

Office for Sponsored Programs Research Finance

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RAS FRIDAY

DECEMBER 19, 2014

Sheila Doyle - Manager of Reporting, Billing and Collection Team

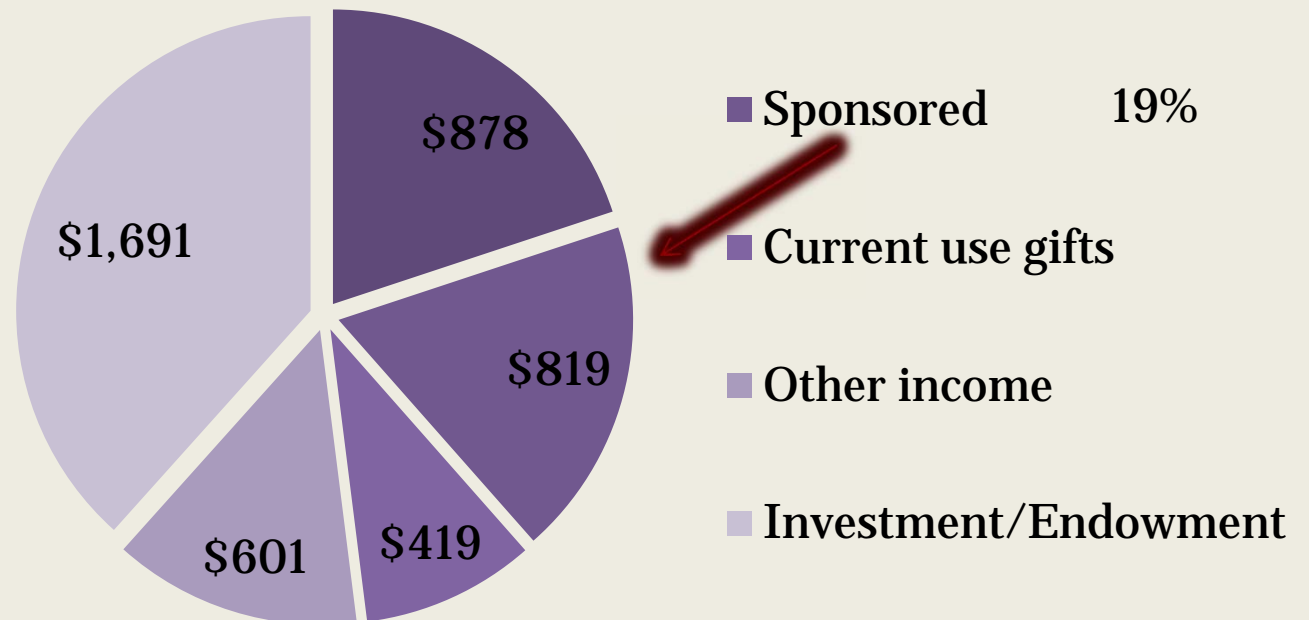
Mirela Vaso - Portfolio Manager of UA Team

Sponsored Revenue and other revenue components

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- Harvard University reported Fiscal 2014 Operating Revenue of \$4.4 billion.
- Sponsored revenue is third largest revenue component: \$819 million or 19% of total.

Total revenue
\$4.4 Billion

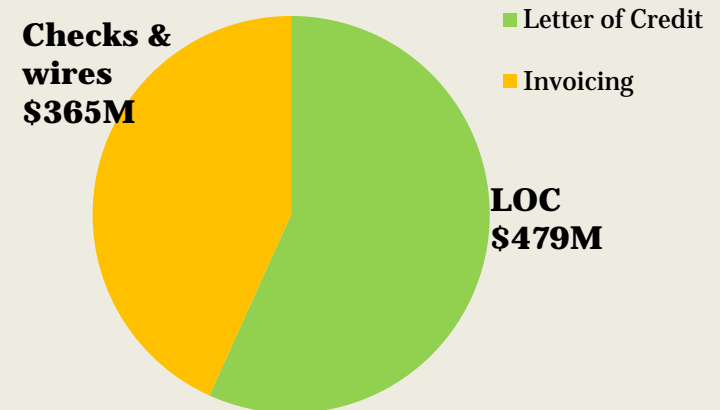


Invoicing & Draws by Letter of Credit

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- **\$844M** in annual sponsored expenditure billing and collections across the University
- **\$365M** in cash was billed in FY14, and **\$479M** was drawn down via federal Letter of Credit (LOC)
- The LOC grants issued from U.S. Department of Health and Human Services (DHHS) use Payment Management System's (PMS) pooled accounts to receive funds (moving to fund-by-fund)

FY14 OSP Sponsored Cash Management



Avg monthly LOC draws: \$40m
(85% DHHS, 9% NSF, 6% rest)

For non-federal awards, and some Fed:

Checks

- * OSP sends invoice to sponsor if they pay by check
- * Checks come in daily and are processed by Financial Reporting, Billing, & Collection team
- * 90% of checks go directly to lockbox at our bank
- * 10% of checks come to Harvard as physical checks

Wires

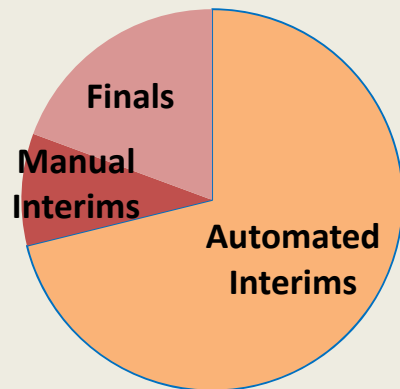
- * OSP sends invoice to sponsor if they pay by wire
- * Wires come in daily and are processed by Financial Reporting, Billing, & Collection team

Financial Reporting for grants

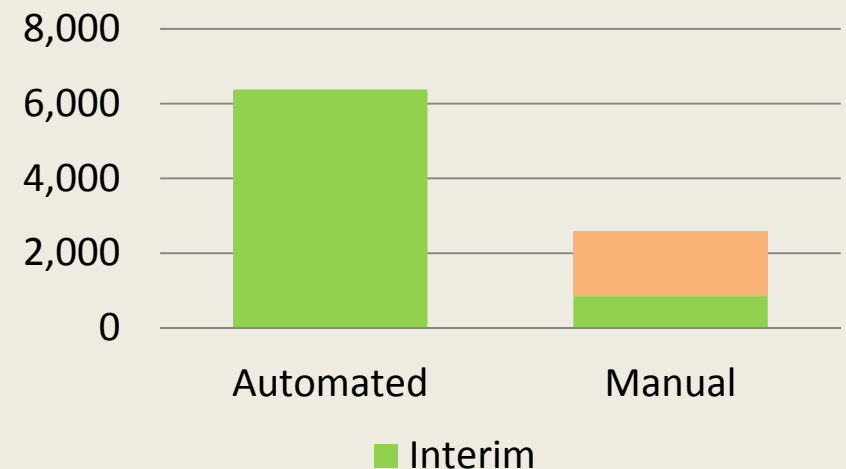
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- In FY13, Harvard's sponsors required **8,966 invoices and reports**
- Research Finance manages a volume of over **530 automated** reports and invoices per month, and over **215 manual** reports and invoices per month.

2013 Sponsor-Required Reports



2013 Sponsor-Required Reports



Change is coming !

Federal Agency Trends

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Uniform Guidance – reaffirms the 90-day deadline:

- ❑ “The recipient must submit all financial, performance or other reports, as required by the award’s terms and conditions, ***no later than 90 calendar days*** after the end date of the period of performance. It is critically important to be aware of the requirement that the recipient ***must liquidate all obligations*** incurred under the federal award ***not later than 90 calendar days*** from the award end date.”

Transparency and a push to impose the 90 day deadline

- ❑ NSF: now cutting off draw at Day 90
- ❑ Dept of Education: have always de-obligated after day 90
- ❑ DHHS and other federal agencies: plan to de-obligate after day 90 with Uniform Guidance implementation, in an effort to promote more timely financial closeout of awards
- ❑ Other agencies list funds as “expired” after day 90

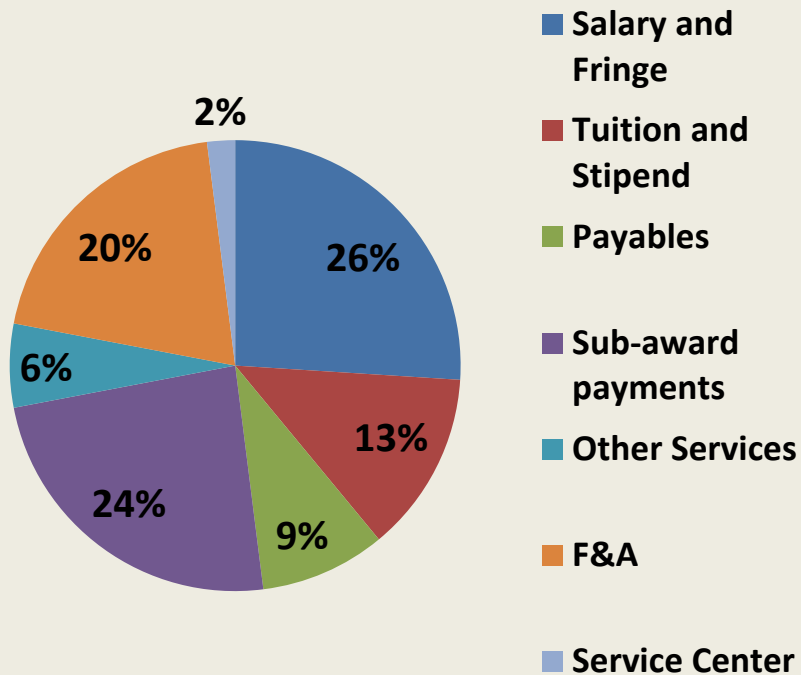
How do we stack up in a 90 day world?

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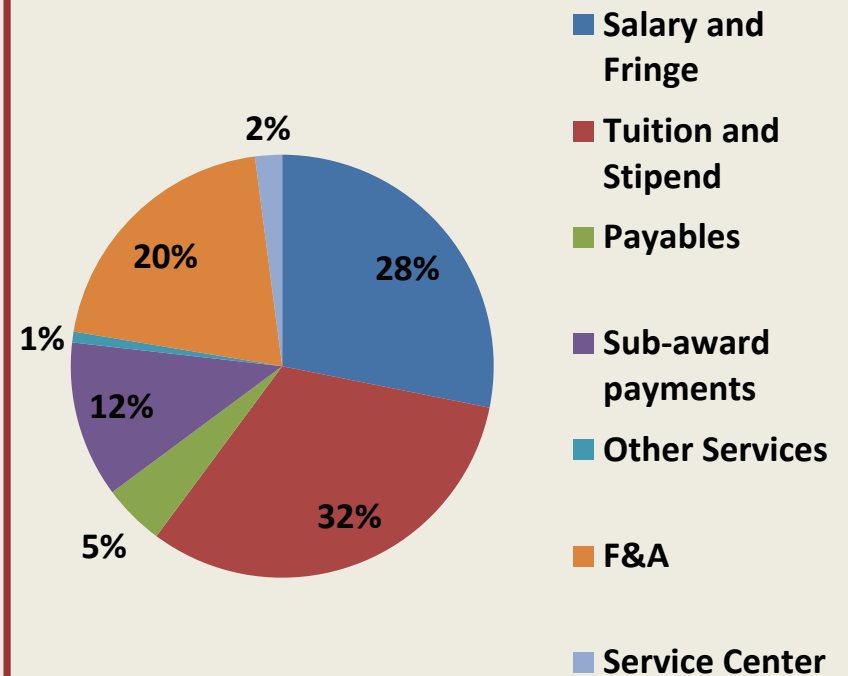
Federal Awards

FY 14 Federal Awards – with Post End Date Transactions						
School	Nmbr of Funds	Nmbr of Txns	<i>Expenses Added (61-90)</i>	<i>Expenses Removed (61-90)</i>	<i>Expenses Added > 90 days</i>	<i>Expenses Removed > 90 days</i>
FAS	161	5,704	215,398	(474,964)	920,114	(976,099)
University	523	19,967	7,353,873	(6,370,568)	3,022,018	(2,975,288)

**University - % of Total FY14
Expenses added after 90-day
federal deadline (total \$3M):**



**FAS - % of Total FY14
Expenses added after 90-day
federal deadline
(total \$920k):**



Existing Financial Reporting policy

(available at: <http://osp.fad.harvard.edu/content/financial-reporting>)

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- **Implementing the Financial Reporting policy:** Harvard should comply with the federal closeout requirements for timely financial management of sponsored projects, including the timely and accurate closeout for awards.
- Promotes proper stewardship of Harvard's sponsored funds, which is an obligation of all faculty and staff.
- **Existing policy:** "The FFR preparation process requires the department to complete account reconciliation and ensure all appropriate charges are posted to the G/L within the first 60 days of the 90-day reporting period"
- **What is new?** Enforcing our current policy that no transaction activity should occur after day 60.
- **Why?** – Federal agencies will de-obligate funds in the letter of credit payment system after day 90.
- 60 days to confirm all expenditures to the award are complete and accurate (10 extra days for awards with subs) - so that we can meet sponsor reporting, invoicing and draw deadlines
- When Harvard is a federal sub-awardee – Final expenditures must be confirmed to OSP by day 55 or before so that we can meet sponsor invoicing deadline (day 60).

OSP role to Support the 90-Day Timeline

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Job aids being developed so that advance planning can be accomplished for awards that are ending.

Monthly reports to each Org with a list of awards with reports and invoices scheduled in the next 60 days.

Initial drafts of federal FFRs will be sent to dept. 45 days before they are due.

Draft for subcontract invoices (where Harvard is the sub) will be sent to dept. 15 days before they are due

Reporting, Billing and Collections efforts:

- Closely monitoring LOC awards as they approach their end date.
- Weekly LOC draw reviews for all Federal LOCs.
- Redirecting resources to Cash Management.

Opportunities for us

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Conversations with A/P Leadership planned to discuss processes and turnaround time. A/P challenges faced by the schools will lead to A/P efficiencies

Streamlining the internal service center billing process: billing frequency, updated billing code, fee structure, communication, etc.

Institutional support for FRAP, GMAS 2.0, & Dashboard projects

Enhanced attention in OSP to cash management and award reconciliation

Balanced attention between pre- and post-award management

Ongoing monitoring of subcontract budgets and expenditures. Strategies (including escalation) for collecting subaward invoices according to agreement schedule.

Upcoming Financial Reporting and Closeout Info Sessions

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Please sign up on the OSP website to attend one of these four Financial Reporting & Closeout Sessions:

1. Tuesday, January 13th, 3-5pm, Countway Library, Minot Room (Longwood)
2. Tuesday, January 20th, 10am-12noon, Lamont Library Forum Room (Cambridge)
3. Tuesday, February 3rd, 3-5pm, Countway Library, Minot Room (Longwood)
4. Wednesday, February 18th, 10am-12noon, Lamont Library Forum Room (Cambridge)

Sign up today at <http://osp.fad.harvard.edu/calendar>

Questions

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