New Requirements

• DHHS requirement: be able to segregate letter of credit draws on an award-by-award basis
  – Removes ability to “pool” expense and perform a U of Minnesota drawdown for all our awards at once
  – Enables the government to do award-by-award burn rate calculations (enhance ability to detect fraud, waste and abuse
What Does this Mean

• SPA will need to set up a new CON number for all DHHS continuation awards
• Project period will now be divided into mini-segments
What Awards Will Be Affected

- All DHHS agencies
- Mainly NIH continuation awards issued with a start date after October 1, 2015
- Also includes agencies; HRSA, CDC, AHRQ, FDA, etc.
Action Plan

• SPA will establish pre-award accounts upon submission of the non-competing continuation proposal.

• SPA will use either the continuation proposal budget or the budget lines on the first mini-segment to determine how many projects are needed and what budget lines should be set up on pre-award projects(s).
Action Plan (cont.)

• This will allow departments to begin transition to the new CON number
Award Closeout for Mini-Segment

- SFR closeout process will begin approximately 60 days after end date of the original mini-segment
  - SFR and the department will work together to prepare a final financial report for the original mini-segment
Transition To Mini-Segment

- Payroll distribution review
- ISO’s chartfield string
- Close or release open encumbrances
- Subcontracts - Expedite invoices
- Capital Equipment - No need to transfer to new mini-segment

Remove all expenses not reported on the final FFR at the time the report is completed.

Drawdowns may not be allowed after day 90
Carryforward

• Automatic Carryforward
  – DHHS will automatically authorize the transfer of the unobligated balance reported on the FFR to the P account upon acceptance of the final financial report
Carryforward (cont.)

• No Carryforward authority –
  – DHHS will automatically authorize the carryover in the PMS P subaccount to equal the unobligated balance reported in the FFR AND Prior approval request is required
• Standard Policy - GMO will review unobligated balances in excess of 25% of the total authorized amount for the budget period. Additional information may be required
Handling of Carryforward

- SPA will use the following guidelines to setup:
  - Subaward balances will be set up in the appropriate budget lines
  - Restricted funds will be set up in appropriate budget lines
  - All other funding will be setup in SPA reserve - internal budget account (810850)
Handling of Carryforward (cont.)

• Awards with multiple projects, a PeopleSoft friendly budget will be requested
• Modification NOGA issued to reflect carryover
Additional Items of Interest

• Subawards:
  – SPA plans to modify existing subawards to keep same subaward agreement/PO number for new mini-segment
  – Awards with automatic carryforward any subaward balance from previous budget period will be moved to a new PO or distribution line
Additional Items of Interest

• Subaward (cont.)
  – Will not require subaward release forms for the original mini-segment

• Renewal awards:
  – Renewal awards will follow current process to set up new CON#
  – Pre-award Requests for a renewal award will require departments to submit pre-award request form
What’s Coming

• Possible challenges
  CDC – carryforward exception
• Additional guidance
• Best Practices Guide
  – SPA, SFR and CAAC
Questions?

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