



FEDERAL DEMONSTRATION PARTNERSHIP

Redefining the Government & University Research Partnership

FDP Expanded Clearinghouse

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Julie Thatcher, Institute for Systems Biology

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Sara Clough, University of Texas, Austin

Lesley Schmidt Sindberg, University of Minnesota

FDP Meeting – January 2019



Agenda

- Introductions – 5 mins
- Refresher on 2018 activities – 5 mins
- Update on recommendations to Exec Comm – 5 mins
- Planning for non member cohort – 10 mins
- All things data – 10 mins
- System update – 5 mins
- Education, Outreach and Evaluation – 5 mins
- Financial Questionnaire Pilot – 15/20 mins
- Audit discussions – 10 mins
- Q&A – 15 mins



Steering Committee

Area/Role/Functions	Lead Partners
Overall Direction & Oversight	Lynette Arias/Pamela Webb (co-chairs)
Federal Agency Liaison(s)/Champions	TBD in 2019
Project Management	Courtney Swaney/Denise Moody
Help Desk	Courtney Swaney
Web Based System	Chris Renner/Michael Johnson
Education, Outreach & Evaluation	Julie Thatcher/Neal Hunt
Profile Review & Approval (new)	Lynette Arias/Pamela Webb
Profile Review & Approval (updates) & Data Analysis	Robert Prentiss/Webb Brightwell
Financial Questionnaire	Sara Clough/Lesley Schmidt Sindberg
Long Term Planning	Jennifer Rodis/Amanda Hamaker



2018 was a busy year!

- Press Release on completed Pilot
- Completed pilot/transitioned to ongoing initiative
- Rolled out EC Steering Committee
- Stabilized & standardized Clearinghouse processes
- Invited/encouraged remaining FDP members to join and got them all up and running. 207 total Profiles!
- Developed, tested and implemented API
- Implemented system enhancements
- Continued development of Financial Questionnaire
- Worked with Executive Committee to establish and launch future plans



Recommendations to Exec Comm

Recommendation	Executive Committee Response
1) Should FDP continue to own and manage the Clearinghouse?	<ul style="list-style-type: none">• Yes• Start focused outreach & education campaign with federal agencies• Continue same management and oversight process
2) Should non-FDP member organizations be allowed to join?	<ul style="list-style-type: none">• Initially deferred, approval subsequently granted for an limited, targeted group• Additional discussion with Exec Comm & Finance Committee• Approved in Dec 2018
3) Should participation be mandatory for FDP members in next Phase?	<ul style="list-style-type: none">• Yes• Will be added to MOU
4) Should data residing in the Clearinghouse be used to support other FDP activities?	<ul style="list-style-type: none">• Yes - conceptually• Need to continue discussing the specifics to ensure comfort level



1) Owning the Clearinghouse

- FDP maintains ownership of Clearinghouse
 - As opposed to handing off to federal agency or some other entity or sharing ownership
 - Allows us to “stay in the drivers seat” and ensure standards around the profile data
- However we will be....
 - increasing our activity around education and awareness with FDP federal agency members
 - Starting more substantive dialogue regarding data interfaces with fed systems/data



1) Managing the Clearinghouse

- Continue to use Steering Committee
- Continue to utilize “user group” approach
 - Information sharing, dialogue and surveys
 - Encourage users to submit enhancements requests
 - Use “preference of the group” to guide direction
- Develop Federal interfaces to sync with federal repositories, reduce data entry burden
- Merge in other areas of FDP data repositories to remove redundant data
- Continue working with VUMC for system maintenance, enhancement and development



3) Mandatory use in Phase VII

- Will work with Membership Committee to be added to Phase VII MOU
- Will sync up with Clearinghouse Business Use Agreement
- Work toward merging the FDP Member “Institutional Profile” into the Clearinghouse prior to Phase VII MOU launch



2) Non-FDP member orgs joining!

- Proposed plan for **Cohort 5**:
 - Invite a limited number of non-FDP members (28 organizations total)
 - Domestic, single audit entities that have previously expressed interest (14 organizations)
 - Institutions included among the top 100 institutions with highest R&D expenditures (per NSF HERD survey) (14 organizations)
- Fee approved by Executive Committee
 - \$500 per year, subject to review each year



Cohort 5 Proposed Plan

Target Date	Event
Feb. 2019	<ul style="list-style-type: none">• Inform current participating organizations about plan for new cohort by email
Feb. 2019	<ul style="list-style-type: none">• Send invitation email to proposed Cohort 5 organizations
March 2019	<ul style="list-style-type: none">• Get new participating organizations set up in Clearinghouse• Participating organizations enter profiles• New orgs invoiced for annual fee• Profiles validated/published by FDP EC
April 2019	<ul style="list-style-type: none">• All new participating organizations' profiles published• Fee to be collected prior to publishing profile



Proposed Cohort 5 Organizations

Albert Einstein College of Medicine	Scripps Research Institute
Baylor College of Medicine	South Central Foundation
Carnegie Mellon University	Sutter Health CPMC Research Institute
E.P. Bradley Hospital	Uniformed Services University of the Health Sciences
Kaiser Foundation Research Institute	Universities Space Research Association
Lehigh University	University of Colorado Denver and Anschutz Medical Campus
Louisiana State University, Baton Rouge	University of Maryland Baltimore County
The Miriam Hospital	University of Rhode Island
The New School	University of Texas M. D. Anderson Cancer Center
Oregon State University	University of Texas Southwestern Medical Center
Princeton University	University of Utah
Rhode Island Hospital	Virginia Polytechnic Institute and State University
Rutgers, State University of New Jersey, New Brunswick	Wake Forest School of Medicine
Salk Institute for Biological Studies	Washington State University



4) Use of Data

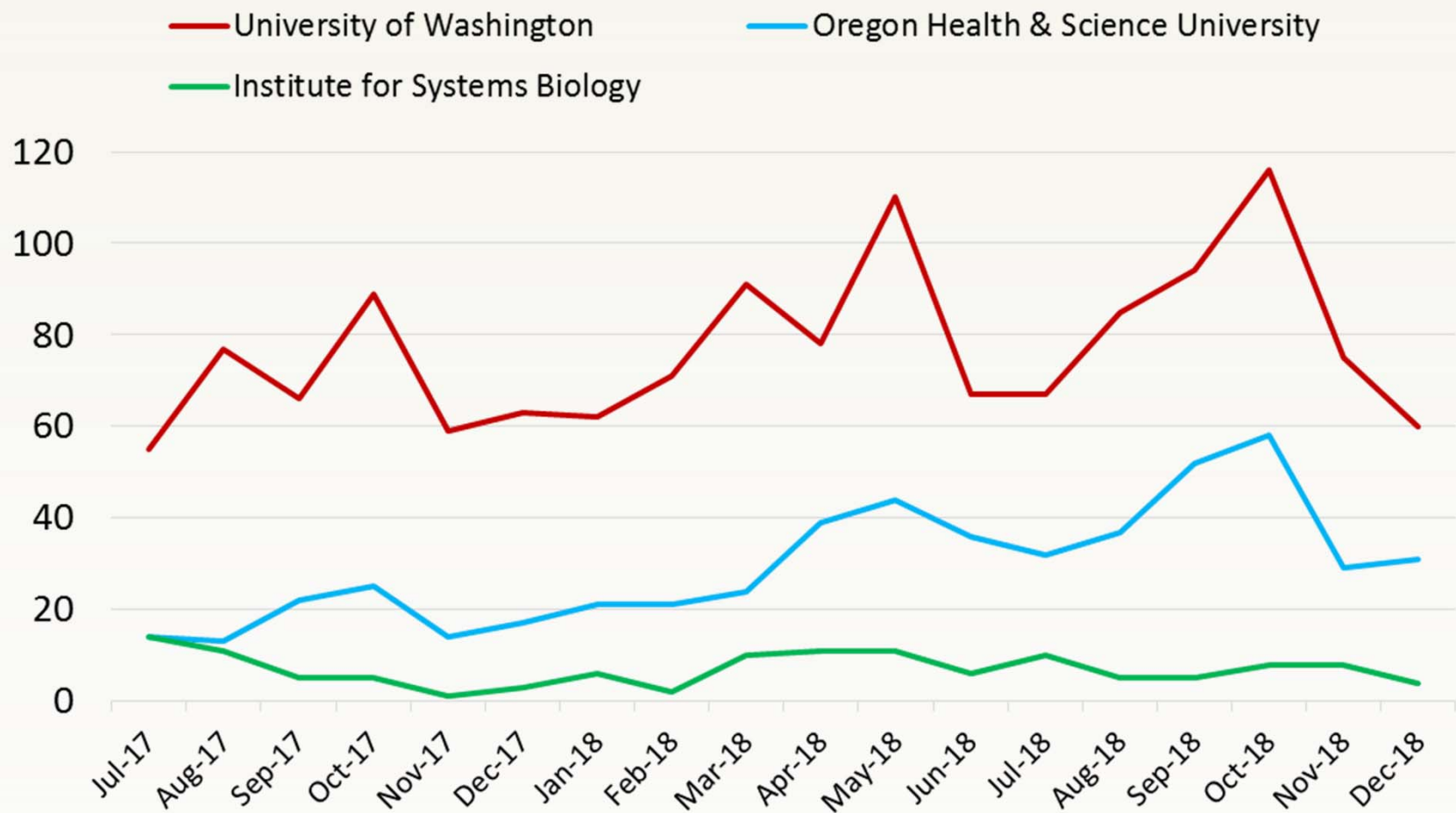
Recommendation: FDP should utilize Clearinghouse data to support overall FDP activities.

- Internal Data
 - Scrubbing for inconsistencies & anomalies.
- External Data
 - Google Analytics, to record website usage and attempt to gauge reduction of administrative burden.
 - Federal Audit Clearinghouse, to better understand when FDP member single audits have been released throughout the year.



Google Analytics

Unique Profile Pageviews



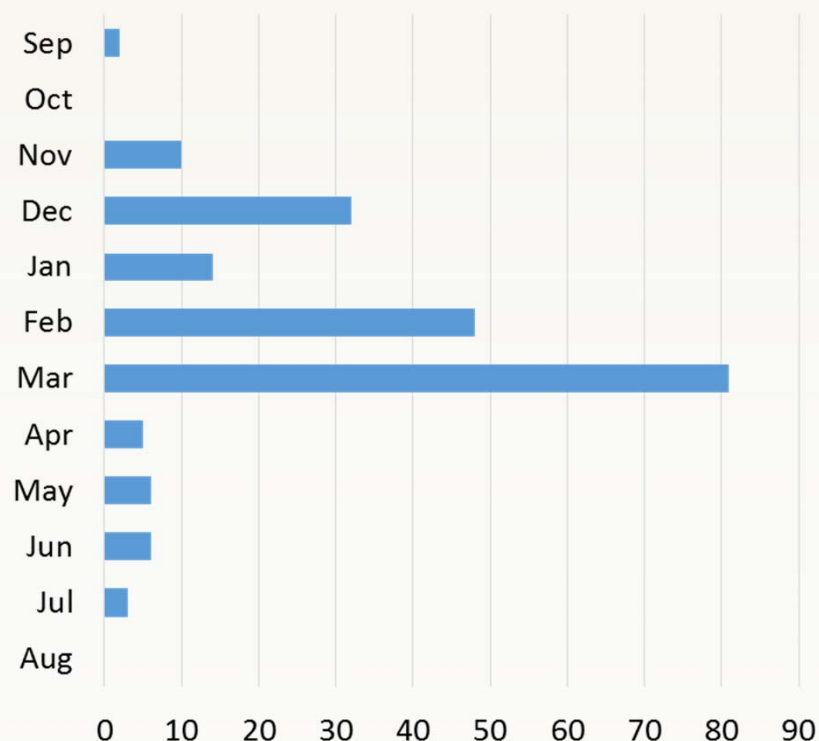


Single Audit Calendar

The most challenging data elements to update and maintain are those associated with audit results.

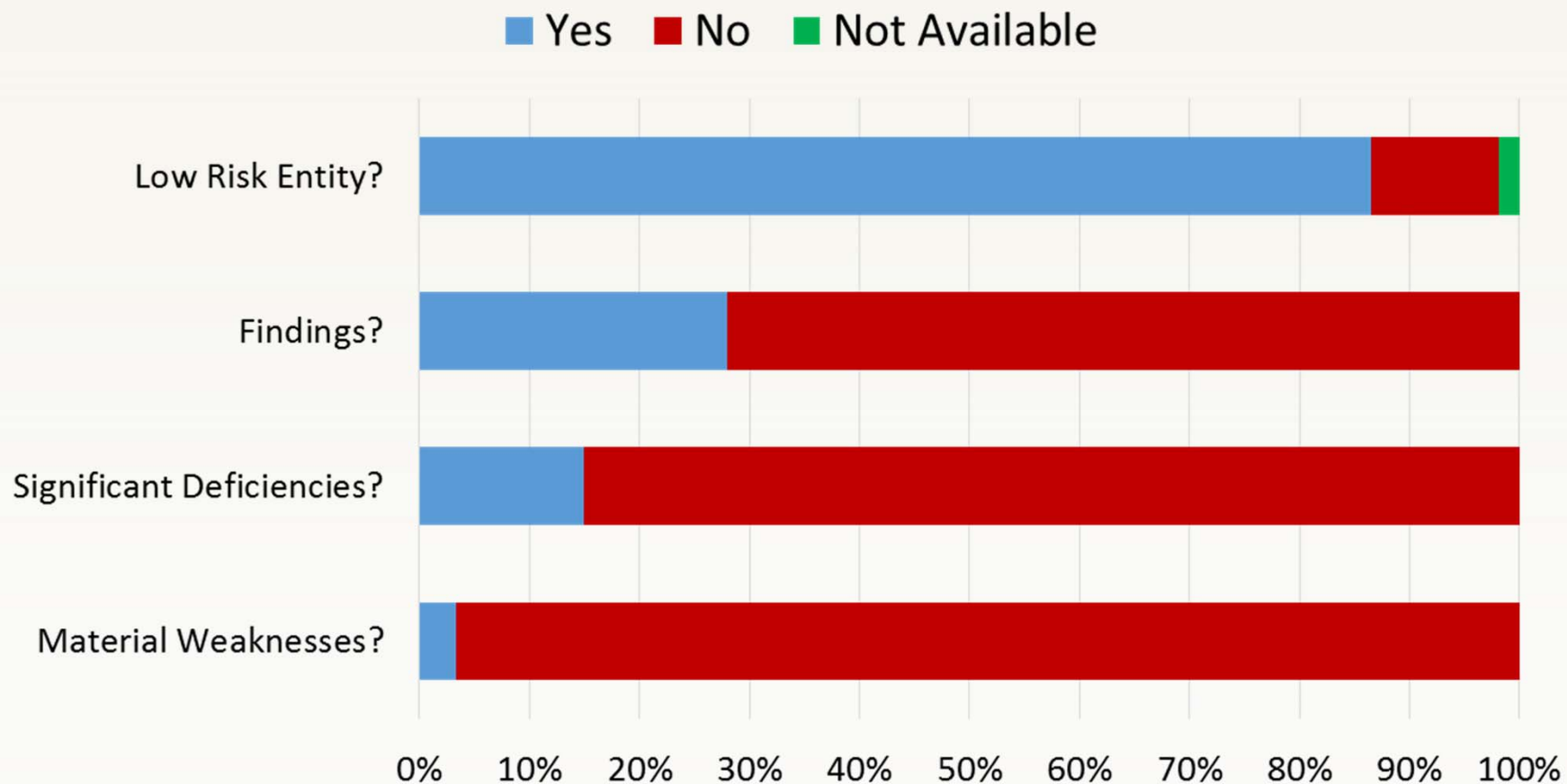
An organization's audits may be posted in different months from year to year. But on average, 85% of FDP member single audits are posted to the Federal Audit Clearinghouse between December 1 and March 31.

Acceptance dates of
FDP member single audits
in the Federal Audit Clearinghouse
(Average, FY15-17)





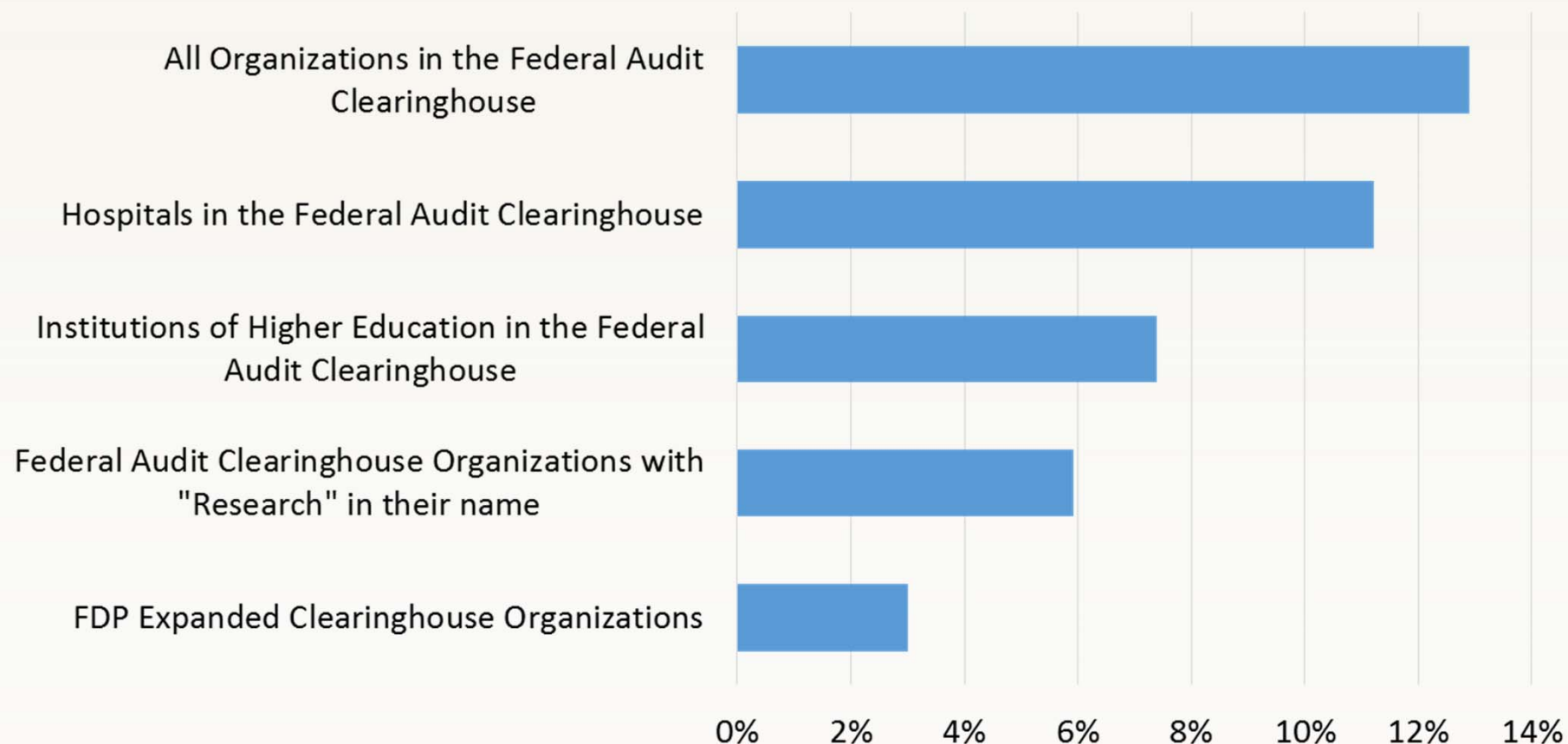
FDP Audit Results





FDP Audit Results in National Context

Single Audits with Material Weaknesses





System Enhancements

- **Functionality Enhancements**
 - **2018 Enhancements**
 - Enhanced Printing
 - Validation Issues
 - Updating and adding notifications
 - Expired certification dates – automated notification emails sent to all profile users (inc. Profile Editor and Authorized Profile Certifier)
 - API
 - Bug Fixes
 - Enhancements that reduce administrative burden
 - Enhancements that assist in data integrity
 - Suggestions? Send an email to the FDP Helpdesk at fdpechelp@gmail.com



System enhancements for Cohort 5

- Expansion of system to non-FDP member organizations
- Improvements to data integrity and system functionality/content, including notifications
- New field to mark FDP member
- Remove fields per recent survey



Education, Outreach & Evaluation

- Reducing administrative burden = removing non-essential items from profile
- Analysis revealed several underutilized and “not applicable” fields
- Surveyed members to ensure no harm
- Survey period 11/5/18 – 11/21/18
- Non response = approval with removal plan
- 99 responses (48% response rate)



Education, Outreach & Evaluation

Results

- Retain in Profile
 - Payment Address
- Hide from view and won't require from new entities
 - Primary Audit Contact Title
 - DDTC Registration Code
 - Lobbying Explanation
 - PHS/OLAW Assurance Approval Date
 - AAALAC Assurance Issuance Date
 - AAHRPP Approval Date
 - USDA Type of Institution
 - NRC Radioactive Materials License



Education, Outreach & Evaluation

- Upcoming Initiatives:

- Update profile instructions and guidance for next cohort enrollment
- Seek federal input on adding data elements common in federal JIT processes
- Seek suggestions from FDP Working Groups for additional elements (must articulate material benefit to participating members)



Financial Questionnaire (FQ)

Summer 2018

September &
October 2018

October &
November 2018

November & December 2018

Developed
guidance for
subrecipients and
PTEs including
risk mitigation
strategies

Requested
feedback on FQ and
guidance from FDP
stakeholders

Incorporated
feedback and edits

Reformatted FQ
into two packets—
one for subrecipient
and one for PTEs
with relevant
guidance

Developed cover
letters/instructions
for each set

Slide 22

MDM8

need new timeline and status slide

Moody, Denise M, 11/14/2018



Financial Questionnaire (FQ)

Recent Activities and Next Steps

- Completed smaller round of review and revision from internal FDP stakeholder
- Revised financial questionnaire and guidance into easier to digest formats for 1) the subrecipient and 2) PTEs incorporating cover letters with context on the FQ's purpose and use.
- Planning to request feedback from the wider FDP community on the reformatted financial questionnaires.
- Survey under development to determine interest in using the financial questionnaire.
- Anticipate conducting a limited pilot of the FQ at a small group of institutions in the future.
- New email address for working group - fq@thefdp.org!



FQ Subrecipient Packet

Cover Letter for a PTE to send to subrecipients

FDP Financial Questionnaire – with Guidance for Subrecipients

Financial Questionnaire (FQ) Guidance for Subrecipients

Dear Colleague,

You are receiving this Financial Questionnaire (FQ) because [Name of PTE] plans to issue your organization a subaward where the source of funding is originating from a United States (U.S.) federal agency. Accepting a subaward creates a legal duty for your organization to use the funds according to the subaward agreement and applicable U.S. federal laws and regulations. The purpose of this FQ is to provide us with information needed to assess the adequacy of the financial and accounting systems of your organization and to assess the need for assistance to ensure accountability of the subaward, if issued. We are required to do this risk assessment per the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), [2 CFR §200.331\(b\)](#). Lastly, we understand you are not subject to single audit per Uniform Guidance [2 CFR §200.501](#); however, if your entity has completed a federal single audit, please provide a copy instead of completing this questionnaire.

Included with this FQ is guidance to help you answer each of the questions. If asked to provide brief descriptions of a policy or process, please provide as much descriptive detail as possible.

[PTE can modify language below to suit their institutional practice.]

Please have an individual authorized by your organization complete and sign the FQ within _____ days from receipt of this letter. Late receipt will result in delays in the issuance of a subaward. Return the completed and signed FQ to:

[PTE email address]

For questions, please contact _____ [PTE email address, specify if different from above].

Sincerely,

[PTE]



FQ Subrecipient Packet

FDP Financial Questionnaire – with Guidance for Subrecipients

General Financial, Audit and Internal Controls Information

1. Does your organization have its financial statements reviewed by an independent auditor/accounting firm (third party, external, public)? Select Yes or No.

Subrecipient Guidance: Financial statements and audit documents are used by the pass-through entity (PTE) to comply with federal regulations that require PTE's to assess the risk of awarding funds to your organization. In addition, the PTE must verify that your organization has policies and procedures in place to adequately manage/steward the funds.

Yes

If Yes - Please provide a copy of or link to the most recent audited financials including auditors' letter:

PROVIDE LINK OR UPLOAD ATTACHMENT HERE.

Subrecipient Guidance: Audited financials include any financial statements that have been reviewed by a qualified third-party, such as an external audit or accounting firm and include an opinion on the quality and accuracy of the information presented in the financial statements, a statement that it has been prepared in accordance with generally accepted accounting principles (GAAP) and that has been audited by an independent certified public accountant in accordance with generally accepted auditing standards. This may also include a Form 10-K or annual report from a large company that may not necessarily include an audit letter or statements.

No

If No - Please provide a copy of or link to the most recent un-audited financials (for example: ledger, tax statements, etc.):

PROVIDE LINK OR UPLOAD ATTACHMENT HERE.

Subrecipient Guidance: Unaudited financials are any financial reports that have not been audited by an independent third party and no opinion has been given on the quality or accuracy of financials provided. This can include a profit and loss and balance sheet or tax returns. Unaudited financials are more commonly applicable to small and private organizations that do not have their financials examined by an independent, external auditor.

2. Are duties separated so that no one individual has complete authority over an entire financial transaction? Select Yes or No.
- Subrecipient Guidance: Separation of duties (also known as segregation of duties) is the concept intended to prevent fraud, error, or omission by having more than one person required to complete a task. A sufficient process would also prevent any one individual from gaining access to duties for which they are not assigned.*

Yes

No

3. Does your organization have and periodically evaluate its internal controls to assure U.S. federal and non-federal awards are managed in compliance with applicable laws, federal regulations, and terms of the award? Select Yes or No.

Subrecipient Guidance: Internal controls are processes put in place by an organization to mitigate risk, ensure the integrity of information and data, meet operational and budgetary targets, and communicate practices throughout the organization. They play an important role in detecting and preventing fraud and protecting the organization's resources. A periodic, formalized review process

Financial questionnaire with
guidance for subrecipients
filling out the form

Example of page 1 of 8



FQ Subrecipient Packet

General subrecipient
information and certification
last page (page 8)

FDP Financial Questionnaire – with Guidance for Subrecipients

1. Does your organization have a policy or procedure for transfer of costs/expenses between accounts or projects? Select Yes or No.

Subrecipient Guidance: A cost or expense transfer refers to an after-the-fact reallocation of costs or expenses from one project account to another. When a cost or expense is initially incurred, it should be charged to the correct account for the project. However, at times the expense may not have been charged correctly and a correction is required to assign the cost or expense appropriately. A cost transfer assumes that there was an initial error. Sufficient documentation, justification, and review is recommended best practice to support the transfer of the cost or expense, and to ensure financial records are accurate.

Yes

If Yes - Please provide a copy of or link to your organization's policy or procedure:

PROVIDE LINK OR UPLOAD ATTACHMENT HERE.

No

If No - Please provide a description/explanation of how your organization monitors, reviews and documents cost transfers:

PROVIDE DESCRIPTION HERE.

General Information

Legal Entity Name _____
Common Name _____
Address _____
Entity EIN _____
Entity DUNS _____
Entity Fiscal Year _____

Certification

I certify that the information provided herein is true and correct to the best of my knowledge:

Individual Name _____ Individual Signature _____
Individual Title _____ Date Certified _____



FQ PTE Packet

Cover Page for PTEs with Background and Risk Mitigation Strategies

FDP Financial Questionnaire – with Guidance for Pass-Through Entities

Financial Questionnaire (FQ) Guidance for Pass-Through Entities (PTEs)

Background:

The attached FDP Financial Questionnaire (FQ) was created by a working group under the direction of the FDP Expanded Clearinghouse Subcommittee, intended to be distributed to entities that do not currently have an entity profile in the FDP Expanded Clearinghouse, and are not required to conduct a single audit, per Uniform Guidance, [2 CFR §200.501\(b\)](#).

The goal of creating a standardized FQ was to reduce administrative burden for subrecipients not subject to single audit by providing a tool that all FDP members can use consistently. Subrecipients will recognize these common questions, reducing the amount of time it will take them to complete and return to PTEs. In addition, the FQ may reduce administrative burden for PTEs by providing guidance to be consistently used to assess the risk of a subrecipient. The FQ was designed to allow the subrecipient to include links to their existing policies and procedures, as well as open-ended questions guiding them to provide detailed descriptions should specific policies not exist.

Guidance for PTEs:

PTE guidance is provided for every question in the FQ to assist the PTE in assessing the risk of the entity. The guidance will state the ideal items the potential subrecipient should provide or explain, and when the PTE should consider its own risk tolerance per their own institutional policies. The FQ is not a risk assessment tool. The PTE may wish to consider a tool such as a Risk Assessment Questionnaire (RAQ) to analyze the responses received in the FQ.

Risk Mitigation Strategies:

Based on the responses of the FQ and the PTEs use of a RAQ or similar tool, the following risk mitigation strategies may be considered when identifying areas in the subrecipient's policies, procedures and/or systems that are of higher risk:

PTEs may request back-up documentation to support each invoice as necessary. Back up documentation may include copies of paid invoices, detailed travel charges, payroll registers/time and effort reports, cash receipts and disbursement journals, general and subsidiary ledgers, and negotiated agreements for fringe benefits (FB) and Facilities & Administrative (F&A) rates.

PTEs may provide subrecipients with training and technical assistance on program-related matters, or perform on-site reviews of the subrecipient's program operations, per Uniform Guidance, [2 CFR §200.331\(e\)\(1\) and \(2\)](#).

If there is some concern about the adequacy of the subrecipient's accounting system or ability to manage federal funds after reviewing the responses of the FQ and conducting a risk assessment, consider the following additional steps to mitigate associated risk:

- Include additional terms in the subaward for more frequent invoicing and progress reporting or conference calls.
- Include additional terms in the subaward requesting specific items of back-up documentation supporting the invoices.
- Withhold final payment pending receipt and approval of deliverables.
- Consider issuing the subrecipient a Fixed Price Subaward (this requires prior approval from the federal awarding agency).



FQ PTE Packet

FDP Financial Questionnaire – with Guidance for Pass-Through Entities

General Financial, Audit and Internal Controls Information

1. Does your organization have its financial statements reviewed by an independent auditor/accounting firm (third party, external, public)? Select Yes or No.

PTE Guidance: Both audited and unaudited financials are used in the risk assessment process to identify and assess the ability of the subrecipient to manage the funds awarded. Unaudited financials are considered less reliable than audited financials because they are not reviewed and attested to by an independent, external entity; they are self-reported.

Yes

If Yes - Please provide a copy of or link to the most recent audited financials including auditors' letter:

PROVIDE LINK OR UPLOAD ATTACHMENT HERE.

PTE Guidance: Some items to consider while reviewing the financial statements:

- Current ratio (Current Assets/Current Liabilities), which determines liquidity (assets should exceed liabilities).
- Total revenue to determine how much funding they currently manage and are likely to be able to manage.
- Revenue minus expenses to ensure they are not running a deficit.
- Changes in cash on hand, revenue, and profit from prior years to identify potential issues.
- Changes in expenditures from prior years.
- Trends and diversions are important to note, inquire about, and to understand what might have caused them.
- Management comments or findings on the financials, if available, and consider corrective action plans or other forms of remediation issued to the entity.

No

If No - Please provide a copy of or link to the most recent un-audited financials (for example: ledger, tax statements, etc.):

PROVIDE LINK OR UPLOAD ATTACHMENT HERE.

PTE Guidance: The same observations can be made and considerations noted. A key difference between audited and unaudited results is that an independent audit provides an assurance that there is no material mistake/misstatement in the financial data.

2. Are duties separated so that no one individual has complete authority over an entire financial transaction? Select Yes or No.

PTE Guidance: Separation of duties is a control process in place to prevent errors, omissions, or fraud. Inadequate separation of duties increases the risk that these issues may occur and risk mitigation may be necessary.

Yes

No

3. Does your organization have and periodically evaluate its internal controls to assure U.S. federal and non-federal awards are managed in compliance with applicable laws, federal regulations, and terms of the award? Select Yes or No.

PTE Guidance: Having internal controls and review processes in place can indicate whether the organizational culture of compliance and oversight is sufficient, or signal the risk of non-compliance with federal or state requirements.

Financial questionnaire with guidance for PTEs reviewing subrecipients responses

Example of page 1 of 8



Audit discussion

- Northwestern HHS IG audit report
- Any auditor comments, praise or concerns related to use of FDP Expanded Clearinghouse to assist entity subrecipient monitoring?
- Audit stories?



Questions & Discussion

- All feedback, comments, questions and praise - please use

fdpechelp@gmail.com





Key links & Helpdesk Email

- Expanded Clearinghouse Webpage
 - <http://thefdp.org/default/committees/research-administration/expanded-clearinghouse-subcommittee/>
- FDP Clearinghouse web-based system
 - <http://fdpclearinghouse.org/>
- General Helpdesk
 - fdpechelp@gmail.com
- API Helpdesk
 - fdpapihelp@gmail.com



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Co-Chair Contact Info

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