

>> The broadcast is now starting, all attendees are in listen-only mode.

>> Hello. Hello, and welcome to today's webinar. Changes to foreign awards for fiscal 2013. My name is Nicole Garbarini. I'm a Communication Specialist at the NIH office of extramural research or OER. We are happy to be providing this event and look forward to spending the next hour or so with you. Before I introduce your presenter today, I would like to mention a couple of housekeeping items, due to the large number of attendees at this webinar, we'll only be taking written questions which you can send to us by typing into your webinar panel on the side of your screen. If you're logged on and experiencing any technical issues, let us know by using the chat panel message in the GoToWebinar tool bar. The presentation slides that are now posted on the foreign policy page of the NIH extramural intranet. Additionally we are recording this webinar and will post it for later viewing approximately three to five days following this event. Now I'm happy to

introduce our presenter, Emily Linde, grants policy analyst in the OER Office of Policy for Extramural Research Administration which many of you know as OPERA. Now, on with the show.

>> Thank you, Nicole. Before I begin with the background, I'd like to let you know that this training is for NIH staff. It will be archived and it will be posted. However, the information that we're going to recover -- to cover, is also pertinent to grantees. So the archived webinar will be hosted publicly. So that the information is available to all our foreign grantees. This presentation is intended to provide information for staff so that you will not only understand the changes that you will see, but also so that you will understand and be able to appropriately advise grantees when you receive questions about the changes. With that intro done, let me start by giving you some background on why we've made the changes, what the changes are, and how the process will be affected. The division of grants policy and OPERA received a request from some institutes and

centers to change the payment method for foreign awards from check to the payment management system. We had also heard this request from foreign grantees on occasion at meetings as some of our sister agencies are also using PMS to pay foreign grantees. The main goal really was to change the payment of foreign awards to the payment management system, but you will see there are additional changes which accompany the final implementation. Why would the change be beneficial? It's certainly beneficial to NIH staff in the reduction of processing time, particularly to the office of financial management, or OFM staff. Since they are the office currently responsible for paying grantees via check, and it enhances NIH's information on the financial status of foreign awards. But the change is also beneficial to NIH grantees in that it reduces the number of lost checks and the accumulation of interest which the grantees must track and return. It will reduce the financial reporting requirements for these awards and it will also facilitate financial closeout. Who was involved? There were

quite a few offices and system staffs involved in the discussions about the change. Either because they needed to help in the development of the technical solution, or because the changes directly impact their work. I did not list out all of the acronyms here, but you will see them later in the presentation. It's not crucial to identify each office's role in the project. But I have listed them here to highlight the complexity with which we were dealing when implementing the change. And to thank them for their participation and assistance as we worked through the challenges. I'd also like to note that we consulted several ICs while we were going through this process, and we are also very grateful for their participation and assistance.

How is the change going to be handled? We had extensive discussions on how best to proceed. Including if it would make more sense to transition all awards at a single time, to transition awards only at a competitive segment, et cetera, et cetera, we really did go through all the permutations. We concluded that the best approach would be to

transition all foreign awards to the new payment method in a single year. This helps us to clarify the message both to staff and to grantees. If we had chose on the make the change only at the time of the competing phase, the transition would have taken a minimum six years. Therefore, we opted with the approach that allows us to reach our goal most quickly and the ability to convey the message of the change most clearly. That means that FY '13 will be a transition year for us and our foreign grantees. Currently active awards will still continue under the old system, but by the end of this Fiscal Year, we will have transitioned all foreign awards to the payment management system, for payment. All the changes for the coming year are detailed in the guide notice, which you should have seen earlier and I hope that you've had a chance to read. The PMS is the centralized grant payment and cash management system operated by the division of payment management which is part of the U.S. department of Health and Human Services. PMS is not an office of the NIH, rather it is part of HHS, and services the

payment of not only NIH awards but also awards for other federal agencies. All foreign awards will be paid in PMS. However, foreign grantees will not use useful accounting like our domestic awards do. There will be a PMS sub account established for each foreign grantee. These will be -- so they will have a B sub account and each award -- sorry, each award will be in a B sub account. Whoops. I went a little too quickly there. I want to highlight that this is the first time that NIH has used B accounts. And they do differ from the other types of PMS accounts with which staff and domestic grantees may be familiar. Firstly, they are sub accounts. And secondly, they do not require the quarterly reporting of federal financial report or FFR cash transaction data, so this is a big change. So again, they do not require quarterly reporting of FFR cash transaction data. This is important for a couple of reasons. We did not want to increase the burden on the grantee, and it gives NIH real-time data on the financial status of every foreign award. It also allows us to align foreign awards, with

domestic awards, by eliminating the annual FFR expenditure data reporting for those awards under Streamlined Noncompeting Award Process, or SNAP.

How do the funds get to the grantee? NIH obligates the funds which are then routed through our internal systems to PMS. They then become available to the grantee, and the grantee must log into PMS to draw the funds down. Once they are drawn down, they are deposited into their accounts via electronics funds transfer. Conceptually this was a fairly easy proposal. In reality, it was quite complex to put into practice because it involves the coordination of several systems and the transition of the payment method in the middle of a project period for many currently active awards.

I'm going to walk you through verbally what's happening with the different types of awards, then we will have a few slides that help depict this visually. This should help those of you who are visual learners out there and should also provide an easy resource for you to go back to and also for the grantees to consult during this transition year.

The change is easy for all new awards that have not been paid before. Remember that the award type is the leading character in the grant number, which identifies the award as competing -- a competing continuation, a noncompeting continuation, et cetera. For all type one, two, four, and nine awards, the only change is that these will be routed directly to PMS for payment. The type 3 is made with fiscal '13 funds will also be routed directly to PMS for payment, though there are some special considerations for that that I will cover later in the presentation. For changes in institution, type 7s, and changes in organizational status, or successor in interest, type 6, there will be no change in the type for the current award. So if a type 6 or type 7 is funded with Fiscal Year '13 funds, it will just be routed to PMS for payment. If the change happens during Fiscal Year 2013, but the type 6 or type 7 is being made with Fiscal Year '12 awards, in other words a mid-year transfer on a Fiscal Year '12 award, it will be routed through the old system for payment and -- and the grantee, the new grantee

will continue to be paid by check. If there are future years on that award, the payment conversion will happen when noncompeting year is funded later in Fiscal Year 2013 for those awards. For noncompeting awards, we basically needed to break, for a lack of a better word, the competitive segment so that the system could identify them as two distinct entities. That allows us to identify those awards funded with FY '12 awards to continue through the old system and identify those with FY '13 awards differently to send them through the new system for payment or PMS. In addition to breaking the competitive segment systematically using a type 4 identifier will allow us to close out the words in the old financial system after this transition year is complete. To do this, we needed a way to identify these awards within our existing framework, and the only way to do that really was to use the type four, which we generally use for extension of words, but this identifier did provide with us the perfect platform to allow for the change and -- and to route them to PMS while minimizing the

number of data items that needed to be changed for the award. Thus all noncompeting awards to foreign institutions for FY ' 13, we are talking type 5s and type 8s here, but mostly type 5s, that's what we find more commonly. They will come in from the grantee as a type 5. They will be reviewed by staff as usual as a type 5. There will be no system changes at that time. At the time the grants management specialist goes to release the award, the award type will be changed from a five, or an eight, to a type four. This also increases the document number. The GMS will receive a warning that the conversion is about to happen. Once the GMS has accepted that warning, the type and the document number of the record will change, and the record will proceed through our systems to PMS. No manual intervention is required on the part of NIH staff. At this same time, we will be changing the project period end date of the prior year, so that's the year that was funded with Fiscal Year ' 12 funds. We will match that project period end date to the prior year budget period end date. This allows the system to recognize the FFR

expenditure data for that year, as the final FFR expenditure data, and allows us to close out the award financially in the old system. No -- no manual intervention is required, so again, I want to highlight that point. Also, there will be no revised NOA issued for the prior year. Grantees, however, will see that change in the NIH comments and NIH staff will see it in impact too. So basically everyone will see it on the two sides of that same system. I know that that was a lot of information, and if you weren't paying close attention, you may have some questions. We're going to go over that information again, this time with visual aids which should help provide you with more clarity. I'd like to interject here and say that one of the things that I didn't cover in this slide that I probably should have captured is when I said that all foreign awards with FY '13 funds will now be routed from PMS, this includes the supplement to foreign fellows. So that X01 will also be routed through PMS for payment. There will be no change to the payment to the fellow itself, but there will

be a change to the payment in that institutional allowance which will now be going through PMS. This is a simple table which depicts the changes that will happen by award type for Fiscal Year '13. The first column indicates the type of award that NIH would ordinarily be issuing. The second column indicates the change to that type that NIH will use for the transition year of Fiscal Year '13. Again, this is a single transition year, and these only -- these changes only affect FY '13 awards. Next Fiscal Year there will be no changes to the type of award to account for the change in payment. If you see no change in type, or no notes in the column one, or no notes in the notes column, for example, a type 1, it means just that. We did not need to make any changes to accommodate for the change in payment systems. Where you see no change in type, but there are notes in the final column, for example, a type 7, it means that we needed to provide some explanation of the impact of the change, but that the award itself would not have changes other than being routed to the new payment system. Lastly,

where you see both a change in type, and notes, for example, a type 5, it means that we are changing the type of award, and we are providing you with an explanation of the timing of that change. Type 5 awards to foreign grantees made with Fiscal Year '13 funds will be converted to type 4s at the time of release. Later in this presentation, I include another visual that captures this change, and all of the other changes detailed in the guide notice. Because foreign awards will be in B, subaccounts, grantees will not need to submit FFR cash transaction data. We will have real-time data so they will be exempt from the quarterly reporting requirement. PMS B subaccounts are specifically designed not to require this. Also, because we will have accurate and current data on the draw-downs for these foreign awards, foreign awards under SNAP will not require FFR expenditure data for those awards. If you're unsure if an award is under SNAP, this information is listed on the notice of award, under section 3, terms and conditions. All awards under SNAP include a term that reads like this: This

grant is subject to the Streamline Noncompeting Award Procedures. SNAP. Please note that for all awards, the decision to include an award under SNAP is -- is made at the discretion of the awarding IC. And some ICs do routinely exclude foreign awards from snaps. This does, by the way, align our foreign SNAPS with our domestic SNAPS for eliminating that FFR expenditure data reporting on an annual basis.

This slide will show you what will happen for an award, for example, that was first issued in FY '11. I have posted a document with this diagram on the foreign grants information page along with some other documents that I'll cover later. The payment for this award example, starting in Fiscal Year '11, would have been made by check or wire transfer for the first two years. When the progress report is submitted for this year, Fiscal Year '13, it will be submitted and reviewed as a type 5, but the system will convert it to a type 4 at the time of release. This change also increases the document number and the payment will now go through PMS, and the grantee

will access their funds through PMS, so for the final three years in this example they'll be accessing through PMS. At the time that the Fiscal Year '13 award is released, the project period end date for the previous year will be changed to equal the budget period end date for the previous year award, so this is the information highlighted in yellow. This allows us to close out the award in the old financial system, and when the annual FFR expenditure data for that award is submitted, it will be the final FFR expenditure data. At the end of the natural competitive segment, in other words at the end of year five, the grantee will need to submit all closeout documents including the final progress report, the final invention statement and the final FFR expenditure data. Note here for years three and four, if the foreign award is under SNAP, the grantee would not need to submit annual FFR expenditure data. They would submit a single FFR expenditure report at the end of the newly-defined competitive segment. So in other words, one for years three, four and five; however, if the award is not under

SNAP, the grantee would submit FFR expenditure data annually, just as they do now. Because Fiscal Year '13 awards will be using different payment system grantees must be return any unobligated balance at the address listed here. Remember that the system is recognizing the first portion of the award as a separate segment from the portion issued with FY '13 funds and beyond. The funds must be returned via check even if the grantee is currently using wire transfer. This is to ensure that the funds come back to NIH and then NIH can transfer the funds to the new system.

I have developed another visual aid which is a flow chart that I'm going to walk through now, I'm going to take a break from the slides for a second and show you where that is. The page that you're looking at now is the public page for foreign grant information. This is actually a website that we're looking at right now to revise and to kind of cleanup and update and to provide some more clarity, but what has already been updated is this payment section that you find here. The first -- the first diagram

I showed you in the -- in the slides -- is not coming up. Interesting. Okay. So we'll make sure that that is working, the one I do want to show you is this one which is a flow chart, basically a decision tree for grantees about how to handle carry over in Fiscal Year '13. With that being said, you can look at that dock if you wish while I go through and explain what's going to happen with carry over during Fiscal Year '13. What happens to those funds once they're returned? Those funds will be processed by OFM and transferred to PMS for use. Either by the grantee or by NIH. Let me explain what I mean by that. If the award has carry over authority, the grantee will be able to access the funds that have been transferred through PMS. We do realize that it's inconvenient for grantees to have to return funds which they ordinarily would have had the authority to spend; however, it really is the only way to appropriately track the expenditure of funds in the new system of financial records. If the grantee does not have carry over authority, the grantee should not access the funds

that have been transferred to PMS unless and until they have received prior approval to spend those funds. That is just as it is now, a grantee without carry over approval cannot spend unobligated funds until they have received prior approval to do so. This carry over only impacts the transition from the old system to the new system. For example, if a grantee has an unobligated balance at the end of the Fiscal Year '13 award, and wishes to carry it over to Fiscal Year '14, all of the unobligated funds are already in PMS and therefore there is no need to return the funds via check. The take-away message here is that we are not changing the carry over authority for any award. The carry over authority will remain unchanged. At the ICs, you should continue to return the unobligated balances and carryover asks in accordance with your current standard operating procedures. What we are doing is adding an extra step, for the grantee to return unobligated balances issued by check or wire transfer so that those funds can be included in the new system and tracked via PMS. This is the only

way to ensure that all financial records are balanced, both in the old system, and in the new system. I mentioned earlier that the system will prevent you from issuing a type 3, either a competitive revision or administrative supplement until the FY '13 award had been issued. This is because the system is routing all FY-13 funds through PMS and a supplement to a prior year using FY '13 awards could not be routed to PMS, the system could be seeing two Fiscal Years at the same time. The system will not allow you to supplement an award until the FY '13 award has been issued. You may encounter situations where you would like to issue a competitive revision or administrative supplement before the FY '13 award has been issued. You will need to work through those on a case-by-case basis. It may be possible for you to wait for the FY '13 award and some cases it may not, in which case we encourage you to consult your GMD about what the best options are available to you, and if you still have questions, you can certainly send a note to me, and we can work through them.

At the last change that we implemented, the last change that we implemented is a change in policy for the preparation of the FFR expenditure data. Until this year, grantees were required to use the exchange rate in effect at the time the FFR expenditure data was prepared. Now, grantees will be required to use this exchange rate in effect at the time the funds are drawn down.

We have covered most of the changes that staff will see, but there's still some changes that the grantee will see. Namely, they will now be drawing their funds down through PMS, and they will need to complete some paperwork to establish access to those funds in PMS. Before I stop for questions, there's a few more points that I would like to highlight. If you are viewing the slides on your own, you will notice that there are several slides beyond this slide. These slides, the slides following this one, are designed specifically for grantee reference, detailing the completion of PMS forms, also the process for logging in to PMS and drawing down funds, some more information about PMS

availability and training availability. And how to contact them. We certainly encourage grantees to contact PMS with questions about PMS. We really can't handle those questions or answer those questions. It's for PMS to do. That's why we provided that contact information here, but we would -- would like to, since this is a big change for our foreign grantees, kind of have a nice resource for them to go to to walk through what they will be doing. So that's about all that I have to present to you, so I'm going to pause here just for a second.

Okay. So I am now...

[no audio]

>> Are you hearing me? Okay. Sorry. So there's a ghost in the system and people couldn't hear me for a little while, let me just review what I was going over, because I don't know who got to hear that and who didn't. So we had talked a little bit about providing a standard term of award which is one thing I haven't sent out yet. We haven't issued any foreign grants yet, so we think we're good

with that. We will work on getting a standard term of award out to you, letting the foreign grantees know what has changed.

You're on. So I'm hearing that.

So -- and then I'm going to let you know who is here. So we have OFM staff here with me, and also some IC representation and eRA staff, so with that, I'm going to start trying to go through some of the questions and give you -- give you some answers, but give me two seconds here, because it's on a teeny tiny screen and I need to blow it up a little bit.

Okay.

So work with me. You missed where -- so somebody wants to know where the slides are. So the slides are actually right now posted on the foreign grant intranet site and I think they're posted under training. And so that's where you'll find the slides for these, and again once we've posted these publicly, we will post the slides that correspond to that, and we'll post those on the public site and we'll also have a link off of the intranet site. Is there a specific award term that we should use? So

I've just covered that one, so you probably sent that a little bit beforehand, but I will send that out to GMAC so that they will have that. So the question is did you say it's merely difficult or impossible to add FY '13 money to FY '12 awards. It is systematically prevented so there is no way to supplement an FY -- an FY '12 award with FY '13 funds, so the system will prevent that. Like I said, this is going to have to be a case-by-case basis that we work through this and determine how best to handle it. I am told by a nonSNAP foreign awardee that it seems like their FFR will be extremely complicated if they need to track exchange rates at the time funds are drawn down. If they are drawing down funds as they use them, so this is actually a great point. We have had this question from grantees and in fact we've had a number of questions from grantees. We are working on a frequently asked questions document, which we will post for foreign grantees in this regard. I can tell you that I personally worked with one of our larger foreign grantees about this. Different

grantees have different tracking methods. Some are actually very excited about this change. Some are a little bit less excited about this change. For the one that I worked with, they basically are going to use all of their own funds. They will not be drawing down advanced payments, so they will be basically reimbursing themselves and they decided to do that on a monthly basis, so they will be expending their funds and then every month they will go back and basically draw down what they have spent for that previous month. Another solution to this is grantees can contact their financial institution, and they can negotiate a constant exchange rate, for example, the same exchange rate for the entire budget year, or for the life of the award, so that's another way that grantees are handling this.

Bear with me as I try to scroll through these questions. Does the change affect foreign fellowships in any way? Yes, it does change foreign fellowships but only for the institutional allowance. The foreign fellow will still be paid

the exact same way the foreign fellow is paid now; however, that X 01 will be routed through PMS for payment. So any institutional changes to -- to -- well, any payment to a foreign institution will be going through PMS is probably the cleanest way to say that.

Will the closeout center be notified that FY ' 12 awards are not truly ending so that the closeout center won't put these grants into closeout and request the final invention statement and the final progress report? That's a great question and I can tell you that I have already personally been in character with the closeout center to explain what's happening with these grants so that they know that that information is not required until the natural end of the competitive segment so when it would have ordinarily ended, not that they will be getting this information twice for those that we have to basically break the competitive segment.

Do the PMS changes affect domestic grants with foreign component? No. They don't affect them, domestic grantees will log into PMS and draw their

funds down as they would now. They're paying their domestic grantees separately so that this does not impact them at all and there's no change to the domestic awards with foreign components. As a follow-up, can SNAP -- can nonSNAP foreign awards be easily converted to SNAP awards pros and cons? So that is a discussion that I would encourage you to have with your chief GMO. There are certainly different opinions about SNAP awards on foreign grants. Like I said, some foreign -- some ICs do not ever issue SNAP awards on foreign grants and others do routinely so this is a discussion you would need to have with your chief GMO.

What do we do if there are technical glitches during the conversion? Well, the first thing that you would do is let us know, so that we can address it. Again, I can say that we haven't had any of these issued yet. We are certainly looking for this. I look probably every other day to see if any of these have gone out yet. We would encourage you to contact the eRA help desk and absolutely include all of the information that you have available to

you including the award number, and what it seems to you that has gone wrong, so -- so any information that you would have is going to help us trouble shoot in the event that there are issues. When grantees return an unobligated balance via check, an OFM reobligates that amount to the new PMS segment of this grant. Is grants management involved in any way or does this occur behind the scenes? So I can address this a little bit and then I'm going to turn it over to Allen Watley for the rest of it. So again, if it's not -- if they don't have carryover authority, the grants management specialist ordinarily wouldn't be involved. If they -- sorry, if they don't -- if they do not have authority, the grants management specialist would be needing to review the prior approval request. That doesn't change, but I'm going to let Allen explain the system a little bit behind the scenes.

>> Okay. So basically so the question is is when grantees return an unobligated balance via check and OFM reobligates that amount for the new PMS segment of the grant, is grants management involved in any

way, does this all occur behind the scenes? The answer to that question is, no, grants management is not involved. It all occurs behind the scenes in a similar fashion -- okay, in a similar fashion that the domestic grants do. With domestic grants, when we accept an FFR, with an unobligated balance, we simply enter a transaction to deobligate the balance from one document, a document for example, and reobligate that balance into the B document for example. So it's the same concept. The grantee is going to be returning their unobligated balance. We're going to deobligate the funds from one document and reobligate them to PMS now under the next document. So the same concept is domestic no grants management intervention is necessary.

>> Okay. And we also had a question about banking fees when grantees are drawing down funds. We are aware of this question. We haven't prepared an answer for this yet, but this is absolutely one that will be included in that frequently asked questions document that I mentioned earlier. Okay. So I think we've gotten most of the questions.

There might have been one that I didn't get. Oh, okay. So does this apply to federal grantees who have followed the foreign grantee process? So I think this question is about those direct pay awards, so federal fellows and federal grantees. This does not impact that. We're really only talking about payments to foreign institutions with this change.

So that looks like that was all the questions. So we hope you -- we've addressed all of those for you, if you have questions that come up after this, you can certainly send them to the grants policy inbox which is grantspolicy@od.nih.gov. Thank you.

>> Thanks, Emily. Thanks to all the panelists and organizers for helping out with this webinar today. We hope you enjoyed this session and found it helpful. Again, the Powerpoint slides are available on the foreign awards page of the NIH extramural intranet which I've also type add link in the chat box in the GoToWebinar tool bar, and you'll be able to find an archived webinar recording on the same page within three to five business days.

Again, if you have any questions that have not been answered, you may e-mail grants policy at grantspolicy@od.nih.gov. This concludes today's webinar. Thanks for attending.