Sponsored Project Closeout: An Introduction

Town Hall Meetings
August 2014

Agenda

Welcome & Introductions
Continuing Education Credit
The Federal Regulatory Environment
The Future of Research Administration at Duke
Next Steps
What Departments Can Do To Prepare
### Presenters

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Susan Bonifield</td>
<td>Associate Dean of Finance &amp; Admin</td>
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<tr>
<td>Larry Carin</td>
<td>Vice Provost for Research</td>
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<tr>
<td>Christopher Freel</td>
<td>Associate Vice Provost for Research</td>
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<td>Jim Luther</td>
<td>Assoc. Vice President, Finance</td>
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<td>Nate Martinez-Wayman</td>
<td>Director of Sponsored Programs</td>
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<tr>
<td>Beth Sizemore</td>
<td>ASM</td>
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### Continuing Education Credit

- This Town Hall provides Continuing Education credit for individuals currently RAA, AGM, RAI or RCC certified.
- In order to receive credit, each participant must sign in on the roster and remain until the end of the meeting.
- RCC will use the roster to identify individuals attending this meeting to assign appropriate credit.
Continuing Education Credit: Learning Objectives

- Understand the federal rules guiding the current federal award environment and their impact on Duke
- Understand the idea and expectations of Clean Close
- Understand how Duke as an institution is laying the foundation for a Clean Close environment
- Identify what you can do to prepare for a Clean Close environment at Duke
The Ongoing Storm: Research Funding & Regulatory Environment

- Funding Pressure from Sponsors
  - Uncertain Budget Funding Levels & Redistribution of Wealth
- Pressure on Sponsors from Office of Management & Budget (OMB) and Government Accountability Office (GAO)
- “Strange” audit environment
- “Active” members of Congress → GAO action
- Continuing and Expanding Themes
  - Fear of Waste, Fraud, and Abuse
  - Federal Focus of “Productivity”
  - Uncertainty regarding implementation of pending regulatory changes
  - Heightened Accountability and Desire for Transparency
Enforcement Payment Management Division

$Reimbursement$
Federal sponsors will have the ability to identify drawdowns requested 90 days after end-date.

Regulation
Reinforce the current 90 day deadline for final reports: financial, technical, and administrative.

Transparency
SubAcct Implementation (Code by code reporting)

The Catalyst

Timely Reporting
Timely Reporting
SubAcct Implementation (Code by code reporting)

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GAO Report is Catalyst for Subaccounts

Identified $794M of Unliquidated Obligations (11k accounts)

“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... will not be processed... until, the awarding Agency has approved..."
Uniform Guidance: § 200.343
Closeout

(a) The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by or the terms and conditions...

(b) ...a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance...

Federal Enforcement through Transparency:
Pooled Accounts vs Subaccounts

90 day deadline: Has always been the rule for FFR submission, BUT it had not been consistently enforced

Transparency: Subaccounts enable the sponsor to identify and track undisbursed funds remaining in accounts past 90 days

Right Now: Only some sponsored project awards use subaccounts

But Soon: Most sponsored project awards will use subaccounts
**Enforcement is an expanding reality!**

**Now and the Future: Enforcement of 90 days**

- Expenditures submitted >90 days after end date may be uncollectible
- Expenditures not included on the report/draw will be the responsibility of the department and/or faculty and may need to be paid out of discretionary funds
- DHHS (including NIH) and NSF are quickly transitioning. Other sponsors are following.
- NIH/DHHS are automatically holding payment requests for awards in subaccounts that are 90 days or more beyond the project period end date
Good News….

There is ongoing, effective advocacy with Federal agencies at all levels.

NIH and NSF have been very helpful and very concerned about anything that would unnecessarily increase burden and adversely impact research.

BUT…

Enforcement…
Expanding on Multiple Fronts

Peer Institution Enforcement

- Reducing invoicing terms to 45 days?  
- Strict enforcement of 60 days?
- Potential reductions to period of performance and/or selection of subs?

Other federal agencies

- NSF: Has implemented subaccounts; enforcing late draws
- HRSA: Actively transitioning and beginning enforcement
- Others: various levels of ongoing enforcement

Uniform Guidance

- Includes both programmatic and financial reporting requirements…the OIG’s are going to join the “fun” in the future…
What Does this Mean for Duke?

What This Means For Duke...

- **Financial Risk**
  - Research Dependent Institution
  - Approx. $10M of postings occurred 90 days after end-date (FY 2013)
  - AP, Payroll, Cost Transfers, SA’s

- **Compliance Risk**

- **Business Disruption**
Summary Points

Due to the GAO report, Federal agencies are implementing an enforcement mechanism to track unobligated funds.

Federal agencies are increasingly enforcing the 90 day deadline for reporting and cash-draws, including financial and programmatic reports.

There is considerable financial, compliance, and business disruption risk associated with these federal regulatory enforcement changes.

CLEAN CLOSE:
The Future of Research Administration at Duke
The Vision of the Future: Clean Close for Sponsored Projects

What Does Clean Close Mean?

BY THE SPONSOR DRIVEN CLOSEOUT DEADLINE, ALL PROJECT RELATED ALLOWABLE ALLOCABLE AND REASONABLE EXPENSES ARE POSTED TO THE PROJECT WBSE BEFORE SUBMITTING REQUIRED CLOSEOUT DOCUMENTATION TO OSP.

As an institution, Duke has identified essential policies, processes, and technology tool improvements to enable research administrators to achieve this vision.

Clean Close Vision Goals

A research administration environment enabling a clean close
Mitigated financial/compliance impact
Strengthened reputation to sponsors with effective use of funding in a fiscally challenged environment
The Path to Clean Close

Remove barriers, reducing time (and frustration) for issue resolution

Enables more proactive award management

Update policies for clear guidance, reducing time in seeking direction

Allows greater understanding of expectations

Modify business processes to streamline and standardize activity

Enables greater efficiency and easier collaborations

Enhance reporting and technology

Provides transparency and facilitate more timely transactions

Submit documentation that is final and ready to report

Meet deadlines, reduce financial risk, and closeout once!
## The Path to Clean Close
### First Steps: Our Team of Experts

### Working Group
- **Windy Batten**: Psychiatry
- **Zarrin Brooks**: Anesthesiology
- **Shannon Clarke**: Biostatistics & Bioinformatics
- **Rebecca Dupre**: Pratt School of Engineering
- **Laura Jensen**: Ophthalmology / SOM Impl. Team Lead (9/1/14)
- **Klugh Jordan**: Nicholas School of the Environment
- **Trish McMillan**: Chemistry
- **Lindsey Renner**: Biostatistics & Bioinformatics/Formerly DHVI
- **Francene Richardson**: Office of Sponsored Programs (OSP)
- **Michelle Rigsbee**: Office of Sponsored Programs (OSP)
- **Laurianne Torres**: Department of Medicine
- **Lisa Varani**: School of Medicine Administration

### Departmental Advisory Group
- **Erica Clayton**: Pratt School of Engineering
- **Julie Cole**: Research Costing Compliance (RCC)
- **Manuela Damian**: Nicholas School of the Environment
- **Susan Hall**: Radiology
- **Jennifer McCallister**: Office of Research Administration (ORA)
- **Jonathan Reneau**: Office of Interdisciplinary Programs
- **Nicole Scott**: Statistical Science
- **Lauren Shields**: Surgery
- **Michelle Smith**: School of Medicine Finance
- **Denise Snyder**: Duke Office of Clinical Research
- **Laura Tran**: Provost’s Office
- **Susan Wiley**: Molecular Genetics & Microbiology
The Path to Clean Close
First Steps: Our Team of Experts

Senior Advisory Group
Susan Bonifield  Pratt School of Engineering
David Bowersox  School of Nursing
Sandy Connolly  Arts and Sciences
Joe Doty  Department of Medicine
Ada Gregory  Office of Interdisciplinary Programs
Jim Haggard  Nicholas School of the Environment
Keith Hurka-Owen  Office of Research Support (ORS)
Cheri Lahti  Duke Human Vaccine Institute
Moria Montalbano  School of Medicine Administration
Amy Oates  Provost’s Office
Mollie Sykes  Cell Biology
Lisa Varani  School of Medicine Administration

Steering Committee: Bonifield, Flur, Freel, Jensen, Luther, Martinez-Wayman, Montalbano, Montgomery, Sizemore, Woods (Support: Mondor)

The Path to Clean Close: First Steps

Evaluated 180 Day Calendar
- Identified and sequenced critical tasks of project closeout
- Identified barriers that impede clean closeout

Defined the Vision to Achieve Clean Close
- Assessed essential policy changes, process enhancements, and technology tools to support vision
Identifying Critical Tasks of Closeout

Workgroup focused on the 90 days before and after the end date of a fund code

Mapped out the institutional and department communication notifications/structure

- Who needs notification
- When they need notification
- What message needs to be sent

Identified which activities needed to be completed at specific time periods

Evaluated why those tasks do not get completed in the ideal timeframe

Identifying Institutional Barriers

Specific institutional barriers may prevent clean close... despite a GM’s best efforts.

- Untimely Receipt of Sub-recipient Final Invoices
- Delayed Approval of No-Cost Extensions
- Late Vendor Invoicing
- Effort Management including Cross-Departmental
- Untimely Internal Billing (e.g. Maestro, Shared Resources)
- Limited Access to and Awareness of Available Resources (e.g. Grants Management Tab)
- Complicated Process to Manage Tuition Remission
Removing Institutional Barriers
Example: Tuition Remission

The Problem: Tuition remission and effort may become misaligned when effort changes happen after tuition remission has posted. Correcting the misalignment is complex and time consuming.

The Approach: Sub-committee of subject matter experts convened to understand root cause and identify an improved process.

The Solution: Investigating possibility of monthly alignment of payroll and tuition remission posting.

The Impact: Greater efficiency!

Under Construction:
New Duke@Work Reports

Projects Ending (Replaces current ZF110)
- Identify projects ending in the next 3 months
- Drilldown to Project Obligations Report

Project Obligations
- Existing & Future dated cost distributions
- Outstanding purchase orders
Project Obligations Report

Payroll Obligations – Project ends 12/31/2014

- Payroll

<table>
<thead>
<tr>
<th>Vendor #</th>
<th>Unique ID #</th>
<th>Name</th>
<th>Org Unit</th>
<th>Org Unit Description</th>
<th>Org Key</th>
<th>GL #</th>
<th>% Effort</th>
<th>Effective From</th>
<th>Effective To</th>
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<td>00117294</td>
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<td>NSGC &amp; Earth Sci - offices of Dir</td>
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<td>12/31/2014</td>
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Project Obligations Report

Purchasing Obligations

- Remaining balance on PO line item

<table>
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<tr>
<th>Vendor #</th>
<th>Description</th>
<th>Quantity</th>
<th>PO Line #</th>
<th>PO Line Item Text</th>
<th>PO #</th>
<th>Vendor Name</th>
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<td>Reorder</td>
<td>45200011755</td>
<td>USA SCIENTIFIC INC</td>
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<td>Computer &amp; MIS &amp; Computer Accessories</td>
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<td>Awesome Software</td>
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<td>INSTRUMENTATION LABORATORY</td>
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</table>
Other Tech Items Coming Soon

- Improved grants manager accounting view of Payroll Report
- Weighted Average Effort Report
- WBSE status and warnings
  - iForms
  - Buy@Duke
  - A/P Check Request
  - Online Travel/Pcard
- Procurement card reports for uncleared items

Next Steps

The institution will:

- Continue to address barriers
- Continue to address necessary policy changes
- Continue development of technology tools

Continue communication of progress to grant manager community
### Timeline:

<table>
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<tr>
<th>Event</th>
<th>Period</th>
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<tbody>
<tr>
<td>Awareness</td>
<td>Jul-Aug 2014</td>
</tr>
<tr>
<td>Develop/Rollout Group 1</td>
<td>Dec 2014-Jan 2015</td>
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<tr>
<td>Develop/Rollout Group 2</td>
<td>Jul-Aug 2015</td>
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<tr>
<td>Develop/Rollout Group 3</td>
<td>Dec 2015-Jan 2016</td>
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<td>Resolve Backlog/Subaccount Transition</td>
<td>June 2016</td>
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<td>Clean Close Transition (Starts Jan 1, 2015) *</td>
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<td>Short-Term Tech Tools Rollout</td>
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<tr>
<td>Clean Close Tech: Req Definition 6-7 Mos, Dev 9 Mos, Test/Pilot</td>
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<tr>
<td>Clean Close Tech Ready</td>
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* Clean Close Effective date will be determined by Barrier resolution and federal regulatory environment changes.

### What Can Departments Do To Prepare?

- Understand and address backlog of past due closeouts (ZF600)
- Understand and prepare for upcoming closeouts (ZF110)
- Provide grant managers with the resources they need for effective grant management (i.e. access, training, etc.)
- Create an environment that enables proactive grant management
  - Manage Effort
  - Complete projections frequently
  - Communicate openly and frequently with faculty
  - Understand grant complexity and special circumstances
What Can Grant Managers Do To Prepare?

Review and understand grant specific requirements
Understand and address backlog of past due closeouts (ZF600)
Understand and prepare for upcoming closeouts (ZF110)
Ensure proactive grant management
  • Manage Effort
  • Facilitate timely transactional postings
  • Complete projections frequently
  • Communicate openly and frequently with faculty
  • Understand individual grant complexities and special circumstances

What Can Grant Managers Do To Prepare?

Stay informed!
  • Go to Quarterly updates
  • Read emails from the project team
  • Attend the Research Administration Symposium, 11/19/14

Work with the implementation team
How Can We Prepare Faculty?

- Communicate openly and frequently with faculty
- Discuss portfolio management and PI plans
- Discuss sub-recipient relationships and how to address potential closeout issues
- Emphasize the need for timely submission of receipts and documentation (e.g. P card, travel)

Summary Points

- A Clean Close is the vision of the future for research administration at Duke University
- The institution will continue work to remove the institutional barriers that prevent a clean close
- Significant resources are being deployed to improve the business processes and modify policies/processes that don’t support the clean close vision
- Technology tools are being developed to assist in achieving the clean close vision
Questions?