charged/computed, consistent with activity to grant or cost sharing account
- Grant proposal
Pre-Award

Charging Salary
- Salary charged/realized, consistent with activity grant or cost sharing account
Effort attested, after activity occurred

Certifying effort
- Validation of effective certification requirements
- ADRS, invoices final expenses & sends FSR

Account close-out

Life Cycle of Effort Reporting – an ongoing process...
Key Principles of Effort Reporting

- Effort must be certified based on the actual work performed.
- If the certified effort is less than the salary charged and cost shared to the grant for that quarter, the overcharged portion must be removed.

Effort Confirmation
- Per Reporting Period

<table>
<thead>
<tr>
<th>Payroll %</th>
<th>Effort %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Payroll Exceeds Effort
- Per Reporting Period

Payroll exceeds Effort after the Certifier attested his/her Effort expended on the project for the reported period.

Effort Exceeds Payroll
- Per Reporting Period

Effort exceeds Payroll after the Certifier attested his/her Effort expended on the project for the reported period.

Example of Effort Report

<table>
<thead>
<tr>
<th>Name</th>
<th>Effort Weekly Hours</th>
<th>Payroll Weekly Hours</th>
<th>Payroll %</th>
<th>Effort %</th>
</tr>
</thead>
<tbody>
<tr>
<td>John</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Effort Reporting: Key Concepts

- 100% Effort ≠ 40 ≠ 60 ≠ 80 hours per week
- Institutional Base Salary (IBS):
  - Annual compensation paid by an organization for an employee’s appointments, whether that individual’s time is spent on research, teaching, patient care, or other activities. Base salary excludes any income that an individual is permitted to earn outside of duties for the applicant/grantee organization.

  Salary increase NOT based on receiving new sponsored funding
  - Changes of responsibilities, merit increase, etc.
Effort Reporting: Key Concepts

- **Cost Transfers**
- **Commitment**

**Faculty members and senior researchers must commit some effort to the sponsored project within the fiscal period unless specifically exempted by the sponsor.**

**Agency Prior Approvals:**
- 25% or more reduction in time devoted to the project per budget period
- Absence of 3+ months
- Change in key personnel

**Effort Reporting: Key Concepts**

- **Consistency of reporting effort:**
  - Progress reports
  - Current pending & support pages
  - Effort reports
  - Financial status reports
- **NIH Salary cap and career award cap**
  - Difference is funded by a non-sponsored source

**Effort Reporting at NU**

**When to Report Effort:**
- Effort reported quarterly
- Effort reports should be certified within 4 weeks after they are available for certification

**Escalation Timeline:**

<table>
<thead>
<tr>
<th>Estimated Timeline</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Day 0</strong></td>
<td>Effort reports generated by unit administration due to end of quarterly - notification sent to unit administrator with the timeline completion.</td>
</tr>
<tr>
<td><strong>Week 1</strong></td>
<td>Units must verify effort to begin completion.</td>
</tr>
<tr>
<td><strong>Week 2</strong></td>
<td>Effort reports due 60 days after generation.</td>
</tr>
<tr>
<td><strong>Week 3</strong></td>
<td>3rd party - completion must be submitted to Department Chair.</td>
</tr>
<tr>
<td><strong>Week 4</strong></td>
<td>Submission - completion must be submitted to Associate Director.</td>
</tr>
<tr>
<td><strong>Week 5</strong></td>
<td>2nd - completion must be submitted to Director.</td>
</tr>
<tr>
<td><strong>Week 10</strong></td>
<td>Submit completed results and full effort (unclassified) reports sent to Director.</td>
</tr>
<tr>
<td><strong>Week 14</strong></td>
<td>Effort reports must verify 30% of End-of-Year, and any other effort as appropriate.</td>
</tr>
</tbody>
</table>

Effort Reporting System (ERS)

https://ers.northwestern.edu

Effort Reporting Training Sessions

- **Effort 101 Hands-on (Quarterly)**
- **Effort & Payroll Open Lab (Monthly)**
- **Faculty Effort Reporting (by Request)**
- **Brown Bag Sessions**
- **One-on-One Assistance**
Related Courses Recommended in the Following Order

- Research Administration Training Seminar offered by the Office for Research Integrity (contact ORI to register)
- Effort 101 (contact your Effort Coordinator to register)
- Sponsored Project Online Training (SPO T) – mini-courses and microlearning modules available online: https://osr.northwestern.edu/training/spot
- myHR
  - HRS 101: myHR Data Lookup
  - HRS 102: Deployed Funding
  - HRS 103: Temp Administration
- Finance Facilities and Research Administration (FFRA)
  - FMIS05: Managing Sponsored Projects
- Sign up for myHR & FFRA courses via myHR Self Service
  - myHR Self Service → Learning → Request Training Enrollment → Search by Course Number

myHR: http://www.northwestern.edu/myhr/index.html

Cognos Certification & Commitment Report

- The ER001 report in Cognos BI displays effort commitments from InfoEd and certifications from ERS in a single report
- Example for a given person for a given project:

What Data Can I See?

- Committed effort by budget period from InfoEd
- Certified effort by quarter from ERS
- FY14 and later
- Can see any person / any project for the entire university
  - There is no row level security restriction

How Would I Use It?

- Check certified effort for a project, including people who are in other departments
- Look up certified effort for an entire fiscal year (or longer) at once rather than one quarter at a time
- Check who has committed effort on a project and see whether or not they have certified effort
How Can I Get Access?

- You automatically have access if you have sponsored program management rights (e.g. if you can run GM045)
  - Go to “Effort Reporting” folder inside the “School” or “Central” folder within FFRA
- If you don’t have sponsored program management access already, submit the FFRA express security form

Questions/Support

- Cognos Report Questions/Issues/Support
  - Klara Mueggenburg (Systems Analyst, Enterprise Reporting and Analytics)
  - consultant@northwestern.edu / 847.467.4186
- Commitment Data Questions / Issues
  - Cognos pulls commitment data from InfoEd; contact OSR to update InfoEd if there are commitment data entry errors
- Certification Data / General Effort Reporting Questions
  - Cognos pulls certification data from ERS; contact your campus effort coordinator for questions about certifications, how to determine if commitments were met, and other general effort reporting questions.
  - Chicago: Erin Farlow (e.farlow@northwestern.edu / 312.503.0323)
  - Evanston: Tina Mete (t.mete@northwestern.edu / 847.491.6755)

Effort Questions?

APPENDICES

10 Effort Reporting Policies

Appendix I: 10 Effort Reporting Policies

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Basis for estimating effort percentages and calculating salary requests</td>
</tr>
<tr>
<td>#2</td>
<td>Activities related to NU appointment</td>
</tr>
<tr>
<td>#3</td>
<td>Consulting and outside, professional activities, are excluded from the basis for 100% effort</td>
</tr>
</tbody>
</table>

Pre-Charging Salary

1. Defining the basis for calculating salary requests
2. Worksheets for calculating salary requests
3. Institutional stance on voluntary cost sharing
4. Procedures for calculating salary requests
5. Reduction of effort commitments

Certifying Effort

1. Basis for estimating effort percentages and calculating salary requests in proposals
2. Summer effort and salary for faculty with 8- and 11-month appointments
3. Retroactive salary adjustments
4. Faculty certification of effort reports

Policy Area #1: The basis for estimating effort percentages and calculating salary requests
Policy Area #2: Expectation for Faculty Effort in Proposals

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.

Policy Area #3: Voluntary Cost Sharing

Northwestern University does not typically cost share on a voluntary basis. Voluntary cost sharing commitments are to be made only where the competitive forces and perceived institutional benefit of receiving the award are deemed to be sufficiently strong to warrant it.

Policy Area #4: Expectations for Extramural Funding of Faculty Academic Year Salary

If faculty expect to expend effort on sponsored projects during the academic year, a proportionate amount of academic year faculty salary should be requested from sponsors (to the extent that this is consistent with agency practice).

Policy Area #5: Reduction of effort when award reduced from proposal

When an awarded budget reflects a reduction from the proposed budget, an evaluation by the PI must occur to determine the effect on the effort commitments.

Policy Area #6: Prospective Establishment of Salary on Sponsored Project/ Cost Sharing Accounts

Salary distribution should begin on sponsored projects and or cost sharing accounts as soon as the project is awarded, and concurrently with actual project effort.

Policy Area #7: Summer Effort and Salary

Effort certification for the period beyond the appointment should only reflect the activity for which the faculty member is responsible and earning salary in that period. For most faculty, this represents effort and salary on sponsored projects only.
Policy Area #8: Retroactive Salary Adjustments

- Highly discouraged for periods for which effort has already been certified
- Charges to the sponsored accounts should not be higher than the certified effort
- Journal applicable dates must correspond to the intended original transaction
- Retroactive adjustments >90 days past the date of the initial charge require a detailed explanation by the PI
- Retroactive salary adjustments seeking to place costs onto sponsored projects will not be processed if the requested adjustment is > 1 year after the date of the initial charge

Policy Area #9: Faculty Certification of Effort Reports

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).

Policy Area #10: Training for faculty and administrators on effort reporting

All faculty and staff involved in effort reporting are expected to receive appropriate levels of effort reporting training.

Mission

To provide exceptional financial administration to sponsored research grants and contracts.

We are committed to the highest standards of financial stewardship and compliance with both University and sponsor regulations.

Other Related Northwestern Offices

President
- Provost
- Vice President of Research
- Executive Director for Research Financial Operations
- Accounting Services for Research and Sponsored Programs (ASRSP)
- Cost Studies
- Mission
- Roles & Responsibilities
ASRSP TEAMS

- Cash Management Team – Apply payments
  - Reports to Peg Morrisroe
- Financial Reporting – Financial reporting/invoicing, Closeout
  - 3 GCFA groups reporting to either Howard Ventura, Felice Patterson or Kathy Mustea (see chart)
- Information Team – various IT and Data reporting
  - Reports to Jarrod Routh
- SubK Team - Responsible for subcontract payment
  - Reports to Kathy Watson
- Special Operations - Audit and Expense review liaisons and the transaction review team.
  - Reports to Svetlana Kanev

ASRSP

Key Functions of ASRSP

- Financial Reporting
- Collecting Revenue
- Coordinating Audits
- Transaction Review & Approval
- Award Closeout

ASRSP

Why is ASRSP Important?

In Fiscal Year 2017 (between 9/1/16 and 8/31/17):

- $747 million in sponsored research expenditures
- 4,922 financial reports submitted
- 7,062 cost reimbursable invoices sent
- 7,506 payments applied in NuFinancials
- 4,748 subcontract invoices processed for payment to subrecipients

ASRSP

Website Resources

www.northwestern.edu/asrsp/

Networking/Break
Spending and Payment Considerations

Audit Topics
- Consultant Payments and Sub-recipient Monitoring
- Travel Reimbursements and Visa Fees
- Equipment Purchases
- Procurement Card Purchases
- Computer Purchases
- Cost Transfers
- Overdrafts

Timeliness of Expenditures
- Timeliness is an increasingly important part of managing sponsored awards
- Federal agencies giving us less time to closeout
- Important to create a spending plan, review it quarterly and reconcile to avoid a loss of funding

Dept./College Approvers
- When submitting transactions the department approver should
  - Audit Transaction...
    - Is it following sponsored project regulations (Allowable, Allocable,...)
    - Was the correct account code used
    - If a Service (Account code that start with 75***) always included a quote or attachment
    - Verify PI signature (required for some transactions)
    - Explanation provided is specific and mentions the benefit to the grant
    - Important for Expense reports, Consulting, Corrections journals, Equipment/computer purchases.
    - If there is a comment box please place benefit to grant there
    - ALWAYS attach backup if you have special circumstances
    - Special circumstances raise red flags at ASRSP you can expedite the approval of your transaction if you attach the budget page or email showing the sponsor allowed you to do something normally not allowed on typical grants

What is a Consultant?
- An individual hired to give professional advice or services for a fee
- Person cannot be classified as employee or subcontractor
- A work plan must be in place before any work is completed
- Work must directly benefit the grant
- US residents and non-residents paid differently

Consultants: Work Plan
- Define the work scope, deliverables and payment terms before work begins*
- Payment terms
  - Flat fee for deliverable
  - Hourly rate and expected hours needed for completion of work
  - If the project is long, a monthly deliverable schedule should be worked out so that payment doesn't exceed 90 days from the start of work for that period
  - Pay always based on receipt of timely, itemized invoice

* Note: May be asked for this work plan during an audit
Consultants: Speaker Fees

- Normally not allowable on sponsored projects
- Possible exceptions:
  - Presentation must relate to sponsored project and only individuals involved in project should attend

Consultants: Payment

- Determine if the payment will be made through HR or through Accounts Payable.
- Assuming the consultant is US Resident (A/P):
  - If consultant does not have a Northwestern University vendor code, department must complete an Independent Contract Questionnaire (ICQ) and submit it to HR for review and approval before a vendor code can be issued.
  - Department completes a Contracted Services Form (CSF requires vendor code) and consultant signs: must be after completion of the represented service period.
  - Department creates an online voucher, enters online voucher number on Contracted Services Form, uploads CSF and an invoice from the consultant into voucher in NuFinancials, and submits to ASRSP for review and approval.
- Remember missing information will delay payment

Contracted Services Approvals

Once form is completed and back up has been provided submit the form to ASRSP.

ASRSP will do the following.
1. Review and Audit the form and documentation and approval of fundamental compliance Approve the Online Voucher

Account Payable will review and approve the voucher and payment will be made

Interactive Activity

Please work with a partner.

You have 5 minutes to come up with your list of errors. We will discuss the results as a group afterwards.

Contracted Services Form

Invoice from Services
Subcontracts Overview

- PI institution gets awarded grant or contract from sponsor
- A portion of the project cannot be completed at Northwestern
- Subcontract is written to PI at outside institution or company to complete portion of the project
- The subcontract generally has a budget for salary, fringe, supplies, etc.
- The sponsor requirements and terms & conditions must be passed down with the subcontract

Sub-recipient Monitoring

- PI collects and monitors the technical performance of subcontractor
- Subcontractor should submit invoice to ASRSP regularly
  - Final invoice must be received on time
- PI must review invoices to ensure that charges reflect the work being done
- ASRSP reviews A-133 reports for sub-recipient institution

Subcontract Payment Process

- Department creates Requisition in PeopleSoft + Receiver Required (Y)
- ASRSP receives and forwards invoice to Department
- Invoice returned to ASRSP from Department for processing with Accounts Payable
- Invoices are certified by PI that costs budgeted are appropriate and work has been performed
- Department approves invoice and forwards to Accounts Payable
- AP sends check to ASRSP
- ASRSP reviews and then mails check to vendor along with a copy of the invoice

Travel Allowability

- Travel must directly benefit the grant
- Professional development and networking expenses are not allowed on grants
- Costs must be within Northwestern University guidelines
- Travel must be allowed by the sponsor, within sponsor guidelines and award terms.
- Best practice is to read the award!

General Travel Regulations

- Travel must be completed within award budget period
- Working lunches and local meals are not allowable
- Reimbursement can only be made upon completion of travel
- $65 limit per person on meals, including tax and tip
- Alcohol is not allowable
- Original itemized receipts required unless per diem option is selected prior to travel
- Travelers will be reimbursed for reasonable and actual costs of lodging
- Penalties, fees, and upgrades are generally not allowable

Visa Fees

- Fees for visas are allowable when foreign travel is authorized as part of the budget, and a visa is necessary for travel
- NIH allows visa fees for employees only for recruitment purposes. Renewal applications are not allowable
- NSF does not allow visa fees for employees
- For other federal agencies, the determination of allowability is still pending
Fly America Act & Exceptions

Federal law prohibits use of a foreign air carrier when travel is paid for by federal funds, with limited exceptions:

- US carrier does not service the route
- Excessive delays or layovers to use US carrier
- Medical necessity with sponsor pre-approval
- Use of foreign carrier puts travel at risk
- The grant is not funded by the Dept. of Defense and an Open Skies agreement exists

Open Skies Agreements

- US air carriers are the easiest option for foreign travel
- The Dept. of Defense does not allow an Open Skies exception to the Fly America Act
- Air carriers from European Union members states is allowable non-DOD federal grants
- Travel on an Australian, Japanese or Swiss air carrier may be allowable
- University preferred travel vendors are there to help

Equipment

- **Capital Equipment:** $5,000+ and useful life 1+ years
  - Uniform Guidance describes equipment use, title, inventory and disposal requirements
  - Purchase within final 3 months of grant is audit red flag
  - ASRSP reviews and approves equipment expenditures
  - Government titled property is managed by ASRSP

Procurement Cards

- A tool to streamline low value purchasing transactions. The card does not avoid or bypass appropriate procurement or payment procedures. The card is not used for travel and entertainment purposes.
  - Include a detailed description of the item being purchased
  - Be sure to keep all backup documentation, such as the pcard log and receipts, for audit purposes
  - ASRSP reviews all charges at the end of a grant, including pcard charges, for unallowable items

Computer Purchases

- Must be necessary for and provide benefit to the project
- Only allowable in unlike circumstances
- Must be directly allocable to the project
- Must be reasonable
- Currently in a transition year
  - Stay tuned for Uniform Guidance updates on this topic

Cost Transfers

- Expenses moved from one chartstring to another to correct an error
  - Support for cost transfers includes:
    - Description of the expense item
    - Explanation of how the expense benefits the grant
    - If it is travel, who traveled, to where, for what and the date of the travel
    - Detail why or how the expense was charged incorrectly
    - No need to say “moving from project A to project B”
    - Timeliness very important
Overdrafts
Expenditures exceeding the awarded amount

- Overdrafts are an uncollectable cost
- Department is responsible for funding these costs
- Transferring overdrafts to another sponsored project is not allowable
- Overdrafts typically cannot be transferred to continuation award
- ASRSP will charge department or center chartstring if overdraft is not resolved

What is Award Closeout?
A collaborative effort to coordinate the completion of a project to meet all requirements and deliverables established as a condition of the award.

Closeout Timeline
- 90 days before grant ends, ASRSP sends a closeout notice.
- Department contacts recharge center and lab staff about changes.
- ASRSP sends draft department about report. Includes an approved payroll journal on FFR.
- A recharge center sends post for payroll after the grant end.
- Closeout notice then sent.

Example of how Departments will lose funds based on 180 day closeout timeline
- Department discovers missing payroll and unexpended encumbrances.
- Department sends award ready except payroll journal over 90 days old (paper) being processed and moving through approval channels.
- ASRSP provides the weekly LOC P subaccount show within NUFin. Payroll is not showing up in NUFin.
- Payroll journal posts in NUFin after NIH closes grant.
Transfer or Relinquishment

- Complete ESPR request 90 days prior to transfer or close. Please note ESPR is an OSR system.
  - You must also EMAIL ASRSP GCFA about any transfer or relinquishments.
- Arrangements made for project personnel
- Work with INVO regarding any intellectual property
- Work with Accounting Services for equipment transfers
- Inform ASRSP to prepare financial report and close chartstring
- Follow standard closeout procedures

Federal Government Changes to Closeout

- Uniform Guidance requires reports due 90 days from the end date
- Federal Agencies are now enforcing those rules
  - Ex: Most Federal agencies will have a strict 90-day closeout window
  - NIH and NSF are the exceptions; they are granting 120 days but no extension can be asked
- If ASRSP is unable to draw funds and submit the final report, departments will be responsible for uncollected funds
- All expenses must be posted in NU Financials within 60 days of the end date to ensure payment
- Final subcontract invoices need special care when closing out

Questions?

Day 2 is Complete!

Thank you for attending day 2 of the Research Administration Training Seminar!

I will be emailing a brief survey regarding day 2 of this training. Please take a few minutes to fill it out as we are always looking for suggestions for improvement!

The next session is on Monday, 1/29 at 9:00am in Lurie – Baldwin Auditorium. If you have any questions or concerns, please do not hesitate to contact me.