Agenda
Thursday, April 26
9am – 12:30pm

• Post-Award Non-Financial Management (OSR)
• Cost Transfers
• Recharge (Service) Centers and Program Income
• Faculty Salary Planning
• Compensation: Personal Services & Effort Reporting
• Research Accounting (ASRSP)
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 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 on 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

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
- Budget
  - Carry-forward of unobligated balance
  - Open new budget categories
  - Revised budget for an award
  - Revised budget for a proposal
- Personnel
  - Effort change for PI or other key personnel
  - Extended absence of PI
  - PI or Co-I change
  - Change of department
- Prespending
  - New award
  - Continuation year
- Subcontract
  - Request to issue new subaward
  - Subaward amendment
- Material Transfer Agreements
- Fabricated Equipment
- 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?
  - What work will be accomplished?
  - Confirmation of effort during NCE
  - Most recent IRB and/or IACUC approval, if applicable
  - Current balance
  - Justify large or small balances

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**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 not included 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?
What is a Cost Transfer (Journal)?

The act of moving a charge from one project/account to another

- Cost transfers can occur:
  - Between two sponsored accounts
  - From a non-sponsored account to a sponsored account
  - From a sponsored account to a non-sponsored account, or
  - Between two non-sponsored accounts
Why are Cost Transfers Problematic?

- A cost that is originally placed on an account is certified for allowability, allocability tests and direct benefit to a project
- A cost transfer invalidates that original certification

<table>
<thead>
<tr>
<th>Institution</th>
<th>Date Settled/Agency</th>
<th>Issues</th>
<th>Settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northwestern University</td>
<td>2004/ NIH</td>
<td>Institutional base salary, K award, Certifier Assignment</td>
<td>$5.5 million</td>
</tr>
<tr>
<td>Johns Hopkins University</td>
<td>Feb 2004/ NIH</td>
<td>Faculty time &amp; effort overstated</td>
<td>$2.6 million</td>
</tr>
<tr>
<td>Harvard University</td>
<td>July 2004/ NIH</td>
<td>Government billed for salaries &amp; expenses unrelated to federal grants, self reported</td>
<td>$3.3 million</td>
</tr>
<tr>
<td>Florida International University</td>
<td>Feb 2005/ Dept of Energy</td>
<td>Effort reporting, cost transfers, payroll dist.</td>
<td>$11.5 million</td>
</tr>
<tr>
<td>University of Alabama at Birmingham</td>
<td>Apr 2005/ NIH</td>
<td>Research work overstated, Medicare billed for research</td>
<td>$3.9 million</td>
</tr>
<tr>
<td>The Mayo Clinic</td>
<td>May 2005/ NIH, others</td>
<td>Cost allocation, cost transfers, inadequate accounting system</td>
<td>$6.5 million</td>
</tr>
<tr>
<td>St. Louis University</td>
<td>July 2008/ NIH, CDC, HUD</td>
<td>Supplemental compensation, effort reporting</td>
<td>$1 million</td>
</tr>
<tr>
<td>Yale University</td>
<td>Dec 2008/ Multiple agencies</td>
<td>Cost transfers, summer salary charges, effort reporting</td>
<td>$7.6 million</td>
</tr>
<tr>
<td>Duke University</td>
<td>Jan 2009/ NIH</td>
<td>Direct charging of administrative and clerical costs</td>
<td>Final settlement &lt; recommended $ by the auditor</td>
</tr>
</tbody>
</table>
Cost Transfer Guiding Principles

• Are for **correction errors**
• Must **not** be used as a means of managing available cash balances
• Project funds are not interchangeable; the integrity of each grant account must be maintained
• Reasonableness, allowability, allocability, and consistency **must be established**; the need for a cost transfer must reflect adherence to federal cost principles and must be **well-documented**
• Costs applicable to several projects **cannot** be charged solely to a single project
• Costs not allocable to a project **cannot** be charged to that project (even temporarily)

NIH and Northwestern Standards

- **Cost Transfer Standards**
  - Northwestern
    - Transfers of salary charges should take place before certifying effort
    - 90 day exception letter needed for transfers made after 90 days*
    - Cost transfers greater than 12 months after the date of occurrence*
    - Must be made within 90 days of the original charge
  - NIH
    - Must be made 90 days after error is discovered
Cost Transfer Documentation

1. Provide a reason for the transfer
2. Explain the purpose of the transfer
3. Draw a correlation between the initial charge and the account to which it is being transferred
4. Document and maintain all relevant information to the transfer

Salaries/wages cost transfers (journals) must be supported by certified effort report if the reporting period has been open in the Effort Reporting System (ERS)

- Links to 90-day cost transfer memo and related references: [http://www.northwestern.edu/coststudies/salary-cost-transfers.html](http://www.northwestern.edu/coststudies/salary-cost-transfers.html)

Cost Transfer Red Flags

- Transfers made in excess of 90 days after the original charge
- Transfers without a full explanation or “cookie cutter” explanations (e.g., “to correct error”)
- High volume of transfers (especially during the last month of the award)
- Patterns in timing (i.e., near end of project period) and “route” (mostly onto, and rarely off of sponsored projects) of transfers
- Transfers among “closely related” projects
- Grant to Grant transfer
How to Prevent *Unnecessary* Cost Transfers

- Establishing pre-award chartstrings, when appropriate, can prevent future cost transfers
  - Pre-award spending allows the PI to begin work and record charges against the proper chartstring related to a project before the start of the award
  - Keep in mind that costs are incurred at the institution's or department's risk
  - To establish a pre-award chartstring, submit the request via ESPR explaining the need and supplying budget details
- Establishing a financial plan that enables you to proactively charge expenses to the correct chartstrings from the onset
- Communicating with Payroll, recharges centers and other staff that process expenses to the grant

Timeliness and Closeouts

- Submitting cost transfer in time for reporting is a major consideration as the government tightens its closeout processes (e.g., Payment Management System)
- Deadlines for reporting expenses have changed significantly
- What do these new rules mean…
  - Grant expense need to be reconciled by the end date of the grant, not after the grant end date
  - Cost transfers submitted after the grant end date may not make the report and could be denied
    - Department may lose funding if they have not charged expenses timely
Questions?

Cost Transfers

Recharge Centers (Service Centers) and Program Income

Tina Mete
Senior Financial Research Administrator
Office of Cost Studies
What is a Service (Recharge) Center?

A Service Center is an Operating Unit that has the expertise to provide specialized services/goods to internal (NU) customers on a recurring basis and needs to recover the costs of providing the goods/services.

- Costs of providing the good/service are recovered through fees to users, primarily Northwestern faculty, staff, and students.
- Service Centers aka. Recharge Centers.

Why Do We Need Service (Recharge) Centers?

Good and/or service may not be otherwise available.

Increase procurement efficiency or convenience.

Examples:
Use of a MRI machine, Cleanroom, Machine shop, etc.
Categories of Service Centers

- **Specialized Service Facility**
  (Direct + Indirect = Fully loaded costs)
  e.g., CCM (Animal Facility), Telecommunication

- **Core Facilities**
  (Shared resources with a research aim)
  e.g., Genomics, IMSERC

- **University-wide Service/Recharge Center**
  (Managed by Central – e.g., Facility Management)

- **Department Recharge Center**
  (Operated by a department)
  e.g., Machine shop

When is a Recharge Center Needed?

- **Examples**
  - **Recurring Use** of an instrument by other researchers and need to recover the labor, maintenance, and/or applicable equipment depreciation cost
  - **Recurring Services** to provide goods or expertise to users and need to recover the operating costs

**Contact us!** A cost study of the recharge rates should be performed to ensure the charges are based on actual costs and **No profit is built into the rates for internal usage**
Examples of Measurable Units for Goods or Services

- Labor hour
- Machine hour
- CPU unit
- Per Rack Unit
- Daily rate
- Test
- Slide
- Page
- Cup
Recharge Rates & Subsidy Consideration

- Most recharge centers are supported (subsidized) by the university, school or department
- Charges to users must be equitable so no Federally sponsored user subsidizes another user
  - If a lower rate is provided to certain users only, subsidy/support from another allowable source should be provided to account for the difference
- Recharge rates are cost-based; the revenue from the recharge center cannot be treated as profit and used to purchase capital equipment or fund department deficits
- Recharge rates should be reviewed and approved by Cost Studies on an annual basis
  - Use the annually approved rates to charge users

Grant-Supported Recharge Centers

What is the treatment of revenue when a recharge center supported by federal grant(s) generates a net surplus during the award period?
Program Income

- Program income is gross income—earned by a grantee, a consortium participant, or a contractor under a grant—that was directly generated by the grant-supported activity or earned as a result of the award.

- Any costs associated with the generation of the gross amount of program income that are not charged to the grant should be deducted from the gross program income earned, and the net program income should be the amount reported.

- Must be reported to the agency.

Examples of Program Income

- **Fees for services performed**
  - Money from the use, sale, or rental of equipment purchased with project funds
  - Sale of supplies or equipment purchased or fabricated with project funds
  - Sale of software, tapes or publications
  - Sale of research materials, such as animal models, vectors, or reagents
  - Fees from participants at conferences or symposia
Use of Program Income

<table>
<thead>
<tr>
<th>Program Income Alternative</th>
<th>Use of Program Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additive</td>
<td>Added to funds committed to the project or program and used to further eligible project or program objectives.</td>
</tr>
<tr>
<td>Deductive</td>
<td>Deducted from total allowable costs of the project or program to determine the net allowable costs on which the Federal share of costs will be based.</td>
</tr>
<tr>
<td>Combination</td>
<td>Uses all program income up to (and including) $25,000 as specified under the additive alternative and any amount of program income exceeding $25,000 under the deductive alternative.</td>
</tr>
<tr>
<td>Matching</td>
<td>Used to satisfy all or part of the non-Federal share of a project or program.</td>
</tr>
</tbody>
</table>

Roles and Responsibilities

**Service Center Director/Mgr**

- Manages routine operations
- Prepares rates
- Adhere to the approved rates when charging customers
- Tracks financial performance
- Administers billing and collection activities

**Office of Cost Studies**

- Assists in development
- Reconciles capital equipment information
- Reviews and approves rate calculation
- Helps correct non-compliant practices
- Establishes/monitors adherence to policy

http://www.northwestern.edu/coststudies/recharge.html
Questions?

Faculty Salary Planning

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
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 such distribution in accordance with applicable Federal Cost Principles and consistently applied institutional policy and practices.

- The 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?

- Tenure/tenure track faculty have 9 month academic year appointments
- May also have another appointment with a different contract period (i.e. 12 month)
- May receive up to 2.5 months of summer salary from sponsored projects
- Academic year: 9/16-6/15
- Summer period: 6/16-9/15
- Partial months of September & June will affect direct charge calculation
- Salary cap consideration
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

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### Evanston: What is Academic Base Salary?

<table>
<thead>
<tr>
<th>Name</th>
<th>Base</th>
<th>Monthly Rate</th>
<th>Academic Base Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Doe</td>
<td>$10,000</td>
<td>$1,666.67</td>
<td>$120,000</td>
</tr>
</tbody>
</table>

This table is used to determine the academic base salary for an appointment. The monthly rate is calculated by dividing the annual salary by 12 months.

### Monthly Earned Rate for Salary Calculation

<table>
<thead>
<tr>
<th>Month</th>
<th>Earned Rate</th>
<th>Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Feb</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Mar</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

The earned rate is calculated by multiplying the monthly rate by the number of months worked. For a full-time appointment, the earned rate will be $1,000 per month.
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 1/7/18 is $189,600 or $15,800 per month for 12 month appointments
  – For 9 month appointments, the cap is $142,200
Research/Summer Quarter (Summer Salary)

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

www.northwestern.edu/hr/payroll/administrator-payments.html

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
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

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**

**Employee Name:** Doe, Jane  
**Annual Base Salary (NU+NMG):** $275,000.00  
**Monthly Base Salary (NU + NMG):** $22,916.67

**Worksheet**  
**Date:** 1/8/2018

<table>
<thead>
<tr>
<th>% APPT</th>
<th>$ SALARY</th>
<th>NU</th>
<th>NMG commitment</th>
<th>NU</th>
<th>NMG</th>
<th>100.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>82.00%</td>
<td>225,000.00</td>
<td>1.5 days clinic/week</td>
<td>18.00%</td>
<td>50,000.00</td>
<td>123</td>
<td></td>
</tr>
</tbody>
</table>

**Acct Sh or t Name / Grant No.:** CHART STRING Salary Cap  
**Applicable Cap:** Y  
**Cap:** $275,000.00

**NU GRANT CHART STRINGS salary % base % NU % effort salary % base % NU % effort salary % base % NU % effort**

| NIH Project | 610-1234567-60031000 | 187,000.00 | 3,272.50 | 14.28% | 17.45% | 21.00% | 3,272.50 | 14.28% | 17.45% | 21.00% | 21% | 21% |
| NIH Flow through Project | 620-1234567-60032000 | 187,000.00 | 4,675.00 | 20.40% | 24.93% | 30.00% | 4,675.00 | 20.40% | 24.93% | 30.00% | 30% | 30% |
| Projected NEW NIH Project | 610-1234567-TBN (HIGH CONFIDENCE IN FUNDING) | 187,000.00 | 1,558.33 | 6.80% | 8.31% | 10.00% | 1,558.33 | 6.80% | 8.31% | 10.00% | 10% | 10% |
| Non-Federal Project | 650-1234567-60033000 | N/A | 1,145.83 | 5.00% | 6.11% | 5.00% | 1,145.83 | 5.00% | 6.11% | 5.00% | 5% | 5% |

**NU NON-GRANT CHART STRINGS**

| Chair Appointment | 450-1234567 | N/A | 1,145.83 | 5.00% | 6.11% | 5.00% | 1,145.83 | 5.00% | 6.11% | 5.00% | 5% | 5% |

**Operating Fund**  
110-1234567 (calculated as base salary not covered by grant + N MG)

| 2,479.18 | 10.82% | 13.22% | 10.82% | 2,479.18 | 10.82% | 13.22% | 10.82% | 10% | 10% |

**COST SHARE CHART STRINGS** (grant % effort = % cost share + % base)

| Cost Share for NIH Project | 192-1234567-60031000 | N/A | 1,540.00 | 6.72% | 8.21% | TRUE | 1,540.00 | 6.72% | 8.21% | TRUE | N/A | N/A |
| Cost Share for NIH Flowthrough Project | 192-1234567-60032000 | N/A | 2,200.00 | 9.60% | 11.73% | TRUE | 2,200.00 | 9.60% | 11.73% | TRUE | N/A | N/A |
| Cost Share for Projected NIH Project | 192-1234567-TBN (HIGH CONFIDENCE IN FUNDING) | N/A | 733.33 | 3.20% | 3.91% | TRUE | 733.33 | 3.20% | 3.91% | TRUE | N/A | N/A |

**NMG SALARY**

| 4,166.67 | 18.18% | N/A | 18.2% | 4,166.67 | 18.18% | N/A | 18.2% | 18% | 18% |

**Monthly Total**

| 22,916.67 | 100% | 100% | 100% | 22,916.67 | 100% | 100% | 100% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

**BUDGET NOTE:** Cost sharing charged to endowment acct

| TOTAL CHARGE TO COST SHARE (192s) | 4,473.33 | 19.5% | 23.86% | 4,473.33 | 19.5% | 23.86% | 4,473.33 | 19.5% | 23.86% | 4,473.33 | 19.5% | 23.86% |

| TOTAL CHARGE TO ENDOWMENT (after transfer to cost share) | 5,619.16 | 30.3% | 29.97% | 5,619.16 | 30.3% | 29.97% | 5,619.16 | 30.3% | 29.97% | 5,619.16 | 30.3% | 29.97% |

*Applicable Salary Cap may vary within budget year and/or fiscal year. See NIH Salary Cap Reference tab for details.*

**NIH Cap 09/01/16 - 01/07/17:** 185,100  
**NIH Cap 01/08/17 - 08/31/17:** 187,000 (new cap may not be used until 1/8/17)
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

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.
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 $189,600

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
Compensation: Personal Services and Effort Reporting

Tina Mete
Senior Financial Research Administrator
Office of Cost Studies

Compensation for Personal Services
– Cost Studies Personnel

- Operational Support (Effort Reporting System) and Compliance Monitoring
  - Jennifer Mitchell (Oversees Effort Reporting, 7-2473)
  - Tina Mete (Evanston Contact, 1-6755)
  - Erin Farlow (Chicago Contact, 3-0323)

http://www.northwestern.edu/coststudies/effort.html
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
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

Effort 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

<table>
<thead>
<tr>
<th>Institution</th>
<th>Date Settled/Agency</th>
<th>Issues</th>
<th>Settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northwestern</td>
<td>2004/ NIH</td>
<td>Institutional base salary; K award; Certifier Assignment</td>
<td>$5.5 million</td>
</tr>
<tr>
<td>Johns Hopkins University</td>
<td>Feb 2004/ NIH</td>
<td>Faculty time &amp; effort overstated</td>
<td>$2.6 million</td>
</tr>
<tr>
<td>Harvard University</td>
<td>July 2004/ NIH</td>
<td>Government billed for salaries &amp; expenses unrelated to federal grants; self reported</td>
<td>$3.3 million</td>
</tr>
<tr>
<td>Florida International University</td>
<td>Feb 2005/ Dept of Energy</td>
<td>Effort reporting, cost transfers, payroll dist.</td>
<td>$11.5 million</td>
</tr>
<tr>
<td>University of Alabama at Birmingham</td>
<td>Apr 2005/ NIH</td>
<td>Research work overstated; Medicare billed for research</td>
<td>$3.9 million</td>
</tr>
<tr>
<td>The Mayo Clinic</td>
<td>May 2005/ NIH, others</td>
<td>Cost allocation, cost transfers, inadequate accounting system</td>
<td>$6.5 million</td>
</tr>
<tr>
<td>St. Louis University</td>
<td>July 2008/ NIH, CDC, HUD</td>
<td>Supplemental compensation, effort reporting</td>
<td>$1 million</td>
</tr>
<tr>
<td>Yale University</td>
<td>Dec 2008/ Multiple agencies</td>
<td>Cost transfers, summer salary charges, effort reporting</td>
<td>$7.6 million</td>
</tr>
<tr>
<td>Duke University</td>
<td>Jan 2009/ NIH</td>
<td>Direct charging of administrative and clerical costs</td>
<td>Final settlement &lt; recommended $ by the auditor</td>
</tr>
</tbody>
</table>
Effort Reporting Phases

1. Appointing faculty & staff
   - Employment terms established: # months (contract period), % full time, base salary

2. Preparing the proposal budget
   - Effort proposed; commitment made to the sponsor

3. Charging salary
   - Salary charged/cost-shared, consistent with activity to grant budget or cost sharing account

4. Certifying effort
   - Effort attested, after activity occurred

5. Account close-out
   - Validation of certified effort against salary charges. ASRSP invoices final expenses & sends FSR

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

1. Appointing faculty/staff
2. Preparing Proposal Budget
3. Charging Salary
4. Certifying Effort
5. Award Close-out

- Awarded after x months
- After x months
- Near end of project
- Submitting more proposals
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>

Effort
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

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 year unless specifically exempted by the sponsor.

### Agency Prior Approvals:
- Change in key personnel
- 25% or more reduction in time devoted to the project per budget period
- Absence of 3+ months
- Summer Effort (9 month faculty)
- 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>Day 0</td>
<td>Effort Reports generated by central administration (~2-4 weeks after end of quarter) – notification sent to Dept Admin after deadline is communicated</td>
</tr>
<tr>
<td>Week 3</td>
<td>Deadline reminder sent to Dept Administration</td>
</tr>
<tr>
<td>Week 4</td>
<td>Effort reports due (~30 days after generation)</td>
</tr>
<tr>
<td>Week 5</td>
<td>1st warning – completion results communicated to Department Administrators</td>
</tr>
<tr>
<td>Week 7</td>
<td>2nd warning – completion results sent to Department Chairs</td>
</tr>
<tr>
<td>Week 10</td>
<td>3rd warning – completion results and individual delinquency reports sent to Dean's offices</td>
</tr>
<tr>
<td>Week 14</td>
<td>Delinquency reports sent to VP of Research and Provost Office to determine appropriate action</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 (SPOT) – 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)
  - FMS505: 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:

<table>
<thead>
<tr>
<th>Title</th>
<th>Fund Code</th>
<th>Financial Department ID</th>
<th>Budget Period Start</th>
<th>Budget Period End</th>
<th>Committed Effort Calendar Months</th>
<th>Committed Effort Academic Months</th>
<th>Committed Effort Summer Months</th>
<th>Certified Effort Quarter</th>
<th>Certified Effort Period Start</th>
<th>Certified Effort Period End</th>
<th>Certified Effort Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor</td>
<td>650</td>
<td>5421060</td>
<td>1/1/14</td>
<td>10/31/17</td>
<td>0.12</td>
<td>0</td>
<td>0</td>
<td>1/2017</td>
<td>9/1/16</td>
<td>11/30/16</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>193</td>
<td>5421060</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2/2017</td>
<td>12/1/16</td>
<td>2/30/17</td>
<td>0%</td>
</tr>
</tbody>
</table>
### Run report for a project:

<table>
<thead>
<tr>
<th>Employee ID</th>
<th>Title</th>
<th>Effort Period Start</th>
<th>Effort Period End</th>
<th>Committed Effort Calendar Months</th>
<th>Committed Effort Academic Months</th>
<th>Committed Effort Summer Months</th>
<th>Certified Effort Calendar Months</th>
<th>Certified Effort Academic Months</th>
<th>Certified Effort Summer Months</th>
<th>Certified Effort Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>Professor</td>
<td>1/1/14</td>
<td>10/31/17</td>
<td>12.2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>002</td>
<td>Person 1</td>
<td>1/1/14</td>
<td>10/31/17</td>
<td>2.4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>003</td>
<td>Person 2</td>
<td>1/1/14</td>
<td>10/31/17</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Run report for a person:

<table>
<thead>
<tr>
<th>Name</th>
<th>Employee ID</th>
<th>Title</th>
<th>Effort Period Start</th>
<th>Effort Period End</th>
<th>Committed Effort Calendar Months</th>
<th>Committed Effort Academic Months</th>
<th>Committed Effort Summer Months</th>
<th>Certified Effort Calendar Months</th>
<th>Certified Effort Academic Months</th>
<th>Certified Effort Summer Months</th>
<th>Certified Effort Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>001</td>
<td>Person 1</td>
<td>1/1/14</td>
<td>10/31/17</td>
<td>12.2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td></td>
<td>003</td>
<td>Person 1</td>
<td>1/1/14</td>
<td>10/31/17</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>
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 (c-mete@northwestern.edu / 847.491.6755)
Questions?

APPENDICES

10 Effort Reporting Policies
Appendix I: 10 Effort Reporting

Policy Area #1: The basis for estimating effort percentages and calculating salary requests

**Basis for 100% effort** = **Activities related to NU appointment**

Consulting and outside, professional activities, are excluded from the basis for 100% effort
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

Accounting Services for Research and Sponsored Programs (ASRSP)
Research Accounting
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 for Research
- Office for Research
- Executive Vice President
- Vice President of Financial Operations & Treasurer
- Executive Director for Research Financial Operations
- Accounting Services for Research and Sponsored Projects (ASRSP)
- Cost Studies
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
Key Functions of ASRSP

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

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
Website Resources

www.northwestern.edu/asrsp/

Spending and Payment Considerations

ASRSP: Spending & Payment
Audit Topics

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

ASRSP - Spending & Payment

Timeliness of Expenditures

General accounting rule: post expenses within 90 days of its occurrence

- 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

ASRSP - Spending & Payment
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 use
    • 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:

  Conference Grants

  Training Grants

  Specifically included in the approved budget

- Presentation must relate to sponsored project and only individuals involved in project should attend

ASRSP: Spending & Payment
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.
Invoice from Services

Subcontracts Overview

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

- ASRSP reviews A-133 reports for sub-recipient institution

Subcontract Payment Process

1. Department creates Requisition in People Soft + Receiver Required (Y)
2. ASRSP receives and forwards invoices to the Department
3. Invoices are certified by PI that costs charged are acceptable and work has been performed
4. Invoice returned to ASRSP from Department for processing with Accounts Payable
5. AP sends check to ASRSP
6. Department approves receiver required field in People Soft
7. 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 member 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

- Begins 90 days before a grant end
- A time to settle all expenses that belong on the grant and to send final reports due
- Reconciliation throughout the sponsored project period assists with a smooth close out
- Department should strive to post all expenses on a grant by the end date to avoid loss of funding

Closeout Timeline

- No Cost Extension? Dept either requests a NCE or begins final spending plan
- Review Expense & Encumbrances Dept insures encumbrances are valid, reviews expenses to insure they are allowed, and initiates final PO's or corrections
- Internal Services Stop Dept should inform lab staff & internal service centers to stop using chartstring
- Final Progress Reports PI prepares and submits Dept should keep a copy in file ready for auditors' request
- Final Invention Statement PI & Dept should submit through OSR
- Carryover Request PI submits carryover request to OSR if terms require approval
- FFR DUE ASRSP reviews expense for allowability and will submit before deadline and close chartstring
- Award End Date Grant has ended. No new expenses should post.
- Finalize Expenses Dept follows up on unposted expenses, and communicates status to ASRSP
- Effort Check 30 days before effort reviewed. Respond to emails that require corrections- ASAP
- Prespending ? Dept requests prespend chartstring for competing continuations
- Closeout e-mail PI and RADAM will receive a closeout email and talk about closeout plans

- -90 to -60 days before
- -30 days before
- 30 days after
- 60 days after
### Example of how Departments will lose funds based on 180 day closeout timeline

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>~90 days before</td>
<td>Department contacts recharge center and lab staff of changes.</td>
</tr>
<tr>
<td>Grant ends</td>
<td>ASRSP GCFA contacts department about report. Includes an approved payroll journal on FFR.</td>
</tr>
<tr>
<td>90 days before</td>
<td>ASRSP sends an ATR based on NUFIN information. Payroll is not showing up in NUFin but recharge cost is.</td>
</tr>
<tr>
<td>120 days after</td>
<td>Payroll journal posts in NUFIN after NIH closes grant. Department will have to cover payroll and other unallowable items on department chart string.</td>
</tr>
</tbody>
</table>

In the past, ASRSP would report corrected expenditures on future reports sent. **NOW a Grant is closed by Payment Management after 120 days.** Award is reduced to lowest number reported.

#### Transfer or Relinquishment

- Complete ESPR request 90 days prior to transfer or close. Please note ESPR is a 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

COST ALLOWABILITY FOR SPONSORED CHARGES

Costs and Templates for Best Practices:
- Developed by finance staff, the following provides a collection of tools that facilitate the justification of charged sponsored projects
  - Computing Device Authorization Form
  - Sponsor Acceptance Form
  - Multiple Project Allocation Form

A selection of the allowable costs are listed below:
- Advertising and public relations costs
- Academic Officers
- Alcohol
- Building
- Construction
- Cost sharing
- Convention and Delegation
- Depreciation
- House and Perquisites
- Meals and Beverages for Personal Use
- Insurance and Personal Living Expenses
- Insurance, Bond, Rating and Investment Management Costs
- Medical Insurance
- Indirect Costs in Country, China, Social, Entity, or Other Organizations
- Marketing
Questions?