The Research Administration Landscape – A Federal Perspective

Symposium
November 10, 2015
(Jim Luther)

Agenda

Federal Regulatory Perspective

Duke Perspective
Black Eye

a) Cage Fighting Bout – I won!!!
b) Taking a “Pumpkin” candy from Nate’s candy bowl without asking
c) Reporting to Tim that Clean Close has had some hiccups...
d) Banged head on rafter while loading hay in a barn
e) Left over makeup from my “Rocky” costume for Halloween

Symposium for Research Administrators

• 2010: Professionalization of Research Administration at Duke
• 2011: Continuous Improvement in a Time of Change
• 2012: Re-engineering Research Management at Duke
• 2013: Dynamics for Tomorrow’s Research Administration
• 2014: Exploring the New World of Research Administration

• 2015: Research Administration: Inside Out
Guest Video Appearance

Rising Above “The Perfect Storm”

2015 Symposium for Research Administrators
Lean Budget Times Force Stricter Requirements

- Along with SubAcct change, NIH is implementing restrictions on reimbursement:
  - “In an effort 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. Funds requests for these awards will not be processed unless, and until, the awarding Agency has approved the request.”

Business Processes/Policies

- Documented: Desired Outcome, Stakeholders, Concerns, Steps, Escalation Path, Reporting Needs
  1. Internal Billing (Communication to Svc Providers regarding timely billing)
  2. Sub-invoices Due - communication to Org with revisions to agreements
  3. FFR Routing for approval, escalation, etc.
  4. Revised FFR Policy
  5. Cost Transfer Policy Revisions
  6. OSAs (Policy change and amendments)
  7. NCE Submission Process
  8. Enhanced Close-out Documents and Process
  9. Early CONS Report (at Day 60 and 90)
  10. Salary CT’s – SAP Payroll Limitations
  11. Improved LOC Process
  12. Management of Postings after Day 0 & 90
  13. Role of Parent on Close-out
The Funding Agencies

OMB

The OIG’s

Duke
(& Other Universities)
Increased Institutional Flexibility

Reliance of Internal Controls

FEDERAL PERSPECTIVE
Pending Legislation / Rule-Making

- House Labor-DHHS appropriations bill would reduce the DHHS salary limit to the executive level 3 benchmark
  - If approved the salary cap level would move from the level 2 $183,300 to $167,700 (FY2015 numbers)

- Grant Oversight and New Efficiency (GONE) Act
  - The senate bill directs the OIGs to submit to Congress, etc. a quarterly report that explains why grants are still open after 90 days
  - The bill also requires each agency head to close those grants... no later than 180 days after the report is submitted; agency head to report to congress quarterly
Pending Legislation / Rule-Making

- Federal Policy for the Protection of Human Subjects (Common Rule) Notice of Proposed Rulemaking
  - Proposed to expand the definition of human subject to cover non-identified biospecimens

- 120-Day Closeout for NIH – Ongoing Challenges:

Programmatic Reporting

- Uniform Guidance (UG) is raising the profile; enforcement is erratic and inconsistent but increasing

- Institutions, including Duke, are receiving increased notification and threats about future funding

A review of our records revealed that we have not received your Final Report for the period February 25, 2013 through August 24, 2014. Failure to meet the reporting requirements of your award will result in our recommendation to the Contracting/Grants Officer to suspend payment on current award(s) or to reconsider funding for future awards with your organization until this obligation is met and all reports are provided.

- Anticipate increased focus from A-133 Auditors (~half of peers have this tested now)
National Academies / OMB Call for Input
(OMB Call for Ideas on Reducing Compliance Burden)

• National Academies
  – 8 meetings in CY15 coordinated by National Academies - 
    A New Framework for Research Universities in the 21st Century
  – NAS report release (9/28/15)
    • Optimizing the Nation's Investment in Academic Research:
      Headline: “Inconsistent, Duplicative Regulations Undercut 
      Productivity of U.S. Research Enterprise; Actions Needed to 
      Streamline and Harmonize Regulations, Reinvigorate 
      Government-University Partnership”
  • Senator Alexander (Chair of Senate panel that oversees NIH and 
    Dept of Ed)
    – “If you give me 12 recommendations, in priority order, I’m going to ask 
      [staff] to draft them into law,

National Academies / OMB Call for Input
(OMB Call for Ideas on Reducing Compliance Burden)

(continued)

• Duke Response
  – Harmonization of 120 day reporting deadlines for all reports for 
    all sponsors
  – Eliminate reporting for revised low-dollar FFR’s
  – Minimize duplication of reports (e.g. FFR, SubAcct and FCTR)
  – Eliminate Sub recipient monitoring burden related to other A- 
    133 institutions
  – Align OIG’s with Agency policy offices for regulation 
    interpretation
FEDERAL AUDIT ENVIRONMENT

Focus on Risk
Many to the Few

600,000 Grant award drawdowns annually totaling $6.5 billion
Each assigned a risk score
Spikes, near award expiration charges

40,000 Active awards
Each assigned a risk score
Summarize drawdown risks by award, add award-specific risks

2,000 Institutions
Each assigned a risk score
Summarize award risk and add CCR, EPLS, FAC risks

20 Audits of higher risk institutions
Each audit tests all institution expenditures for all awards with automated risk indicators

15,000,000 Transaction-level expenditures tested
Each assigned a risk score

Dr. Brett Baker, AIGA, NSF OIG
**NSF Data Analytics**

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**End to End Process for Grant Oversight**

**Pre-Award Risks**
- Funding Over Time
- Conflict of Interest
- False Statements
- False Certifications
- Duplicate Funding
- Inflated Budgets
- Candidate Suspended/Debarred

**Active Award Risks**
- Unallowable, Unallocable, Unreasonable Costs
- Inadequate Documentation
- General Ledger Differs from Draw Amount
- Burn Rate
- No/Late/Inadequate Reports
- Sub-awards, Consultants, Contracts
- Duplicate Payments
- Excess Cash on Hand/Cost transfers
- Unreported Program Income

**Award End Risks**
- No/Late Final Reports
- Cost Transfers
- Spend-out
- Financial Adjustments
- Unmet Cost Share

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**Anomalous Drawdown Patterns**

- **Start up costs**
- **Drawdown Spike**
- **Normal drawdown pattern**
- **Spending Remaining Grant funds (before expiration)**
- **Spending Remaining Grant funds (after expiration)**

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*Dr. Brett Baker, AIGA, NSF OIG*
2015 Symposium for Research Administrators

DUKE PERSPECTIVE
OMB A-133 (Single Audit) / Uniform Guidance

• Background
  – OMB Circular A-133: Audits of States, Local Gov’t and Non-Profit Organizations (a.k.a. The Single Audit)
    • Auditors’ report on internal control & opinion on compliance, Schedule of findings and questioned costs, Corrective action plans, Summary schedule of prior audit findings
    • Annual Compliance Supplement \(\rightarrow\) Directs auditor’s focus

• Recent Issues
  – Findings
    • FY 2014 Student Financial Assistance Cluster
    • FY2013/12 None
    • FY2011 Multiple Student Financial Aid Clusters
    • FY2010 Duplicate Charge to Grant
    • FY2009 Unallowable Exp. Charged to Federal Grant; Financial Aid

OMB A-133 (Single Audit) / Uniform Guidance

• Recent Topics of Discussion with Auditors
  – Subrecipient Monitoring - 2014
  – Management and controls related to international subawards - 2014
  – Reconciliation practices – 2014
  – Effort (specifically as it relates to key personnel) - 2014
  – Late cost transfers - 2014
  – Late FFATA reporting – last 3 years
  – Late final financial reports (and late programmatic reports)
  – Wage type 1145 payments and NIH salary cap cost-sharing on iForms
  – Shared Resource Management documentation
  – F&A limitations on awards (specifically asked about DoD)

• Anticipated Changes Due To:
  – UG emphasis on internal controls and the OIG
DUKE – CLOSEOUT PROJECT UPDATE

Closeout Project:

Barriers Addressed:
- RSSA, formerly OSA
- Parent/Child Project Management
- Internal Billing
- Late Final Peer Invoices
- Tuition Remission
- Payroll Access including Cross Org Unit Management

Short-Term Tools Go Live:
- Projects Approaching End Date Report
- Project Obligations Report
- Payroll Access Tools and Reports
- Workflow Status Reports by Cost Object
- No Cost Extension Request Form (projected early 2016)
- PO Closer (projected early 2016)

Clean Close: Policy & Phase I Tech

Extended Closeout Docs Due Date for ‘120 Day Projects’

Tasklist v4 (FINAL)

Enhanced ZF114

Final Subrecipient Invoices: Change in Review Process

Automated Closeout Tech Tools

Barrier Resolution and Tech Tools Rollout

Federal Regulatory Changes Announced

Town Hall Meetings: Clean Close Concept Introduced

Closeout Tasklist MANDATORY

## Upcoming Closeouts

(End Date, Closeout Docs Due Date, Sponsor Date)

![Graph showing Upcoming Closeouts]

### Research Financial Compliance: Federal Update

<table>
<thead>
<tr>
<th>Agency / Sponsor</th>
<th>FFR/Final Invoice Due*</th>
<th>Obligation Liquidation*</th>
<th>Programmatic Closeout* (Final Technical &amp; Patent Reports)</th>
<th>Unilateral Deadline*</th>
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<tbody>
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<td>HHS (non NIH)</td>
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<td>90</td>
<td>90</td>
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<td>DoD</td>
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<tr>
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<td>450</td>
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<td>Subagreements</td>
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<td>-</td>
<td>60</td>
<td>-</td>
</tr>
</tbody>
</table>

* Days after project end date
Report Backlog

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But...

Clean Close...Not Always Clean

Timeliness of Submission of TaskList Varies
Sample Enforcement Communication

• From: Chia, Jackie (NIH/NIMH) [E]
• Sent: Tuesday, May 12, 2015 5:05 PM
• To: Grants & Contracts E-Mail
• Subject: Grant Number: 5 R01 MH XXXXXX

Dear Duke University,

5R01MHXXXXXX ended on 1/31/2015. As reflected in the terms and conditions attached to the final Notice of Award, NIH grant closeout policy requires the following 3 documents to be submitted no later than 04/31/2015.

1. A final Federal Financial Report (FFR) (SF 425) must be submitted through the eRA Commons (Commons) within 90 days of the expiration date; see the NIH Grants Policy Statement Section 8.6.1 Financial Reports, http://grants.nih.gov/grants/policy/fgsp , for additional information on this submission requirement. The final FFR must indicate the exact balance of unobligated funds and may not reflect any unliquidated obligations. There must be no discrepancies between the final FFR expenditure data and the Payment Management System’s (PMS) cash transaction data. All final Federal Financial Report expenditure data, if applicable, must be submitted through the eRA Commons at https://commons.era.nih.gov/commons.

2. PI will need to complete the final progress report and the final invention statement within 90 days of the expiration date. NIH strongly encourages electronic submission of the final progress report and the final invention statement through the Closeout feature in the Commons.

3. NIMH will not issue an award for 5 R01 MH ZZZZZZZZ until the required closeout documents, the FSR, the final progress report and the final invention statement for 5R01MHXXXXXX, are submitted to NIH.

Note: Please notify us if your department and/or PIs receive similar notifications from the sponsor.

Sample Enforcement Communication

• May 15, 2015
• Duke University
• Re: Final Adjustment of $16,781.43 to NSF Award xxxxxxxx

1. On February 27, 2014, via the Award Cash Management Service (ACM$), Duke University (Duke) notified the National Science Foundation (NSF) of additional expenditures under NSF award XXX-XXXXX in the amount of $16,781.43...

2. Based on the explanation and documentation provided by Duke to support the requested adjustment, NSF has determined to allow the post-award expenditures in the amount of $16,781.43, as reported in ACM$.

3. Thank you for your cooperation with the NSF post-award adjustment review process. Should you have any questions regarding this letter, please feel free to contact me at (703) 292-4827.

Sincerely,

Cost Analysis and Audit Resolution Branch
Division of Institution and Award Support

Note: Please notify us if your department and/or PIs receive similar notifications from the sponsor.
Unilateral Closeout

The Unknowns

• UG uncertainty
  – Terms and Conditions
  – Compliance Supplement
• OIG audits (NSF, etc.)
• GAO – focus on F&A and Burden
• OMB and Agencies
• Congress
• OIG Workplans
• RTC’s
• Programmatic
• 120 days?
Taking the Ugh! Out of the UG

One of the most important steps in federally sponsored program management in decades.....

Uniform Guidance (UG) Update; Ongoing Concerns

• Subrecipient Monitoring – UG Requirements:

• Compensation: documentation standards and consistency

• 30 day invoice payment requirement

• Reporting enforcement (financial and programmatic)

• General Issue:
  – Rollout bandwidth
  – Two sets of regulations

Changing Landscape

• Still waiting for a complete set of Research T & Cs from all the important federal agencies
• OIG interpretation still pending
• 2016 Single Audit Compliance Supplement, draft to be released in late Winter, will foretell future landscape
Questions
Thanks For All of Your Hard Work!