



FEDERAL DEMONSTRATION PARTNERSHIP
Redefining the Government & University Research Partnership

Financial Reporting & NIH Subaccounts

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Agenda

- Background
 - DHHS and NIH need the transition to subaccounts to get better and more current information, which can lead to more timely closeouts
 - NIH Notices:
 - NOT-OD-15-111, NOT-OD-14-103, NOT-OD-13-120, NOT-OD-13-112, NOT-OD-13-111, NOT-OD-13-079, NOT-OD-12-139
 - NIH Subaccount Transition FAQs – Updated 8/24/2015
- 120 Days!
- Subaccount Transition - 3 Models
- Subawards – Mods not Terminations
- AHRQ's Approach
- 120 Days and Timely Closeouts



Transition to Payment Management System (PMS) Subaccounts

Background

- SubAccount Reporting - Letter of Credit
 - By September 30, 2016, NIH will transition payment for all new and continuing domestic awards from PMS pooled accounts (G accounts) to PMS subaccounts (P subaccounts)
- Transitional FFR: Carryover Funds for Non-Competing Renewals
 - NIH will require a “Subaccount Transitional FFR” for the first administrative segment before funds can be carried over



Background – NIH FAQs

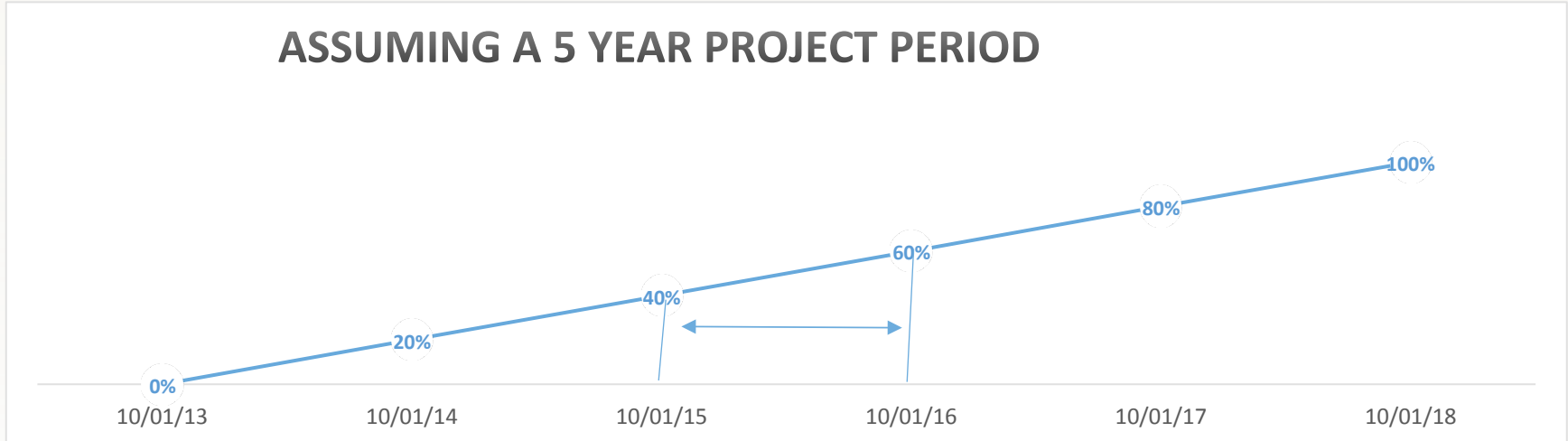
- NIH issued updates to their Subaccount Transition FAQs on 8/24/2015
 - II.C.7 confirms that it is “reasonable” and “consistent with the purpose” of NIH’s subaccount transition to report expenses on the Subaccount Transitional FFR on the ledger as of that date
 - II.C.7 replaced a FAQ that suggested a revised transitional FFR was possible. Serves as further clarification that all subsequent changes should be reported on the final FFR.
- grants.nih.gov/grants/payment/faqs.htm#4080
- This is a good example of how the FDP provides the opportunity for collaboration and less burden!



120 Days! 😊

- NIH issued NOT-OD-15-135 on August 4th
 - Confirms that funds will be available to grantees up to 120 days after project end date, aligning with the FFR submission deadline.
 - No individual/manual approval required from NIH for LOC draws until day 121.
- This will still be a lot of work!

ASSUMING A 5 YEAR PROJECT PERIOD





SubAccount Transition

3 Models: Same Code - MSU

- MSU has approximately 360 NIH active awards and uses the Kuali Financial System (KFS) for accounting
- MSU plans to keep the same departmental project number – no impact on the PI!
- We will use the final accounting ledger as of the end of the first administrative segment to complete the transitional FFR
 - We anticipate the TFFR's will be completed within 30 days
 - All subsequent financial transactions and corrections will be included in the Subaccount FFR
- Subrecipients will be unaffected by the transition



SubAccount Transition

3 Models: Same Code - MSU

- MSU downloads expenditure information from KFS into Excel worksheets to determine and request cash draws in the Payment Management System (PMS)
- These same spreadsheets are used to complete the quarterly Federal Cash Transaction Report (FCTR)
- MSU is adding a new fixed (TFFR) column to the spreadsheet listing the total reported on the transitional FFR
- Keeping the same departmental account means the project to date totals will include both the TFFR (Pooled account totals) and the Subaccount totals. As a result the TFFR numbers need to be subtracted.



3 Models: Same Code – DU

- Pre-Award Process

- No change in process – institutional communication to all departments to confirm same account code during subaccount transition

- Post-Award Process

- No close out documents required for awards with automatic carryover
- Hard cut off for expenses as of the first admin segment period end date
- Subaccount Transitional FFRs completed at fiscal period close (based on first admin segment end date)



3 Models: Same Code – DU

- Post-Award “Transition” Process
 - Duke University has >1,000 documents on the 2 FCTRs combined
 - To support reporting 2 PMS document numbers on the same accounting code, Duke has modified its financial system (SAP)
 - Master data element to flag as “previously pooled account”
 - Manual keying of 5-10 data elements at time of Transitional FFR (captures first admin segment \$ & details)
 - Reprogrammed transaction that creates the PMS FCTR upload data, separates pooled and subaccount details



3 Models: Same Code – DU

- Subaward Process

- Central pre-award office will issue modifications with new funds on same subaward # – No change in process
- Central post-award office will add subaward mod funds to same account code – No change in process
- Central post-award office will include invoices paid through the first admin segment (Pooled) end date on the Transitional FFR; all subsequent invoices will be reported with the second admin segment (Subaccount), on the Final FFR

- Clean Up and Close Out Process

- All retroactive adjustments after the Pooled segment end date will be considered part of the Subaccount segment



3 Models: New Code - WU

- Washington University – Changing Account numbers for all new Sub Accounts in the transition period
 - General Ledger – Our account codes are designed to have a one to one relationship with the Document number (i.e. we need the new account code to segregate the “A” Doc from the “B” Doc)
 - Letter of Credit was designed to have a one to one relationship with the PMS payee account number– G vs P
 - Leveraged ARRA functionality to minimize system changes
 - Washington University has over 1,000 active and 300 inactive lines on the 2 FCTR s combined
 - Award/Revenue Recognition Process – No Change



3 Models: New Code - WU

- Pre-Award Process

- NIH Awards - Establish new account codes 1 month prior to the transition date for all type 4 awards
- Communicate with departments to initiate transition
 - Manage expectations and provide assurance
 - Start transitioning payroll sourcing to the new account code
 - Start moving encumbrances to the new account code

- Post-Award Process

- Expedited close out for awards with automatic carryover
- Hard cut off for expenses as of the budget period end date – No Accrual of budget period related expenses
- Attempt to complete FFRs the month after the end date to expedite carryover



3 Models: New Code - WU

- Subaward Process

- Central office will move balance of Subaward to new account code
- Central office will issue modifications with new money – No change in process
- Central office will ensure that overhead is limited to the first \$25,000 on a cumulative basis – may be manual

- Clean Up and Close Out Process

- All adjustments will be moved to the Subaccount segment
- Carryover will be processed after the transitional FFR is accepted and carryover in PMS has been verified.



Subawards

- Either approach (same or new code) can support issuing subaward modifications or amendments rather than terminating and issuing new subawards
- Question I.A.6 of NIH's Subaccount Transition FAQs confirms that NIH supports this lower burden approach
- Institutional decision (mod v. new) should factor in admin burden internally and externally



AHRQ

- AHRQ issued NOT-HS-15-009 in May 2015
- PMS limitations prevent AHRQ from transferring balances from pooled to subaccount docs (as NIH is doing)
- Grantees must draw down pooled account balance to zero before drawing on the subaccount doc
- If already drawn on subaccount, undraw from subaccount and draw from pooled instead until zero
- AHRQ expects most grantees to deplete pooled account within 1-2 quarters of the next budget period



AHRQ

- Grantees who submitted a FFR before drawing the pooled account to zero do not need to submit a revised FFR once the pooled account is zero
- AHRQ confirmed the pooled account segment FFR should be submitted “on time” (within 90 days)
- Continuing work with AHRQ policy office to issue additional written guidance



120 Days and Closeouts!

The following is NOT only a Subaccount Issue

- NOT-OD-15-136 was issued August 4th, and reaffirmed that the “federal share of expenditures” listed on the final FFR must match the most recently submitted cash disbursements amount as reported on the quarterly FCTR to DHHS PMS
 - NIH is required to initiate unilateral closeout by 180 days after project end date if a grantee has not submitted “acceptable final reports”
 - Final FFRs not matching the most recently submitted FCTR are not considered acceptable
 - DHHS expects grantees to revise submitted FCTR as needed
 - What do we do???



120 Days and Closeouts!

The challenge with 120 days for closeout...

- Division of Payment Management considers PMS cash draws as **advances** until they are certified on the FCTR
- When the NIH receives the Final Financial Report (FFR) it needs to validate against the PMS system – currently the FCTR
 - When they don't match, the FFR will be held or rejected
 - This might delay the closeout enough to initiate the NIH unilateral closeout and/or delay carryforward into the next segment



120 Days and Closeouts!

Example:

- 4/30 Project ends
- 6/30 Subrecipient invoice received \$15,000
 - Subrecipients have 60 days to send final invoice
- 7/30 FCTR completed based on the 6/30 cash position - \$85,000 expended
- 7/30 Subrecipient authorized and paid
 - UG says subs must be paid within 30 days
- 8/15 FFR filed in e-Commons showing \$100,000 spent – filed on day 105 – on time!
- 8/30 NIH match the 8/15 FFR in e-Commons to the 6/30 FCTR in PMS – and they do not match
 - Report held or rejected
- 10/30 FCTR completed - \$100,000
 - The FCTR is a cash basis report of the period ending 9/30
- 10/30 Date for initiation of the unilateral closeout process (180 days from project end)
- 11/15 Institution resubmits the FFR if rejected
- 11/30 NIH accepts the FFR since it matches the 9/30 cash position FCTR



120 Days and Closeouts!

Options to speed the closeout process

Plan A

- Work with DPM to change the assumption that
 - PMS cash draws = advances
 - Old Model Pooled cash draws
 - PMS cash draws = expenditures
 - New Subaccount cash draw model
- If NIH could use current PMS numbers, the FFR would have been accepted on 8/15 – on time!
- Could we eliminate the FCTR once all pooled account transition to subaccounts (no cost extensions)?



120 Days and Closeouts!

Options to speed the closeout process

Plan B

- Revise the FCTR in PMS immediately before/after filing the FFR in e-Commons – Off Cycle
 - PMS staff have confirmed that the FCTR can be revised once per day
 - Would require additional steps by staff who draw cash and complete the FFR – not always the same people
 - Need to verify that your financial management is comfortable revising a “Cash Basis” report
 - Some Universities have been audited to verify the quarterly FCTR numbers match the ledgers
 - May need to disclose this process in order to protect themselves from audit interpretation, or note in the comments of the FCTR (box 12) that the report is now on the accrual basis



120 Days and Closeouts!

Options to speed the closeout process

Plan C

- Can we work with PMS to develop an alternative to certifying FFR numbers without revising the FCTR?
- Other Options



Questions