FEDERAL DEMONSTRATION PARTNERSHIP
Redefining the Government & University Research Partnership

Finance, Audit, & Costing Committee

Co-Chairs:
Michelle Bulls, NIH Office of Policy for Extramural Research Administration
Jim Luther, Duke University

(Presenters → Many Interested Parties)

January 13, 2021
Virtual Committee Session

Session Overview

Description:

- The Finance, Audit and Costing Policy Committee will continue the discussions from the last FDP meeting and focus on reducing administrative burden in the areas of financial, audit, and costing policies. Specifically we will follow-up on the discussions related to reducing financial reporting burden (FFR/FCTR/LOC), Data storage costs (coordination with Data stewardship subcommittee), Improving Cash Management Practices (LOC harmonization/modernization; Treasury Offset transparency; de minimis refunds post-closeout, etc.); Faculty Workload Survey (Analyzing & addressing burden in Post-award areas) and other Direct Charging issues.

Objective:

- Follow-up from September 2020 Session
- Discussion and Working Session

Planned Agenda

1) NIH Update

2) FCTR Elimination

3) LOC Survey

4) Treasury/NSF DLT (Blockchain) Grants Payment Pilot

5) Treasury Offset

6) Data storage costs & coordination with Data stewardship subcommittee

7) FFR migration

8) PMS - formal de-obligations for trivial sums

9) Pennies and small credits & FFR migration

Co-Presenters

- Rick Fenger – University of Washington

- Christi Keene – University of Chicago

- Melissa Korf – Harvard Medical School

- Nate Martinez-Wayman – Duke University

- Tim Reuter - Stanford

- Janet Strait - Cornell

- "For this session, what are the Post-award topics that we should address to partner more effectively with federal colleagues & reduce burden & more effectively support the research mission? This could include financial reporting/LOC, costing implications of policies, COVID audit issues, etc."

Survey Poll → 2021 Priorities

- What should be the Number 1 Priority of this committee?
    1) Reducing financial reporting burden (FFR/FCTR/LOC)
    2) COVID Audit Issues/Prep
    3) Harmonization
    4) Direct Charge issues (PPE, Data Storage, Publication, etc.)
    5) Improving Cash Management Practices (LOC harmonization/modernization; Treasury Offset transparency; de minimis refunds post-closeout, etc.)
    6) Faculty Workload Survey – Analyzing & addressing burden in Post-award areas
    7) Other

Michelle Bulls - NIH

Michelle

- FCTR Elimination

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Open Government:
Research Administration Data
(OG:RAD)

Richard Fenger, University of Washington - OG:RAD Co-Chair
Nate Martinez-Wayman, Duke - LoC Lead

Jan 2021 FDP Meeting

OG:RAD
-Goals

- To provide a forum to track, analyze, and streamline the impact of **data driven initiatives** stemming from various Federal Government directives

- To facilitate the adoption of **standards** and their implementation to ensure transparency goals are met while maximizing positive impact and minimizing workload on all partners in the process

- To **collaborate** with other FDP committees as needed (e.g. eRA, Expanded Clearinghouse, Finance Comm)

- **Chairs:**
  - Stephanie Endy, Brown University
  - Richard Fenger, University of Washington
  - Avinash Tembulkar, National Science Foundation

- **Open Government:** Home page & presentations

OG:RAD
-LoC Survey, Why?

- **Assess** a common, "simple" process (LoC) for burden
- **Data:** Establish that collecting data can be done to demonstrate burden and assess processes for improvement
- **Burden:** Use findings to help understand larger "burden" equation for use with our Federal partners
- **Rinse and repeat** for other subject areas

The LoC is meant to provide data and analysis in direct support of some of the modernization efforts

- **LoC Survey Leads & Vols**
  - Chris Berner, NSF
  - Nate Martinez-Wayman, Duke
  - 29 Vols over two phases
- **LoC Survey Update**
  - Workgroup meeting weekly since last Sept meeting
  - Completed small group analysis projects
  - Beginning to document analysis projects and process
  - Targeting next FDP for presentation of draft report
  - Will work on dissemination of report and next steps after next meeting
  - *Support from NSF partners*

OG:RAD
-Survey Highlights

- Assessed 5 payment systems for:
  - Easy of use
  - Support/Availability/Documentation
  - Process
    - Volume
    - Resources/effort
    - Tools/Data Integration
    - Improvements
  - Time to receive funds
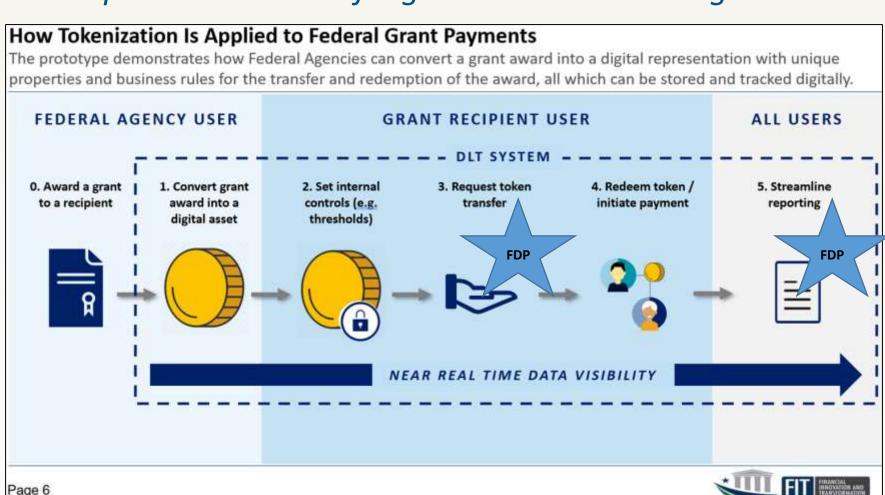 - Best and worst features
  - "Other"
- 63 Respondents

Cheatsheet:
- Which system is best?
- Getting the funds
- Reconciliation

Treasury/NSF
– DLT Grants Payment

- Treasury's Financial Innovation & Transformation (FIT) partnering with NSF's Financial Management and Deloitte
- Distributed Ledger Technology (DLT, or "blockchain") to manage grant payments
- Proof of Concept
  - Developed late 2019, presented to FDP @ January 2020 mtg

- "MVP" System
  - Initial demo & feedback gathered in Summer 2020
  - "Enhanced" version available January 2021, incorporated several user requests
- Next steps
  - Continue user engagement & enhancements
  - OMB approval
  - Live pilot

Treasury/NSF
– DLT Grants Payment

DLT Components - areas of highest workload savings?

How Tokenization Is Applied to Federal Grant Payments

The prototype demonstrates how Federal Agencies can convert a grant award into a digital representation with unique properties and business rules for the transfer and redemption of the award, all which can be stored and tracked digitally.

FEDERAL AGENCY USER | **GRANT RECIPIENT USER** | **ALL USERS**

DLT SYSTEM

0. Award a grant to a recipient

1. Convert grant award into a digital asset

2. Set internal controls (e.g. thresholds)

3. Request token transfer — **FDP**

4. Redeem token / initiate payment

5. Streamline reporting — **FDP**

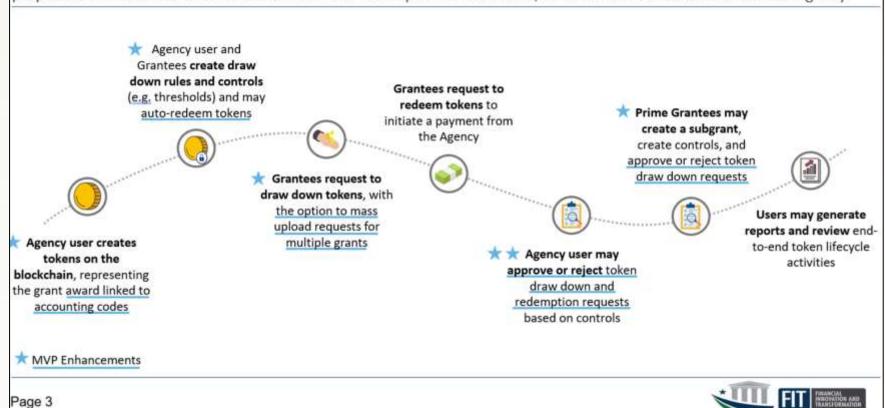*NEAR REAL TIME DATA VISIBILITY*

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Process Workflow - consider needs at each step

FIT Demo Flow with MVP Enhancements

The prototype demonstrates how Federal Agencies can convert a grant award into a digital asset with programmable properties and business rules for the transfer and redemption of the award, all which can be stored and tracked digitally.

★ Agency user and Grantees **create draw down rules and controls** (e.g. thresholds) and may auto-redeem tokens

Grantees request to redeem tokens to initiate a payment from the Agency

★ **Prime Grantees may create a subgrant,** create controls, and approve or reject token draw down requests

★ **Grantees request to draw down tokens,** with the option to mass upload requests for multiple grants

Agency user creates tokens on the blockchain, representing the grant award linked to accounting codes

★ ★ **Agency user may approve or reject** token draw down and redemption requests based on controls

Users may generate reports and review end-to-end token lifecycle activities

★ MVP Enhancements

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User Stories (Use Cases) - any critical gaps?

Summary of Functional MVP Enhancements

The team implemented 6 functional user stories in 8 weeks, in addition to technical MVP enhancements. User stories were prioritized with the Treasury and NSF teams from the backlog of features identified in stakeholder demos and workshops.

Priority User Story	Implemented
1. As the Agency Grant Officer, I want the TAS, ~~BETC~~, CFDA, EIN/TIN and DUNS numbers to be prepopulated when creating a Grant so that the award is linked to Treasury's accounting codes	●
2. As a Prime, I want to mass upload my token drawdown requests so that I don't need to individually request tokens for multiple grants	●
3. As Prime Recipient Accountant I want to "auto-redeem" so that a token drawdown request sends a redemption request for ACH payment at the same time as tokens	●
4. As the Agency Grant Officer, I want to certify or reject redemption requests so that I can submit payment files to Treasury	●
5. As the Agency Grant Officer, I want to review and export a pre-populated payment file with aggregate token redemption requests so that I can submit a payment file to my Agency's financial system	
6. As the Agency Grant Officer, I want to be able to approve Prime Recipient token drawdown requests so that I can approve or reject token transfers that meet risk factor scenarios (special case/exception)	◌
7. As a Prime Recipient Principal Investigator, I want to be able to approve subgrantee token drawdown requests so that I can approve or reject token transfers	◌
8. As a Prime, I want to request multiple token redemption requests so that I don't need to individually request payment on each grant	

Page 5   ● Planned during sprint planning   ◌ Stretch goals

- **Week of 1/18/21 – Details TBD**
  - Expanded FDP feedback for the FIT team
  - Advertising:
    - FAC
    - Listservs: OG:RAD, RA Admin, FAC
    - LoC Vols (see next slide)
    - Any need for a audience prep session for material in advance?

OG:RAD LoC Analysis Volunteers

Chris Berner, NSF - Lead
Nate Martinez-Wayman, Duke - Lead
Heather Nelson, U of Idaho
Bryan Van Sickle, U of Michigan
Adam Mall, U of Michigan
Rosemary Madnick, U of Alaska
Valarie King, U of AL Huntsville
Gloria Greene, U of AL Huntsville
Marlene Erno, Wayne State
Paul Gasior, Johns Hopkins
Anthony Tosheff, Johns Hopkins
Sarah Cody, Texas Tech
Crystal Foy, Texas A&M
Afton Berger, Texas A&M
Manuela Dokie, U Texas at El Paso

James Ringo, UC Davis
Mario Reina-Guerra, UC Davis
Tim Reuter, Stanford
Ben Holyomes, Stanford
Jonathan Wong, UCLA

Survey Creators:
   Deena Pineo, Tufts
   Erin Wallett, U of Kentucky
   Jim Becker, U of Illinois
   Julie Luster, Princeton
   Paige Brown, U of Kentucky
   Robert Prentiss, U of Texas Austin
   Robin Murph, OHSU
   Victoria Briscoe, U of Texas Health
   Urmila Bajaj, U of Virginia

Bold – both survey and analysis

Tim

- Treasury Offset

Treasury Offset Program TOP

Tim Reuter, Sr. Director Post Award Operations, Stanford University

January 13 2021 - FDP Finance, Audit and Costing
Policies Committee

What is the Treasury Offset Program?

- Source-http://fiscal.treasury.gov/top/

- Individuals, businesses, states, and other entities may owe money to the federal government. That's a debt.

- If they don't pay the debt on time, it becomes overdue (delinquent). When the debt is overdue, the Treasury Offset Program (TOP) helps collect the debt by holding back money from a federal payment to the debtor. (Holding back money from a payment is call "offsetting the payment" or "administrative offset.")

- TOP may offset many types of federal payments to collect delinquent debt. There are some payments that are not offset through TOP

- In fiscal year 2020, TOP recovered more than $10.4 billion in federal and state delinquent debts.

Sending information about overdue debts to TOP

- Source-http://fiscal.treasury.gov/top/

- The law requires agencies to send debts to TOP when the debt is 120 days overdue.

- Information about the overdue debt includes the debtor's taxpayer identification number (TIN). For an individual, that's usually a Social Security Number (SSN). For a business, nonprofit organization, or state agency, that's usually a Federal Employer Identification Number (FEIN).

Matching payments and overdue debts

- Source-http://fiscal.treasury.gov/top/

- When an agency is about to pay a person, business, state, or other entity, they fill out a payment voucher, which includes the name and TIN of the payee. These agencies are called payment agencies.

- The Bureau of the Fiscal Service (of which TOP is part) actually makes the payments on behalf of most agencies. The people who send payments are called "disbursing officials."

- Before sending a payment, disbursing officials use the TOP database to compare payees and debtors.

- A payment is reduced (offset) to pay an overdue debt if these two criteria are met:
  - Information about the payee's name and TIN match with information about the debtor in the TOP database.
  - The payment is a type that can be offset.

1 **A federal payment or participating state payment is ready to be sent out.**

Examples: Tax refunds, federal salaries, social security and other benefit payments, and contractor and vendor payments.

2 *Payments are checked against the TOP database.*

3 *Does the recipient owe a past-due debt?*

NO

YES

✔ *The payment is issued as usual.*

✘ *All or part of the payment is withheld to help pay off the debt.*

Notification Letter from Treasury

- DEPARTMENTOFTHETREASURY

- BUREAU OF THE FISCAL SERVICE
  - P.O. BOX 1686

- BIRMINGHAM, AL 35201-1686

Top Half of the Letter

THIS IS NOT A BILL
- **PLEASE RETAIN FOR YOUR RECORDS**

- 12/22/16
  - LELAND STANFORD JR UNI BOARD OF TRUSTEES
  - 450 SERRA MALL
  - STANFORD, CA 94305

- As authorized by federal law, we applied all or part of your federal payment to a debt you owe. The government agency (or agencies) collecting your debt is listed below.
  - Palo Alto VAMC 640   TIN Num: XX-XXXXXXX
  - 3801 MIRANDA AVENUE   TOP Trace Num:
    XXXXXXXXXXXX
  - PALO ALTO CA 94304-1207   Acct Num:
    640VXXXXXXXXXXXX

                                                        Amount This Creditor: $6984.38:
                                                        Creditor: 04 Site: U2

  - 8066-347-2353
  - PURPOSE: Non-Tax Federal Dept

Notification Letter from Treasury

Bottom Half of the Letter

The agency has previously sent notice to you at the last address known to the agency. That notice explained the amount and type of debt you owe, the rights available to you, and that the agency intended to collect the debt by intercepting any federal payments made to you, including tax refunds. **If you believe your payment was reduced in error or if you have questions about this debt, you must contact the agency at the address and telephone number shown above.** The U. S. Department of the Treasury's Bureau of the Fiscal Service cannot resolve issues regarding debts with other agencies.

We will forward the money taken from your federal payment to the agency to be applied to your debt balance; however, the agency may not receive the funds for several weeks after the payment date. If you intend to contact the agency, please have this notice available.

U.S. Department of the Treasury

Bureau of the Fiscal Service (800) 304-3107

Hearing impaired customers may utilize the Federal Relay Service by dialing (800) 877-8339 to reach a Communications Assistant (CA) who will dial the toll free number.

PAYMENT SUMMARY
PAYEE NAME: LELAND STANFORD JR UNI
PAYMENT BEFORE REDUCTION: $6985.38   PAYMENT DATE: 12/22/16
TOTAL AMOUNT OF THIS REDUCTION: $6984.38   PAYMENT TYPE: EFT
PAYING FEDERAL AGENCY: Department of Veterans Affairs 675

Now the Fun Begins

You do not know what invoice was unpaid or to whom at your institution the invoice was sent.

The letter is sent to the same person/address the unpaid invoice was sent, the same person that possibly ignored the original Invoice.

The offset amount will never equal the unpaid invoice amount. It might cover all or just a portion of the payment due to your institution making reconciliation difficult.

Example

Unpaid VA Invoice Amount sent to TOP $25,186.06

Payment from AFOSR due to Stanford: $6,985.38
Amount offset by TOP $6,984.38
Actual Payment made to Stanford $ 1.00
Remaining Unpaid Balance on VA Invoice $18,201.68
2nd payment due from AFOSR to Stanford $20,000.00
Amount offset by TOP $18,201.68
Actual Payment made to Stanford $ 1,798.32

My Experience

- The VA cannot tell me what invoice(s) was sent to TOP. They state their "system" automatically identifies debt due over 120 days and sends it to TOP.

- If the department pays the outstanding invoice and the VA also collects the payment from TOP they have been paid twice.

- A person at the VA told me the VA does not like to issue refunds, it creates a lot of work for them.

- So if they have received duplicate payment, the VA applies that payment to another open invoice from Stanford. Thus now we have lost connection between the original unpaid invoice and where the TOP was applied.

Another Potential Impact to your Institution

- An agency may withhold issuing a new award if your institution is shown to have outstanding federal debt.

- If that outstanding debt has been paid via TOP, the specific federal agency reporting may not have that debt marked as paid yet and your institution is reported as being delinquent.

- The agency is not allowed to issue you the award if you are reported as having outstanding federal debt.

Potential Changes

- The agency providing the unpaid invoice to TOP should be required to send a copy to a central office or Receivables office at the institution.

- If the agency has received duplicate payment – from the institution and TOP, they are required to issue a refund to central office at the institution. They should not be allowed to apply that payment to another open invoice.

- Agencies should have one office that has the information pertaining to all invoices sent to TOP.

Melissa

- Data storage costs & coordination with Data stewardship subcommittee

Final NIH Policy for Data Management and Sharing

- Supplemental Information to the NIH Policy for Data Management and Sharing: Allowable Costs for Data Management and Sharing

- "All allowable costs submitted in budget requests must be incurred…during the performance period,…"

- "…budget requests must not include infrastructure costs that are included in institutional overhead…"

- Costs for the following may be included in NIH budget requests:
  - Curating data and developing supporting documentation
  - Local data management considerations
  - Preserving and sharing data through established repositories

How can FDP help?

- Potential to collaborate with new COGR NIH Data Management and Sharing Working Group

- Collaborate with NIH colleagues and FDP Data Stewardship to develop FAQs to supplement the supplemental information (similar to sIRB FAQs?)

- Explore and raise awareness of programs like the STRIDES Initiative, which may help institutions reduce the costs associated with compliance?

- Develop/publicize resources that may help researchers budget for data management and sharing costs, similar to NIMH Data Archive cost estimator?

- Other Suggestions?

Michelle

- FFR Migration

Janet

- Formal De-obligations for small sums

Christi

- Pennies and small credits

Thanks

To Co-presenters

You – For Your Participation

More Volunteers Welcome!

A. FCTR Elimination

B. LOC Survey

C. Treasury/NSF DLT (Blockchain) Grants Payment Pilot

D. Treasury Offset

E. Data storage costs & coordination with Data stewardship subcommittee

F. FFR migration

G. PMS - formal de-obligations for trivial sums

H. Pennies and small credits & FFR migration

I. Other – TBD

Let me/Lynette Arias know, if interested