

# NIH SubAcct Reporting Update

FDP

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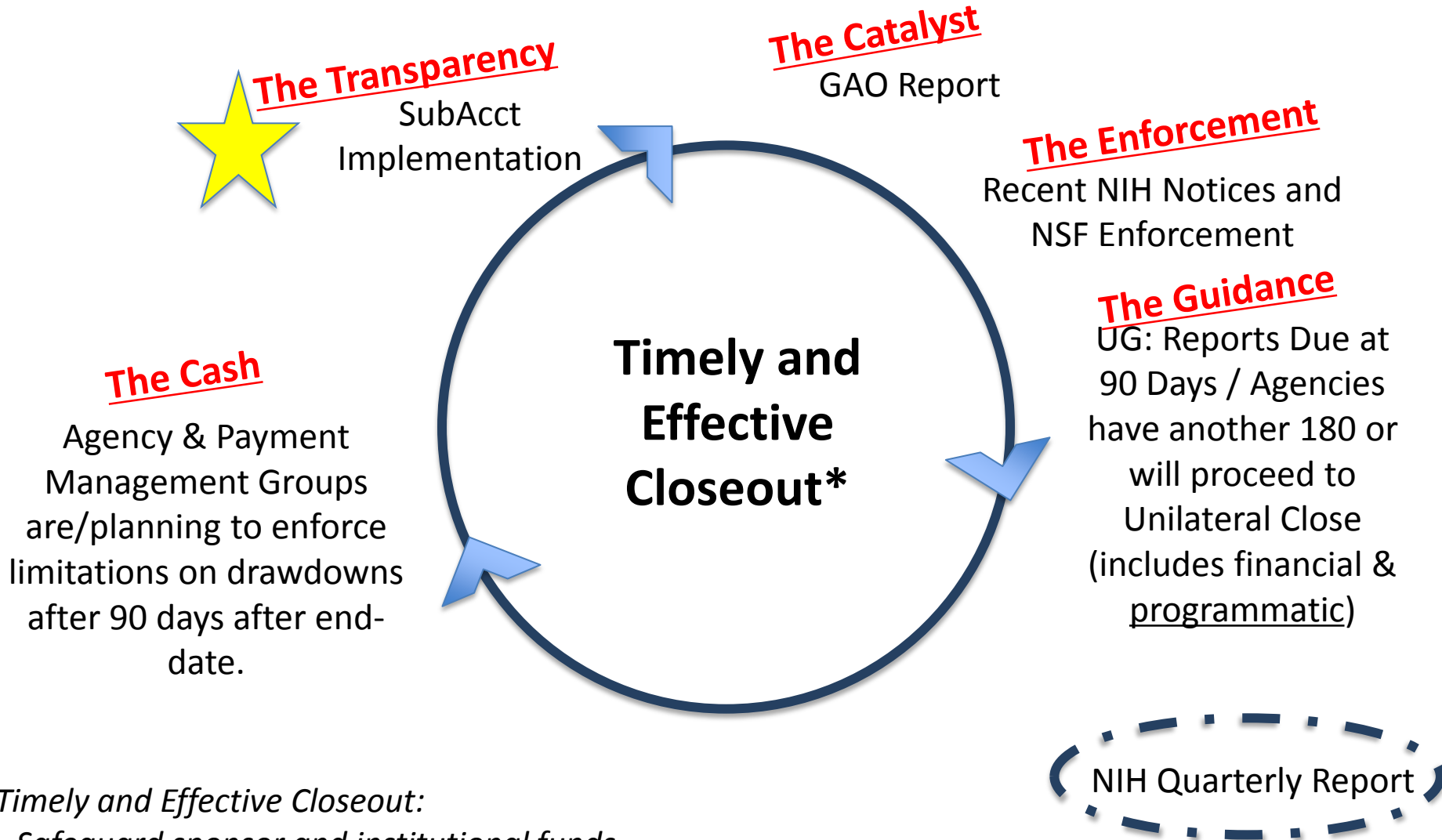
May 12, 2014

# SubAcct Reporting

## Objective:

Discuss Options to Reduce  
Transition and Long-term Burden  
Associated with 9/30/15 Due Date


# Closeout, Final Reporting, Cash Draw Process & SubAcct Integration



\* *Timely and Effective Closeout:*

- *Safeguard sponsor and institutional funds*
- *Accurate & compliant FFR that does not require revisions*

# The “Catalyst” and “Enforcement”

- GAO Report on Closeouts (July 2012)
    - <http://www.gao.gov/assets/600/592995.pdf>
      - GAO identified more than \$794 million in funding remaining in expired grant accounts (accounts that were more than 3 months past the grant end date and had no activity for 9 months or more) in the Payment Management System (PMS)
- 
- HHS-PMS Grant Expiration Frequently Asked Questions (90 Day Closeout) – 2/15/2013
    - [http://www.dpm.psc.gov/awarding\\_agency/pms\\_grant\\_expiration\\_faq/pms\\_grant\\_expiration\\_faq.aspx?explorer.event=true](http://www.dpm.psc.gov/awarding_agency/pms_grant_expiration_faq/pms_grant_expiration_faq.aspx?explorer.event=true)
      - PMS will hold payment request until agency authorizes for draws after 90 days
- NIH Domestic Awards to Transition to Payment Management System Subaccounts in FY 2014 (9/3/13) - NIH Notice NOT-OD-13-112
    - <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-13-112.html>
      - NIH would transition to SubAcct reporting starting on 10/1/13 (this was subsequently delayed to 10/1/14 by Notice 13-120)
      - Final reports are due 90 days after end-date
      - PMS “will now hold payment requests for funds in subaccounts for awards that are 90 days or more beyond the project period end date”

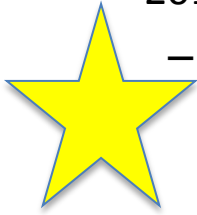
Background



# The “Catalyst” and “Enforcement” (continued)

Background

- NIH Domestic Awards to Transition to Payment Management System Subaccounts in FY 2014 and FY 2015 (September 26, 2013)
  - <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-13-110.html>
    - Transition to SubAcct reporting (initially conveyed via 13-112) would be delayed until 10/1/14
    - Frequently Asked Questions – Payment (PMS Subaccount)
      - <http://grants.nih.gov/grants/payment/faqs.htm#3781>
- NIH Updating Grant Closeout Policies and Procedures to Align with New HHS Requirements (April 24, 2014)
  - <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-14-084.html>
    - All reports required for closeout must be submitted no later than 90 days after the project end date.
    - Clarifies when Agency can proceed to a unilateral closeout if the grantee is non-communicative
    - Includes FAQ’s to clarify aspects of the Notice [http://grants.nih.gov/grants/closeout/faq\\_grants\\_closeout.htm](http://grants.nih.gov/grants/closeout/faq_grants_closeout.htm)



# Transition to Payment Management System (PMS) Subaccounts

Background

- SubAcct Reporting - Letter of Credit
  - By September 30, 2015, NIH will transition payment for all new and continuing domestic awards from PMS pooled accounts (G accounts) to PMS subaccounts (P subaccounts)
- Carryover Funds for Non-Competing Renewals
  - NIH will require a final FFR for the competitive segment before any carryover funds would be available for drawdown in the PMS.
- Processing of Fund Requests that are >90 days Beyond the Project Period End Date
  - To promote more timely financial closeout of awards, PMS will now hold payment requests for funds in subaccounts for awards that are 90 days or more beyond the project period end date. Fund requests for these awards will not be processed unless, and until, the awarding Agency has approved the payment request.

# SubAcct Reporting – What Does This Mean?

From January  
FDP Mtg

1. Transition: Significant workload increase for departments and central offices during transition
2. Steady State: Significant IT and Business Process investment required for future steady state

# SubAcct Reporting – What Does This Mean?

From January  
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1. **Transition**: Significant workload increase for departments and central offices during transition
  - FFR Volume:
    - 30 – 40% increase in annual FFR volume (impacts central office & dept)
    - FFRs require “Closeout” process which may include checklists, commitment schedules, etc.; many require PI involvement
    - Carryfwd to be “negotiated” with sponsor and may not be available to expend until approved,
  - SubAward Management:
    - Possible requirement to terminate and reissue all incoming and outgoing subaward agreement to support interim “final” invoice
  - Set up of new master data and project codes
    - Transition to new codes & Guidance on booking charges during transition
    - Will require changing funding sources, Including Purchasing documents, Payroll, Standing Orders, P-card, Travel, etc.



# SubAcct Reporting – What Does This Mean?

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- **Other aspects to consider**

- Work is not evenly distributed and can conflict with other operational requirements. Universities are staffed to manage steady-state / “normal operational load” and not to peak-load; “Peak” issues can occur:
  - Between pre and post; pre-award proposal deadlines can conflict with post-award responsibilities
  - At common project end dates when numerous FFRs may be due, this creates competing priorities in both departments and central offices
  - Conflict with other academic deadlines including summer schedules, class schedules, clinical schedules, etc.
- Some institutions will be able to do this; others will have to develop new IT solutions, business process changes, and add staff centrally and/or in the dept.
- This will generate significant confusion in the department and with subs as they would not expect the above processes to happen in the middle of a five-year award.

# SubAcct Reporting – What Does This Mean?

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2. Steady State: IT and Business Process investment required for future steady state
- New business process in central offices and IT resources needed to support code-by-code draw (and pooled draw during transition) and associated reconciliation of revenue posting
  - Central Office will likely need to increase frequency of draw (potentially to daily to support 90 Day Issue)
  - May need new master data fields in IT system
  - May need new departmental and management reports to support all of the above

# Bottom-Line

From January  
FDP Mtg

- Additional short term and ongoing resources likely required
- Reallocation of IT resources likely required immediately (or will require manual processing)
- Operational disruption likely in departments and in central offices
- And....institutions are gearing up to deal with the Uniform-Guidance...

# Preparatory Steps

- **General**

- Conduct “Readiness” analysis of upcoming end-dates
  - The first transition as early as December 30th
  - Big months: March, April, June, May
- Determine if internal business process and policies need to be revised.
- Considerations
  - Lead time for changes, PI Irritation / Departmental disruption
- Evaluate impact on training & education (faculty & staff)

# Preparatory Steps - *continued*

- **Transition**

- Develop Guidance to PI's and depts on how to spend during transition
- Consider SWAT Team to assist with Transition Process (central office and depts (FFR, SubAwards, Transaction "Switch"))

- **Post-transition**

- Work with IT to ensure that LOC draw process will support SubAcct requirements & potential need for daily draw (& potential link to FCOI)

# Continuum of Options

**Worst Case**

**Best Case**

*Averted (Thanks NIH)*

All Award Types  
Transition in FY14

“Interim”  
FFR: “full  
close” not  
required?



Delay to  
Sept 2016?

Let all existing  
pooled accounts  
attrit away....

**Other Options to Reduce Transition Burden?**