

**Department of Health and Human Services (HHS)  
FY16 Award Transition to  
Payment Management System (PMS) Subaccounts**

June 2015

OSR – ASRSP – Cost Studies

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**Today's Objectives**

- Background on how NU is reimbursed and what is changing
- HHS directive
- Transition information from NIH perspective
- Impact of transition at NU
- Discuss close out of "G" pooled awards including carryover guide
- Opening of Subaccount awards "P"



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### Background: How Northwestern is Currently Paid

On a daily basis, per the terms and conditions of an award, a NU department has expenses posting on their grant in NUFInancials. These are items paid out (not encumbered or in suspense).

- HHS grants are paid using the Payment Management System (PMS)
- Grant projects incur costs on sponsored chart string
- NU draws down funds electronically through a letter of credit (LOC) for 610 funds
- NU requests reimbursement via weekly draw for multiple grants, or a “pooled” dollar amount
- ASRSP sends **3 financial reports** to NIH

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### HHS Directive

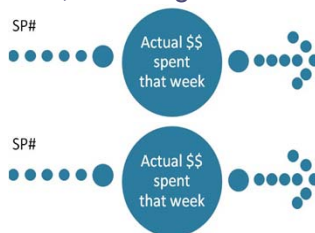
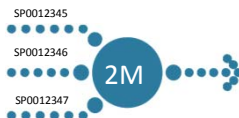
- The Department of Health and Human Services (HHS) has issued a directive to Agencies intended to **enhance financial data integrity and financial closeout** for all awards
- Active NU Letter of Credit (LOC) awards are affected:
  - National Institutes of Health (NIH)
  - Agency for Healthcare Research & Quality (AHRQ)
  - Health Resources & Services Administration (HRSA)
  - Centers for Disease Control & Prevention (CDC)
  - Substance Abuse & Mental Health Services Administration (SAMHSA)
  - Office of the National Coordinator for Health Information Technology (ONC)
  - Administration for Children and Families (ACF)
- NIH has published numerous advance notices
- The non-NIH agencies are transitioning EARLY

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## What is Changing?

### How NU draws down the reimbursement of funds

- Old method: **“pooled”**, meaning there is a single dollar amount requested for all awards with expenses
  - Ex: of a weekly draw:
    - Labeled “G” awards on the Notice of Awards (NoA)
- New method: **“subaccounts”**, meaning each award will be drawn *individually*
  - Labeled “P” awards on NoA



## NIH Transition to PMS Subaccounts

### Revised Timeline for Administrative Changes to NIH Domestic Awards to Transition to Payment Management System Subaccounts

NOT-OD-14-103 <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-14-103.html>

**1 year transition project** : NIH granted institutions 1 year to prepare for the transition. According to a more recent Notice NOT-OD-15-105 just received this May 28, 2015 indicated there will be no additional extensions and the transition will proceed in NIH FY 2016

- NIH was the only HHS federal agency that received permission for a 1 year extension. All other agencies have started the transition to P as of October 2014.

## PMS Subaccount Transition

- ✓ Effective Oct 1, 2013, all new HHS grants with new document numbers (Type 1, 2, 4, 6, 7, and 9) **have been issued a Subaccount** in PMS.
  - ✓ ASRSP has been drawing on these awards via the **new Subaccount** method since November 2013.
- All **other non-competing continuation** domestic awards (Type 5 and 8) will be issued Subaccounts in PMS on or after Oct 1, 2015.
  - To accomplish this, NIH will **split the single competitive segment into two shorter segments on a “rolling” basis.** NIH will issue a **new Notice of Award (NoA) with a new Document Number** for the second segment
  - Awards that are **not scheduled to close WILL BE CLOSING**

## How to Identify which awards affected

- Look at your latest Notice of Award (NoA) and you should see it clearly marked.

SECTION I – AWARD DATA – 1R01GM103580-01

Award Calculation (U.S. Dollars)

Federal Direct Costs	\$100
Approved Budget	\$100
Federal Share	\$100
<b>TOTAL FEDERAL AWARD AMOUNT</b>	<b>\$100</b>
<b>AMOUNT OF THIS ACTION (FEDERAL SHARE)</b>	<b>\$100</b>

SUMMARY TOTALS FOR ALL YEARS		
YR	THIS AWARD	CUMULATIVE TOTALS
1	\$100	
2	\$120	
3	\$140	
4	\$160	
5	\$180	

Recommended future year total cost support, subject to the availability of full progress of the project

**Fiscal Information:**  
 CFDA Number: 93.859  
 EIN: XXXXXXXXXXXXX  
 Document Number: RGM103580A  
 PMS Account Type: P (Subaccount)  
 Fiscal Year: 2013

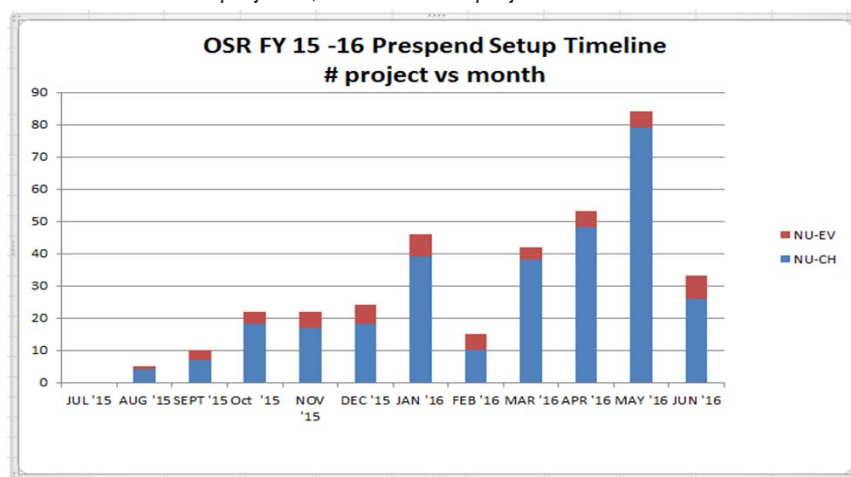
IC	CAN	2013	2014	2015	2016	2017
GM	XXXXXXXX	\$100	\$120	\$140	\$160	\$180

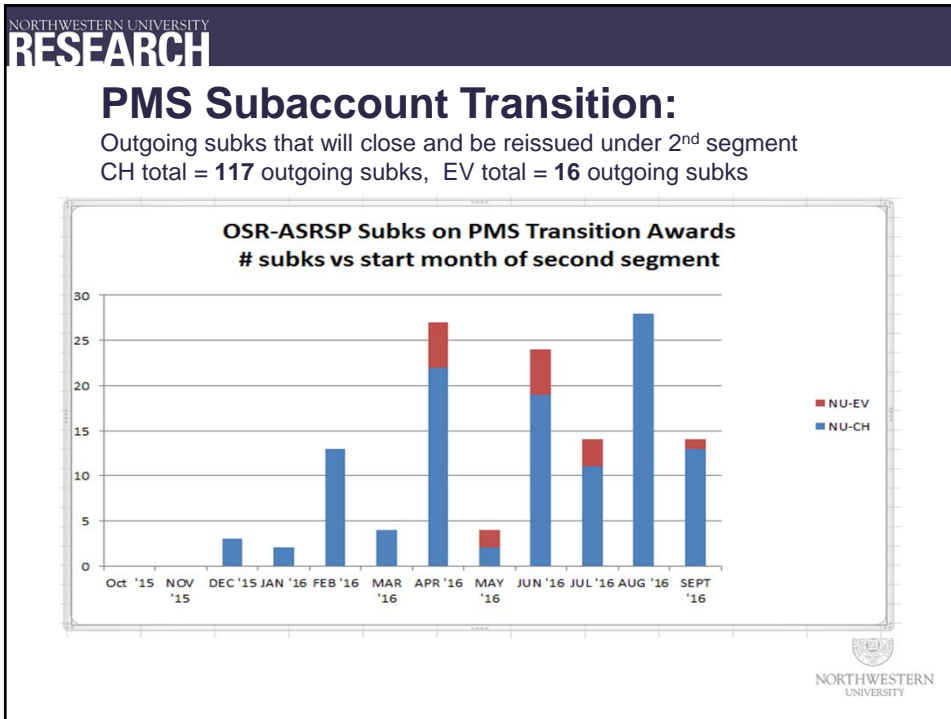
## Awards & Chart Strings Affected

- The list of awards to transition is posted at <http://www.northwestern.edu/asrsp/federal-initiatives/hhs-pms-subaccounts.html>
- The list also includes HHS flow-through awards (fund = 620) that will also undergo this transition at NU **regardless** of how the Prime Institution is handling the transition at their institution.
- Updating periodically
- Email notifications will also identify the awards that will be affected.
- Specific (modified) closeout checklist for the transition is posted at <http://www.northwestern.edu/asrsp/grant-management/grant-close-out.html>

## PMS Subaccount Transition:

projects affected, both direct and flow-through, by new start date  
CH total = **304** projects , EV total = **52** projects





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## PMS Subaccount Transition: Example of split award

SNAP Award		Project Period		Reporting deadline	Closing??
Award Record	Budget Period	End Date	NU Award ID		
PMS "G" Pooled	1R01AI123456-01	12/1/12-11/30/13	11/30/2017	SP0012345	no
	5R01AI123456-02	12/1/13-11/30/14	11/30/2017	SP0012345	no
	5R01AI123456-03	12/1/14-11/30/15	11/30/2015	SP0012345	2/28/2016 Closeout
PMS "P" subaccount	4R01AI123456-04	12/1/15-11/30/16	11/30/2017	SP0078910	no
	5R01AI123456-05	12/1/16-11/30/17	11/30/2017	SP0078910	2/28/2018 Closeout

Non-SNAP AWARD		Project Period		Reporting Deadline	Closing??
Award Record	Budget Period	End Date	NU Award ID		
PMS "G" Pooled	1U01AI123456-01	12/1/12-11/30/13	11/30/2017	SP0012345	2/28/2014 no
	1U01AI123456-02	12/1/13-11/30/14	11/30/2017	SP0012345	2/28/2015 no
	1U01AI123456-03	12/1/14-11/30/15	11/30/2015	SP0012345	2/28/2016 Closeout
PMS "P" subaccount	4U01AI123456-04	12/1/15-11/30/16	11/30/2017	SP0078910	2/28/2017 no
	1U01AI123456-05	12/1/16-11/30/17	11/30/2017	SP0078910	2/28/2018 Closeout

Subaccount Transition FFR Due 2/28/16 for first 3 years. New Award ID and chart string is assigned to final 2 years. (No Final invention report required) Regular progress report is due. IRB/CCM approvals carry over too

Full Closeout of segment due within 90 days. Final report and final invention report due at this time. If continuing on a new segment, new award ID, Chart string, IRB/CCM protocols required

Once awards are billed on "P" subaccount the sponsoring federal agency will start receiving specific expenditure data on your award

Annual FFR due, NU close out of "G" Award is required, new "P" subaccount begins

OSR will assign a new Award ID and chart string on pre-spend basis prior to start of grant so departments can manage transition

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## PMS Subaccount Transition: Pre-spend Set-up



- OSR will set up Pre-spend NUFin chart strings for the “Split” second segment of the transition.
  - 610 funds: Progress Report submission Infoed SP# will be used to set up a new NUFIN Award ID (SP#)
    - New NUFIN award ID and chart string will be distributed to departments affected.
  - ESPR will be required for EV campus fund 620 awards only

## PMS Subaccount Transition: Carryover Guidelines for G Pooled to P Subaccount

- Awards with ***automatic carryover*** will be granted auto carryforward to the new “P” segment
  - Modular awards will have balance moved to 72800 on “P” award
  - For non-modular awards, after finalizing the “G” FFR, ASRSP GCFA will move balance to budget code 78830 (NU restricted) on the “P” chart string.
    - Dept. should submit an ESPR doc to OSR to move expense to proper budget codes for non-modular automatic carryover awards.
- Awards with ***carryover approval required*** will have to request it formally through the standard OSR procedure
  - Funds are restricted & placed in “P” awards 78811 by ASRSP at reporting
  - If carryover is approved by NIH, an ESPR doc is needed for those dollars in 78811. Depts. must complete the ESPR- *Budget Carry-forward of an unobligated balance 78811* (Sponsor Restricted Code)
- Large balances on all awards **will be scrutinized**

## PMS Subaccount Transition: Practical Impact at NU

### NIH LOC grants

- ASRSP will close old "G" NUFin chartstrings
- OSR will open new "P" Subaccount chart strings in pre-spending status
- NU dept. must finalize expenses on the old chartstring
- NU dept. must direct new expenses to new chartstring
- Deficits cannot be carried forward
- Pre-spending chart strings will be established and used properly
- Unspent balances may be carried forward or restricted (see NoA)
- NU **outgoing subcontracts** to other institutions will **close early** and be **reissued** as with either a new agreement or amendment. **Timely FINAL subcontract invoices** for the old chartstring are critical.
  - ESPR request will need to be routed to begin the process
  - Threshold of risk would be within the ESPR routed
- Existing IRB/ACUC protocols approvals or COI Determinations carry forward automatically to the new segment



## PMS Subaccount Transition: Closeout of G award

- Carryover of a deficit is **not** allowed
  - NU depts. should not be running a deficit
  - Deficits are the responsibility of the department
  - A non-sponsored chart string is required to cover cost overruns
  - Review portfolios using the GM044 report
- Pre-spending (spending up to 90 days before a grant period starts).
  - Use pre-spending chartstring to manage award when possible
  - Do not move over unallowable old expenses (over 90 days old) to pre-spend chart strings
- Trailing expenses must be on grant 30-45 days after the end date
- Corrections or cost transfers must post 30-45 days from the end date
- NU Departments/Schools should set threshold of risk when requesting pre-spending account for a 620 fund. How much can dept. afford if sponsor reduces award?
- FY16 PMS Transition Only closeout checklist  
[http://www.northwestern.edu/asrsp/docs/PMS\\_Transition\\_ONLY\\_closeout\\_checklist.xlsx](http://www.northwestern.edu/asrsp/docs/PMS_Transition_ONLY_closeout_checklist.xlsx)





## PMS Subaccount Transition: Effort Reporting Closeout of a G or a P award

- Finalize any outstanding effort reports and reconcile with payroll/salary plan at least **60 days prior** to close of the G award:
  - Has commitment (paid & cost shared effort) been met? *\*Special attention to K award commitment*
  - Has payroll been charged appropriately according to the certified effort and planned commitment?
  - Has salary-over-the-cap commitment difference been accounted for and funded by NU funds (e.g. Fund 192 or 110/171)?
- If payroll journals are needed, ensure journals are processed timely. *DO NOT wait until the award is closed.*

## PMS Subaccount Transition: Effort Reporting Closeout of G or a P award

- **Certify Effort based on actual work performed**
- **If Sponsor is overcharged (per Effort Reporting period), payroll must be adjusted to reconcile the difference**

Example: A "G" award is closed on Jan 31, 2016:

The last available effort report would be 1Q2016( 9/1/15 to 11/30/15)

Review all effort reports against payroll charges & commitments

Use the ERS Report to monitor payroll against certified effort in ERS

***CERT -> Reporting -> Cost Sharing Details by Selected Query:***

Typically, the *Cost Share To Amount* must be positive on any sponsored projects (Fund 610 to 650)

No effort report is available for Payroll from 12/1/15 to

1/31/16: Reconcile with the planned effort and funding

## PMS Subaccount Transition: Recharge

### Recharge Centers (including Core Facilities and CCM)

- Bill customers **Monthly**
- Late billing to a sponsored award (e.g., over one month late) may cause rejection due to closeout of the chart string

### Users of Recharge Centers

- Ensure valid chartstrings are provided
  - Example: Have post-docs and graduate students been informed with valid chartstrings and timing?



## What is Not Going to Transition

- If the last year of a competitive segment begins on or before 09/30/2016, then it will not transition to P subaccounts
- No changes are expected to the current NIH Standard Terms of Award provision allowing grantees to initiate a one-time, **no-cost extension in the last year** of the award.
  - A NCE noted above will extend the “G” segment award end date. This is only for awards not transitioning.
  - Remember you have to be able to afford the effort committed during the NCE.
    - Please discuss with OSR if reducing effort



## PMS Subaccount Transition: Department Actions

- Set up payroll funding on new chartstring in FASIS in advance
- Set up tuition funding on new chartstring in SES in advance
- Review encumbrances and process change orders to new chartstring if necessary
- Give lab staff and students new chartstring with start and end dates
- Give cores, research centers, and animal care new chartstring
- Review outgoing subcontracts invoices. Is the subk recipient billing the correct agreement?
- RECONCILE MONTHLY- **Mandatory by Internal Controls**
  - If Dept. doesn't, there will be **Potential Loss of Funding**
  - Dept. chartstring may be covering unallowable costs and other findings found at close out. There will be no time for corrections when a report is due.
  - Watch out for reoccurring invalid trailing expenses, typically from recharge centers. Unallowable items must come off the grant fast!

## PMS Subaccount Transition: Fed Flow- through awards, fund 620 “incoming subs”

- OSR-CH will set up ***prespend NUFin chart string*** for the new interim funding period that falls within FY2016 ***regardless if the Prime Recipient*** changes the award number of the subcontract. *An ESPR is NOT required*
- OSR-EV will set up ***prespend NUFin chart string*** for the new interim funding period that falls within FY2016 ***regardless if the Prime Recipient*** changes the award number of the subcontract. ESPR will be required.
- Dept. needs to verify all expenses are posting correctly on the new chart string and RECONCILE the finances monthly at a minimum.
  - Fund 620 deadlines, and should have the grant ready for reporting before the deadline ~30 days from the end date. Note: **Less time** than fund 610's reporting deadlines.

## Outgoing Subcontracts

*If you plan to provide a NCE, or add money or give more time and funding ESPR IS required to communicate. ESPR will NOT be required if only the transition is being communicated.*

## PMS Subaccount Transition: Summary of NU's response

Why is the DHHS requiring this Transition?



- More **exposure** to what PIs and departments are doing financially.



- Transparency: The Sponsoring Agency will monitor expenditure rate. NU expects low and high expenditure rates to be scrutinized.
- The Sponsoring Agency may request back-up for large number of charges posting all at once. Keep adequate records in dept. Attach back up to requisition and vouchers whenever possible. Especially for Unlike Circumstances.
- 90** days after the end date of the HHS award, Authorized funds move from an Unexpired status to an Expired status. In addition, funds also move from an Unexpired status to an Expired status based on **budget** period end dates.
- Departments will have minimal time for valid expenses to post **after** the end date.



**Potential Loss of Funding**  
Closeout was always a 90 day deadline but HHS is now requiring federal agencies to enforce that deadline

- Avoid late transactions, in order to closeout timely.

## PMS Subaccount Transition Wrap Up

- Updates regarding this project will be posted to <http://www.northwestern.edu/asrsp/federal-initiatives/hhs-pms-subaccounts.html>
- Now posted on webpage ...
  - FY16 PMS Transition projects **plus** outgoing subks as of April 2015, <http://www.northwestern.edu/asrsp/federal-initiatives/hhs-pms-subaccounts.html>
  - FY16 PMS Transition **ONLY** closeout checklist, [http://www.northwestern.edu/asrsp/docs/PMS\\_Transition\\_ONLY\\_closeout\\_checklist.xlsx](http://www.northwestern.edu/asrsp/docs/PMS_Transition_ONLY_closeout_checklist.xlsx)  
This Transition **only** tool is **specifically** for the closing of the first segment of the Subaccount transition split awards.
- Future items to look for ...
  - Today's PPT presentation
  - OSR/ASRSP crosswalk to ID pooled/Subaccount **split awards**
  - Links to new NIH notices regarding the Subaccount transition
- Send Questions on PMS Subaccount Transition to [subaccount@northwestern.edu](mailto:subaccount@northwestern.edu)

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## Thank You!

- Stay tuned for another HHS PMS Brown Bag in November 2015
- Questions can be sent to [subaccount@northwestern.edu](mailto:subaccount@northwestern.edu)

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