NSF Award Cash Management Service (ACM$) and Financial Update

June 1, 2015

Agenda

- NSF’s Transition to iTrak Oracle Financials
- DFM Monitoring Activities
- NSF Grant Accrual Validation
- Improper Payments
- Program Income
NSF ITRAK FINANCIAL SYSTEM IMPLEMENTATION

ITRAK

- Transitioned to iTRAK on October 1, 2014.

- Converted all open awards and only closed awards with an expiration date of 3/31/13 or later.
Changes for grantees:
- Partially Accepted Payment Transactions
  - One or more award payment requests fail - iTRAK pays the balance and sends a status message to ACM$
- Summarized converted data
- Next Day Deposit of funds requested by 2:00 PM Eastern Time

Award Payment/Expenditure Monitoring
ACM$ has significantly decreased the Awardee Expense to NSF Expense timing gap by allowing grantees to draw cash at the award level each time funds are requested.

ACM$ Closes the Financial Data GAP

**Old Process**
- Posting Cash Draw
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AWARD appears in ACM$ within days after the award is approved.

Eliminated FFR reporting, now able to submit at the award level. Able to obtain up to date financial activity ‘real time’.

- Able to identify issues, monitor and assess earlier
  - Unliquidated Balance review at 3 months prior to expiration of award
  - Ongoing review of institutional draws

Financial closeout is now **120** days after the award expiration date.

- Due to timely financial close, able to recover funds monthly, which leads to new award opportunities.
- Able to monitor Adjustments (High $$) - Ongoing

**ACM$ Award Financial Activity**

**ACM$ Award Financial Activity Monitoring**

Enhanced Funds Management

New Award Posts to FAS

Award Appears in ACM$

Financial Activity within days after the award

Award Financial Closeout 90 days after award expiration

Award Expires

Post Award Lifecycle

Review of drawdowns at 3 months

Startup Assessment

Facilitates Identification of startup issues

Monitoring Based on Cash Draw Data Points

Facilitates Burn Rate Monitoring

On-going review of institution draws

Funds of Concern review at 3 months prior to expiration

FacilitatesBurn Rate Monitoring

Consulting Funds Liquidation Status

Corrections to errors

Award Funds Recovered Monthly

Funds Recovery

Adjustment monitoring

Facilitates Recovery of unused funds

New award opportunities
DFM Baseline Monitoring

Active payment monitoring
- Objective: Reduce payment errors and potential improper payments
- This monitoring is accomplished through the application of system based business rules and GCMS Accountant assessment of payment activity at the institution and award levels.
- The primary system edit is that the awardee cannot draw more than their unliquidated balance for any award.

Post award financial activity reviews
- Award Financial Closeout – Monthly (Ongoing)
  • Objective: Comply with OMNI Circular guidelines for timely closeout
- Canceling Funds – monitor the liquidation of all funds with canceling appropriations related to grants. (Ongoing)
  • Objective: Minimize NSF awardee funds lost due to canceling
- Program Income Reporting Compliance – Annual (Ongoing)
  • Objective: Enhance awardee reporting compliance and ensure proper use of program income funds
Grant Accrual Cash On Hand Validation

**Why are we doing this?**
- NSF’s auditors believe that awardees have not drawn down a significant amount of their expenses by the end of the Federal fiscal year

**2015 Validation will start in July**
- Reconcile to Final numbers from General Ledger
- Turning over results to financial statement auditors, and subject to testing.
NSF Grant Accrual Validation

★ Prior-year Results:
★ Collected 516 out of 516 samples.
★ Results indicated awardees had negative $344 million cash on hand.

★ Recommendations:
★ Time draws more closely with expenses.
★ Avoid building up large negative cash on hand (COH) balances
★ Work toward a business process that keeps cash on hand as near as possible to $0.00 - minimizing +/- COH

Payment/Expenditure Testing
Payment Testing

- Testing is currently being conducted by GCMS
  - Validating payments and “negative payments” for FY 2014.
  - Will be testing for allowability

CANCELING APPROPRIATIONS
Federal Appropriation Law

- Public Law 101-510 requires that all Federal agencies financially close fixed year appropriation accounts and cancel any remaining balances by September 30th of the 5th year after the period of availability.
- The Federal appropriation and not the effective/expiration dates of the award determines when it will cancel.

Canceling Funds

- Awards with a red flag in ACM$ have canceling funds
- The last date to draw the canceling funds is September 23, 2015
- DFM will continue to reach out to awardees who have canceling funds FY 2015.
Background

★ PROGRAM INCOME means gross income earned by the grantee that is directly generated by a supported activity or earned as a result of the grant.
Program Income

QUALIFY

- Income from fees for services performed,
- The use or rental of real or personal property acquired under the grant,
- The sale of commodities or items fabricated under the grant, license fees for,
- And royalties on, copyrights and interest on loans made with grant funds.

DOES NOT QUALIFY

- Interest earned on advances of Federal funds is not program income.
- Program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them.
- AAG (Award and Administration Guide) Chapter VI.F.2

Program Income Reporting Worksheet

1. Once opened, begin by completing the following sections at the top left of the worksheet:
   1. Organization Name: Enter your organization’s name.
   2. Reporting Period: Enter your organization’s NSF ID (15 characters)
   3. State: Enter your organization’s state abbreviation code (e.g., VA)
   4. Reporting Period: Pre-populated by NSF

2. Next, you will need to list your NSF awards that earned program income. If no awards have program income, jump to Step 8.

3. For each award listed, enter the

   - Federal Award Number
   - Project Period Start Date
   - Project Period End Date
   - Project Period Actual
   - Project Period Budget
   - Project Period Earned
   - Program Income (Total)
   - Program Income (Normal)
   - Cost Sharing (Total)
   - Cost Sharing (Normal)

   Note: Only include awards that were active, based upon the start and expiration date, during the most recently completed Federal fiscal year.
Program Income

- The Program Income Reporting Worksheet is now available to awardees through Research.gov.
- Access webpage address: http://research.gov/programincome
- **November 14, 2015** is the deadline for awardees to update, certify and submit the Program Income Reporting Worksheet to NSF for FY15.

Results

- Received over 1,600 program income reports (95%) from awardees totaling approximately $123 million. This is a 50% increase over the total reported on the FFR.
- Our goal for this reporting period is to have 100% compliance.
- Testing will be performed in the future.
SYSTEM FOR AWARD MANAGEMENT (SAM)

- NSF makes all payments using SAM banking information
- Awardees must ensure their SAM registration is up to date
- ITRAK will block payments for vendors and awardees with expired SAM registrations

https://www.sam.gov/
Updated DFM Contact List

- Shanell Overton – Section Head (Acting) – eoverton@nsf.gov or (703) 292-8359
  USP & Foreign Grantees
- Dorothy Battle – dbattle@nsf.gov or (703) 292-4440
  AL, AR, CO, DE, ID, IN, KY, MA, MS, PA, RI, SC, UT, WV
- Ilene Caruso – icaruso@nsf.gov or (703) 292-8334
  AK, CA, CT, HI, IA, MO, ND, NM, NV, NY, SD, WA, WY and All SBIR
- Chris Berner – cmberner@nsf.gov or (703) 292-4335
  AZ, DC, GA, MD, MI, MN, NC, NJ, OK, TX, VT and All Fellowship Payments
- Naomi Jackson – nrjackso@nsf.gov or 703-292-8775
  FL, IL, KS, LA, ME, MT, NE, NH, OH, OR, TN, VA, WI