Agenda
Wednesday, July 25
9am – 12:30pm

• Cost Sharing (OSR)
• Core Facilities Administration
• Recharge (Service) Centers and Program Income
• Cost Transfers
• Faculty Salary Planning
• Compensation: Personal Services & Effort Reporting
• Research Accounting (ASRSP)
• Office for Export Controls Compliance
• Wrap-Up (Check Your Knowledge)

Sponsored Research:
Cost Sharing
What is Cost Sharing?

The portion of total project or program costs (direct and indirect) not born by the sponsor

- The University or a third party (such as a subcontractor or an unfunded collaborator) bears the cost
- Normally in the form of direct costs (e.g., salary) or with sponsor approval, may take the form of F&A costs where reimbursement is waived or reduced

Common Types of In-Kind Cost Share

- Faculty Effort
- Unrecovered F&A
- Graduate Student Fellowships

Appropriate Sources for Cash Funds

- Gifts
- Endowments
- Unrestricted discretionary funds

Cost Matching

“Cost Sharing = “Cost Matching”

- Terms can be (and often are) used interchangeably
- However, the terms “cost matching” often refers to cost sharing agreements in which the amount of sponsor funding is based on an equal or proportionate commitment (e.g., 1:1) from the University
Types of Cost Sharing

Mandatory Cost Share (MCS)

Voluntary Committed Cost Share (VCCS)

Voluntary Uncommitted Cost Share (VUCS)

Pro / Con of Cost Sharing

Positive
- Helps Northwestern be eligible for certain programs
- Makes Northwestern more competitive for certain programs
- Helps Northwestern allocate resources to areas of strategic national importance

Negative
- Financial
- Administrative
- Compliance
- Investigator
- F&A Rate Decrease
Institutional Position on Cost Share

Northwestern only engages in cost sharing when it is in the best overall interest of the University

- Mandated by sponsor solicitation or policy
- Deemed appropriate in light of specific circumstances

Requesting Institutional Support

Large-Scale, Interdisciplinary Proposals
- DoD, DoE, NSF
- NIH Program Project Grants or Center Grants (P Series)

Instrumentation Proposals
- NSF Major Research Instrumentation (MRI)
- NIH Shared & High-End Instrumentation (S10/HEI)

Central Administration does not consider requests for “cap gap” cost sharing
Cost Sharing Requirements

- Verifiable from the recipient's records
- Not included as contributions for any other Federally-assisted project or program
- Necessary and reasonable
- Allowable
- Not paid by the Federal Government under another award
- Provided for in the approved budget when required by the Federal awarding agency

Unacceptable Forms of Cost Sharing

- Costs funded by other sponsored projects
- Costs pledged as cost sharing for another funded project
- Unfunded salary for effort beyond the contractual appointment period
- Costs reimbursed through the F&A rate
- Salary dollars above the regulatory cap
- Costs not deemed to be necessary and reasonable
### Required Cost Share Fund Codes

<table>
<thead>
<tr>
<th>Type</th>
<th>Fund</th>
<th>Cost Share Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Cost Share</td>
<td>191</td>
<td>Required by sponsors as a matter of statute, regulation or policy, or is indicated in individual solicitations</td>
</tr>
<tr>
<td>Over the Cap Commitment</td>
<td>192</td>
<td>Difference between actual salary and sponsor imposed salary cap (e.g. NIH)</td>
</tr>
<tr>
<td>Voluntary Committed Cost Share</td>
<td>193</td>
<td>Not required by the sponsor as a condition of award but provided at the proposal stage at the discretion of the institution.</td>
</tr>
</tbody>
</table>

### Accounting for Cost Sharing

- Ensures Northwestern can provide verification that MCS and VCCS obligations have been met
- Ensures proper classification of costs in F&A rate calculation (*i.e. MCS and VCCS must be included in the base*)
- Provides valuable management information in the form of accurate financial accounting (*i.e. the reporting of full research costs*)
Cost Sharing Timing & Best Practices

• *Start very early:* It takes a while to process cost share requests

• MCS, VCCS and Salary-over-the-cap cost must be tracked and reported in F&A proposals and Effort Certification

• Work with Sponsored Research to ensure the appropriate cost share chart strings are open upon award notification

• Fund the CS chartstring by a *non-sponsored source*

• For more info, visit Sponsored Research website cost sharing page: [https://osr.northwestern.edu/proposals/costsharing](https://osr.northwestern.edu/proposals/costsharing)

Cost Sharing

Questions?
What does CFA do?

- Core Facilities Administration provides financial support, administrative oversight, professional development, assessment and communication of shared research resources to advance the research mission of Northwestern University.
  
  - Institutional Policies and Procedures
  - Federal Regulations and Compliance
  - Annual Report Review
  - Program Review
  - Inter-Institutional Activities (OAI, Cores at Argonne, SHyNE)
  - Marketing and Communications (business consulting, support services, website, brochure)
What are Core Facilities?

- Core Facilities are centralized research laboratories with state-of-the-art (expensive) equipment
- "Recharge Centers" operating under a fee-for-service model, with the mission of enabling research at Northwestern
  - Department Core Facilities serve researchers in a single department, earning revenue less than $30K/year
  - University Core Facilities serve researchers in multiple departments, earning revenue greater than $30K/year
  - Clinical Core Facilities serve the research needs of researchers/clinicians engaged in clinical research studies
- Cores provide centralized services to researchers:
  - Genomics/Proteomics/Animal Model services
  - Synthesis and characterization of biomolecules (small molecules, peptides, proteins)
How are Core Facilities Supported?

- **Central Oversight of University Core Facilities**
  - Administrative and Financial Services (NUcore)
  - Rigorous Evaluation of Annual Reports (Awards)
  - Policies and Regulations (Federal, University)
  - Professional Development Opportunities

- **Annual Financial Support**
  - OR (approx. $2M/yr)
  - Centers, Schools, Departments (approx. $2M/yr)

- **Construction and Improvements of Space for Core Facilities**

How are Core Facilities Supported? (cont’d)

- **Office for Research Equipment Grants**: two competitive rounds per year, support equipment purchases up to $100K, ReLODE loan program up to $500K (10 yr. to pay back)
- **Office for Research Operating Support**: requested via the Annual Report, supports expenses not allowable on recharge, facility growth, unexpected expenses
- **FSM Dean’s Office Support**: competitive, single round per year, provides subsidies for cores serving FSM researchers
- **Voucher Program**: when a PI donates new equipment to a core facility, they are eligible for a voucher to use the equipment
Additional Support of Core Facilities

- Schools and Departments provide operating subsidies or annual deficit coverage to core facilities
- Core-specific grants reduce the operating costs (NIH RHLCCC grant and other P30’s, NSF MRSEC grant)
- External users charged a higher rates - especially commercial users that can help a core facility balance its budget (some transactions may be taxable!)

How can I learn more about Core Facilities?

- Visit our website: http://facilities.research.northwestern.edu/

- Internal Opportunities
  - Core Facility Listserv Quarterly Brown Bags
  - Kellogg Course: Leadership and Management in Core Facilities
  - Quarterly NUCore Tech Talks

- External Opportunities
  - National: ABRF (Association of Biomolecular Resource Facilities)
  - Regional: MWACD (Midwest chapter of ABRF)
Contact us with questions!

Recharge Centers (Service Centers) and Program Income

Erin Farlow
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.

Recharge Center
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?

Cost Transfers

Erin Farlow
Senior Financial Research Administrator
Office of Cost Studies
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
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 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>$1.3 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 **correcting 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

Must be made within 90 days of the original charge.

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 90 days after error is discovered.

NIH

Cost Transfers

Cost Transfer Documentation

Provide a reason for the transfer

Explain the purpose of the transfer

Draw a correlation between the initial charge and the account to which it is being transferred

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
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?
Faculty Salary Planning

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.
Principles & Policies

• 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
### Evanston: What is Academic Base Salary?

**Salary Planning**

**Notes:**

**Instruction:**
- Enter/update MONTH RCD Annual SALARY 12.00

- **Salary cap**
- **9 month Academic year:** 9/1-5/31
- **12 month academic year:** 9/1-8/31

- Institutional base salary (& effort) includes both NU & NMG
- Most Ph.D./investigator track/tenure eligible faculty have 12 month appointments or have joint appointments with an Evanston school

- Clinical faculty (MDs) have 12 month appointments

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

**Salary Planning**

<table>
<thead>
<tr>
<th>Name</th>
<th>Entered Id</th>
<th>Total Base #</th>
<th>Maximal Base #</th>
<th>Qtr.</th>
<th>Employee Name</th>
<th>Base Salary</th>
<th>Fiscal Year</th>
<th>Monthly Earned Rate</th>
<th>Salary Charges Allowed</th>
<th>Accumulated Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Salary Planning**

### 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 Planning**

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/administratorpayments.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

**Salary Planning**

**II. Effort Distribution**

Enter percentages in Section IV, highlighted blue, in FASIS.

**III. Amount Charged**

**Enter applicable salary cap may vary within budget year and/or fiscal year. See NIH Salary Cap Reference tab for details.**

**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

**Salary Planning**

**Enter applicable salary cap may vary within budget year and/or fiscal year. See NIH Salary Cap Reference tab for details.**

**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 (cont.)

<table>
<thead>
<tr>
<th>Award</th>
<th>Total Award</th>
<th>% Base Salary</th>
<th>% NU</th>
<th>% Effort</th>
<th>Net Diff</th>
<th>Project Period</th>
<th>Additional Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,072.50</td>
<td>15.29%</td>
<td>15.21%</td>
<td>15.29%</td>
<td>15.29%</td>
<td>15.29%</td>
<td>9/1/15 - 8/31/18</td>
<td>0.0%</td>
</tr>
<tr>
<td>4,075.00</td>
<td>20.40%</td>
<td>20.40%</td>
<td>20.40%</td>
<td>20.40%</td>
<td>20.40%</td>
<td>9/1/15 - 8/31/18</td>
<td>0.0%</td>
</tr>
<tr>
<td>1,666.67</td>
<td>6.67%</td>
<td>6.67%</td>
<td>6.67%</td>
<td>6.67%</td>
<td>6.67%</td>
<td>9/1/15 - 8/31/18</td>
<td>0.0%</td>
</tr>
<tr>
<td>1,666.67</td>
<td>6.67%</td>
<td>6.67%</td>
<td>6.67%</td>
<td>6.67%</td>
<td>6.67%</td>
<td>9/1/15 - 8/31/18</td>
<td>0.0%</td>
</tr>
<tr>
<td>4,666.67</td>
<td>18.27%</td>
<td>18.27%</td>
<td>18.27%</td>
<td>18.27%</td>
<td>18.27%</td>
<td>9/1/15 - 8/31/18</td>
<td>0.0%</td>
</tr>
<tr>
<td>2,200.00</td>
<td>9.60%</td>
<td>11.73%</td>
<td>TRUE</td>
<td>N/A</td>
<td>TRUE</td>
<td>26,400.00</td>
<td>99.0%</td>
</tr>
<tr>
<td>733.33</td>
<td>3.20%</td>
<td>3.91%</td>
<td>TRUE</td>
<td>N/A</td>
<td>TRUE</td>
<td>8,799.96</td>
<td>100%</td>
</tr>
<tr>
<td>4,166.67</td>
<td>18.18%</td>
<td>N/A</td>
<td>18.2%</td>
<td>18%</td>
<td>18%</td>
<td>50,000.04</td>
<td>99.0%</td>
</tr>
<tr>
<td>22,916.67</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>275,000.04</td>
<td>TRUE</td>
</tr>
</tbody>
</table>

### Salary Planning

**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.
Forms: Where Do You Get Them?

- Summer Salary Forms
  - [www.northwestern.edu/hr/payroll/administratorpayments.html](http://www.northwestern.edu/hr/payroll/administratorpayments.html)
- SDA Forms
  - [www.northwestern.edu/hr/payroll/administratorpayments.html](http://www.northwestern.edu/hr/payroll/administratorpayments.html)
- Salary planning wkst & Academic Base Salary wkst
  - [www.northwestern.edu/coststudies/effort.html](http://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.
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).

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  
[mmcclellan@northwestern.edu](mailto:mmcclellan@northwestern.edu)

**Evanston:**
Deb Cundiff  
Business Administrator  
McCormick School of Engineering  
[deb@northwestern.edu](mailto:deb@northwestern.edu)

Compensation:  
Personal Services and Effort Reporting

Erin Farlow  
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?
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](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)
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

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

### Post-Award
- **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

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

- Payroll %
- 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

- Payroll %
- Effort %
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>Accounts</th>
<th>Payroll %</th>
<th>Cost Sharing %</th>
<th>Total %</th>
<th>Certified Effort %</th>
</tr>
</thead>
<tbody>
<tr>
<td>610-39999-000112445 CHEM-RESEARCH</td>
<td>25%</td>
<td>1%</td>
<td>26%</td>
<td>33%</td>
</tr>
<tr>
<td>610-9591234-090000000 STEM-CELL-RESEARCH</td>
<td>25%</td>
<td>0%</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>70-000000-3000000 SLEEP DRUG STUDY</td>
<td>25%</td>
<td>0%</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>Total Sponsored Accounts</td>
<td>66%</td>
<td>1%</td>
<td>67%</td>
<td>76%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Sponsored Accounts</th>
<th>Payroll %</th>
<th>Cost Sharing %</th>
<th>Total %</th>
<th>Certified Effort %</th>
</tr>
</thead>
<tbody>
<tr>
<td>164-1234567 DEPT ACT</td>
<td>11%</td>
<td>-1%</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>710-1234567-99991234 RU MED FACULTY</td>
<td>22%</td>
<td>0%</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>Total Non-Sponsored Accounts</td>
<td>34%</td>
<td>1%</td>
<td>35%</td>
<td>38%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>100%</td>
<td>0%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

I certify that allocation of activity for the individual shown above is a fair representation for the period noted.

Form Certified By: King, Emily
Form Certified On: 01/30/09

*This Effort Form has been successfully Certified.*
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)

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 Administration with the deadline 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 Administration</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 Dept’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](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](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 Month</th>
<th>Committed Effort Academic Months</th>
<th>Committed Effort Summer Months</th>
<th>Certification Quarter</th>
<th>Certification Period Start</th>
<th>Certification Period End</th>
<th>Certified Effort Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor</td>
<td>600</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>12/2/16</td>
<td>2/28/17</td>
<td>0%</td>
</tr>
</tbody>
</table>

Run report for a project:

- Project ID
- Project Description
- Project Start Date: January 1, 2017
- Project End Date: October 31, 2017
- Institution Number
- Main PI

| Employee ID | Title       | Fund Code | Financial Department ID | Budget Period Start | Budget Period End | Committed Effort Calendar Month | Committed Effort Academic Months | Committed Effort Summer Months | Certification Quarter | Certification Period Start | Certification Period End | Certified Effort Percentage |
|-------------|-------------|-----------|--------------------------|---------------------|------------------|-------------------------------|---------------------------------|--------------------------|-------------------------|--------------------------|-----------------------------|
|             | Professor   | 600       | 5421060                  | 1/1/14              | 10/31/17         | 0.12                          | 0                               | 0                        | 1/2017                 | 9/1/16                  | 11/30/16                | 1%                          |
|             |             |           |                         |                     |                  |                               |                                 |                          | 2/2017                 | 12/2/16                 | 2/28/17                 | 0%                          |
|             | Employee 1  | 600       | 5421060                  | 1/1/14              | 10/31/17         | 0.12                          | 0                               | 0                        | 1/2017                 | 9/1/16                  | 11/30/16                | 1%                          |
|             | Employee 2  | 600       | 5421060                  | 1/1/14              | 10/31/17         | 0.12                          | 0                               | 0                        | 1/2017                 | 9/1/16                  | 11/30/16                | 1%                          |

- Effort
Run report for a person:

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)

Questions?
APPENDICES

10 Effort Reporting Policies

Appendix I: 10 Effort Reporting

<table>
<thead>
<tr>
<th>Preparing the Proposal Budget</th>
<th>Charging Salary</th>
<th>Certifying Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1: Basis for estimating effort %’s and calculating salary requests</td>
<td>#6: Prospective establishment of salary on sponsored project (or cost sharing) accounts</td>
<td>#1: Basis for estimating effort percentages and calculating salary requests in proposals</td>
</tr>
<tr>
<td>#2: Expectations regarding faculty effort in proposals</td>
<td>#7: Summer effort and salary for faculty with 9- and 11-month appointments</td>
<td>#7: Summer effort and salary for faculty with 9- and 11-month appointments</td>
</tr>
<tr>
<td>#3: Institutional stance on voluntary cost sharing</td>
<td>#8: Retroactive salary adjustments</td>
<td>#9: Faculty (personal) certification of effort reports</td>
</tr>
</tbody>
</table>
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).

Effort Appendix

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.

Effort Appendix
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

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

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

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

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:
  - 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.
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 a PI at outside institution or company to complete portion of the project
- The sponsor requirements and terms & conditions must be passed down with the subcontract
- The subcontract generally has a budget for salary, fringe, supplies, etc.

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 People Soft + Receiver Required (Y)
- ASRSP receives and forwards invoices to the Department
- Invoices are certified by PI that costs charged are acceptable and work has been performed
- Invoice returned to ASRSP from Department for processing with Accounts Payable
- Department approves receiver required field in People Soft
- 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

ASRSP - Spending & Payment

Administrative Systems Training

Training Curriculum

Grants
- Sponsored Research Overview
  - FM5503 In dof Proposal Development
  - FM5503 In dof Approvals
  - FM5503 Managing Sponsored Projects

Before Class
1. The Grant Chart String
2. Grants Training Plan
3. Source Overview
Register: FM5503 Managing Sponsored Projects - Classroom

After Class
1. In dof Proposal Tracking
2. Database

Library
1. Managing Sponsored Projects
2. Award Management Doef Reference Guide
3. Sponsored Research Checklist
4. Reading the Grant Report
5. Reading OMB
6. Reading NIGMS
7. Reading GL008

http://ffra.northwestern.edu/training/curriculum.html

ASRSP - Spending & Payment
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**

**Closeout e-mail**  
PI and RADM will receive a closeout email and talk about closeout plans.

**Prespending?**  
Dept either requests a NCE or begins final spending plan.

**Review Expense & Encumbrances**  
Dept insures encumbrances are valid, reviews expenses to ensure 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 should Submit through OSR.

**Finalize Expenses**  
Dept follows up on unposted expenses, and communicates status to ASRSP.

**Final Effort Reports**  
PI & Dept certifies final effort reports.

**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.

---

**Example of how Departments will lose funds based on 180 day closeout timeline**

~ 90 days before grant ends, ASRSP sends a closeout notice.

- Department contacts recharge center and lab staff of changes.
- ASRSP GCFA contacts department about report. Includes an approved payroll journal on FFR.

A Recharge center expense posts for period after the grant ends. Somehow they didn’t get the message.

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.

Payroll journal posts in NUFin after NIH closes grant. Department will have to cover payroll and other unallowable items on department chart string.

Payroll journal posts in NUFin after NIH closes grant. Department will have to cover payroll and other unallowable items on department chart string.
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
Questions?
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/information out of the U.S., including disclosures or transfers of technical data to foreign persons, whether in the U.S. or abroad.
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)
  - 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
Regulating Agencies

- Department of Commerce
- Department of State
- Department of Treasury

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 controlled technology 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.”
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."
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).

Fundamental Research Exclusion

- The FRE is destroyed when:
  - Sponsor is provided with the right to approve publications
  - Foreign nationals are restricted from participating in the research
  - “Side deals” are struck, wherein the researcher agrees to cooperate in some way with the sponsor to act inconsistent with “fundamental research”
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 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.”

- More recently, 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.
CITI Training for Export Compliance

- Northwestern has a subscription to CITI, the Collaborative Institutional Training Initiative
  https://citiprogram.org/

- Over ten different modules developed by experts in the field across the country (University-oriented)

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
633 Clark Street
Rebecca Crown Center,
North Tower 2nd Floor
Evanston, Illinois 60208

http://exports.northwestern.edu

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

Export Controls

CHECK YOUR KNOWLEDGE
Who does the review, approval, submission, and processing of your funding proposals?

a) ASRSP  
b) Research Safety  
c) OSR  
d) Vice President for Research  
e) All of the above

OSR

What system do you use to develop your proposals?

a) Cognos  
b) InfoEd/Proposal Development  
c) eNotis  
d) Kronos

InfoEd/Proposal Development
True or False:

A research administrator/coordinator must certify effort for their PI every quarter.

False

Certifiers (PIs, faculty, etc.) must certify to reflect:

a) Budget
b) Payroll
c) Actual work performed
d) Anticipated time worked

Actual work performed
Which office is responsible for the housing, welfare, and veterinary care of laboratory animals?

a) Institutional Review Board Office  
b) Institutional Animal Care and Use Committee Office  
c) Center for Comparative Medicine  
d) Research Safety

**Center for Comparative Medicine**

A PI's effort that is not required by sponsors but is offered by the PI in a proposal is:

a) Voluntary Uncommitted Cost Sharing  
b) Mandatory Cost Sharing  
c) Optional Cost Sharing  
d) Voluntary Committed Cost Sharing

**Voluntary Committed Cost Sharing**
When time devoted to external activities potentially has an adverse effect on capacity to meet University responsibilities, this is an example of:

a) Misconduct  
b) Conflict of Commitment  
c) A lack of integrity  
d) Conflict of Interest

**Conflict of Commitment**

What are the four guiding principles that help determine whether direct and indirect costs can be charged to a sponsored agreement?

- Reasonable  
- Allowable  
- Allocable  
- Consistent