

Forging Research Partnerships

June 4 , 2019

External Audits and Reporting

FORGING RESEARCH PARTNERSHIPS

OVERVIEW

1. EXTERNAL AUDITS AND REPORTING
2. SPONSORED PROJECTS LIFECYCLE
3. SPECIAL TERMS AND CONDITIONS
4. TYPES OF SPECIAL PROJECTS: R & D AND CONSTRUCTION
5. R & D SALARIES VERSUS OTPS
6. NONPROFIT AND FOR PROFIT PARTNERSHIPS
7. FEDERAL AUDIT CLEARINGHOUSE R & D POPULATION
8. PUBLIC RESOURCE REFERENCES

Expansion of Audit Activities

Audits Originate from Multiple Sources

Regulatory

Agency Audits

Sponsor Audits

Common themes noted across all audits:

- Increased Frequency
- Expansion of scope
- Increased focus on compliance with Terms and Conditions

From an auditor's perspective, successful scientific outcomes and compliance requirements are independent outcomes

Expansion of Audit Activities

Multiple Audit Methodologies Employed

Statistically
Significant Sampling
(across awards)

Broad Based
Analytics
(across programs)

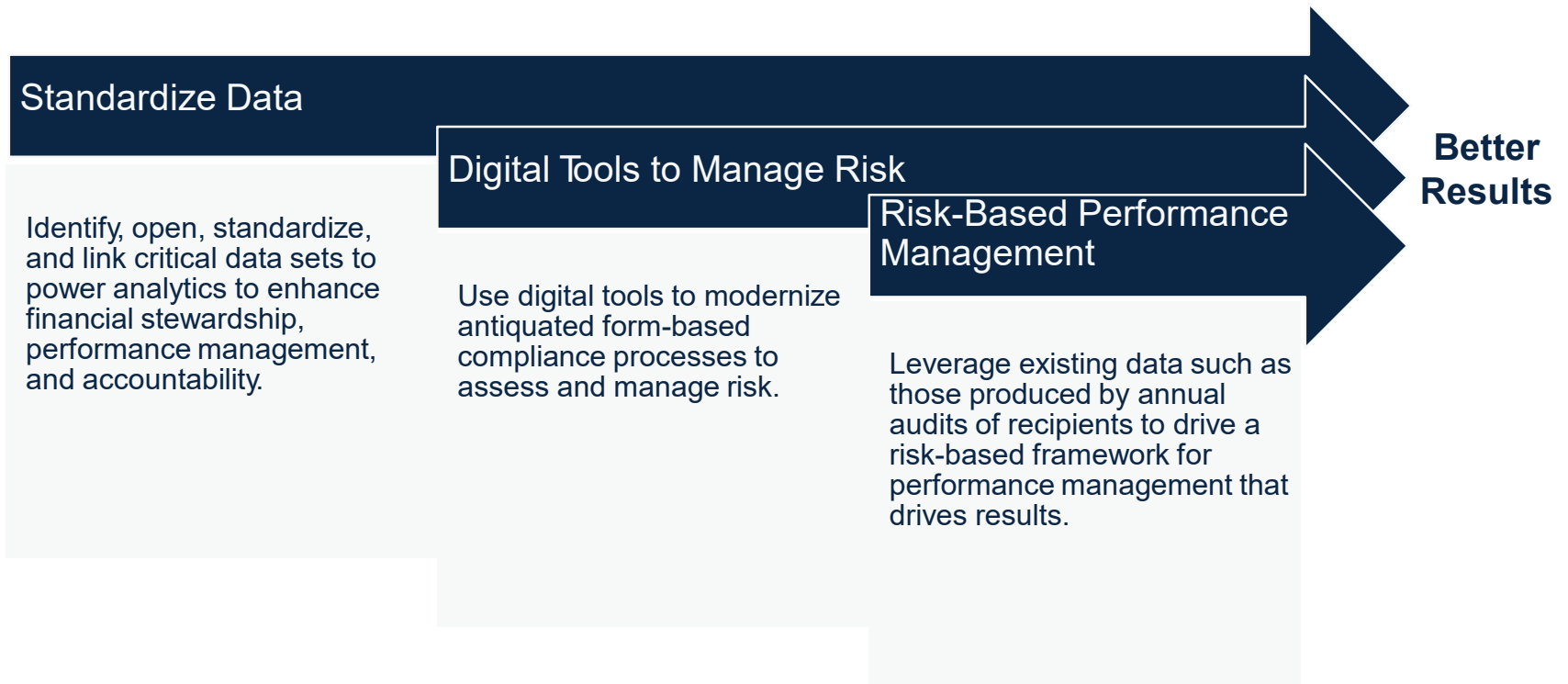
Detail Review
(individual award)

Regardless of methodology:

- Significant number of transactions reviewed
- Focus on “themes”:
 - Supporting documentation
 - Timing of expenditures
 - Allowable and allocable
- All audits centrally managed by the University Controller’s office

Shifting Governmental Priorities

And proposed a framework to achieve the goal which will dramatically change grants management, more than just a compliance audit:



Sponsored Projects Lifecycle

Sponsored Projects - Lifecycle

Lifecycle of Research Awards

- Project Concept
- Proposal Development
- Proposal Submission (Offer)
- Agency Awarded (Acceptance)
 - Terms and Conditions
- Award Implementation
 - Regulatory Compliance
 - Programmatic
 - Progress Reporting
 - Fiscal
 - Financial reporting
- Agency Audits

Special Terms and Conditions

SBA FY19 Goal Guidelines

Monitoring and Reporting Achievement Toward Goals

The Federal Procurement Data System – Next Generation (FPDS-NG) is the government's authoritative source for all prime procurement data. SBA uses the information in FPDS-NG to monitor agencies' achievements against goals throughout the year. Agencies report in FPDS-NG each award over \$3,500, including such details as:

- Industry
- Place of performance
- Type of contractor
- Whether the contractor meets SBA's size standards
- Amount

Types of Sponsored Projects - Contracts R & D and Construction

Types of Contracts: R & D and Construction

SBA/MWBE

Focus is on the procurement of SBA and or MWBE vendors to provide goods and services for that budget category.

Requirements

- Research and Development: Managed by Sponsored Projects.
- Construction: New building initiatives managed by facilities.

Types of Contracts: R &D and Construction

Covered Categories

- HBCUs
- MWBE
- Veterans
- Disadvantaged
- Indian Tribes

Agency Specific

- Special Terms and Conditions
- Proposal Phase
- Award
- Utilization Plan
- Reporting - Filing of Expenses

Research & Development: Salaries vs. OTPS

R & D: Salaries vs. Other than Salaries (OTPS)

Research and Development

Salaries

Personnel costs on average 70% of research costs

OTPS

Contractual services provided by vendors.

R & D: Small Business Agency – Requirements

Utilization Plans: Documented Detailed Business Plans

- Regulatory Updates
- Spending Plan Versus Actual
- Project spending trends
 - Vendors | Dollars | Invoice detail
- Timeline
- Reporting

Waivers: Are the contract terms and conditions attainable ?

- Yes or No
- If No
 - Has due diligence been performed?
 - Has a waiver been submitted?
 - Has a waiver been approved by the appropriate authorized individuals

R & D: Small Business Agency – Requirements

Optimizing the SBA MWBE Population

- Identify Qualified Businesses
- Understand Contract Specifications
- Certifications
 - Insurance
 - SBA / MWBE - Federal
 - SBA / MWBE - State and Local
- Continued viability of a small business

R & D Small Business Agency – Expectations

Agency Expectations: Goal Attainment

- Accurate Utilization Plan
- Consistent monitoring of performance
- Communication with vendors
- Expenses posted timely
- Spending patterns mirror programmatic goals outlined in contract

Nonprofit and For Profit Partnerships

Partnerships – Nonprofits and For Profits

Agencies

- Federal
- State
- City

Universities

- Private
- Public

Private Sponsors

- Nonprofit
 - Foundations
 - Hospitals/Clinics
- For Profit Sponsors

Leveraging Public Private Partnerships for Competitive HBCUs

Key Objectives to Achieve:

- *Leverage HBCU (best minds) to create new economy opportunities*
- *Ensure America's Scientific Investments Create Economic Opportunities in Minority Communities*
- *Ensure Minority Business Development Programs create entrepreneurs in new economy businesses*
- *Locate next generation industries in and around underserved communities as a catalyst for economic participation.*
- *Source: White House Initiative on Historically Black Colleges and Universities*
- *Research and Development Federal (Audit) Clearinghouse (Harvester) participants, who pass through government funding to subrecipients.*

Source: White House Initiative on
Historically Black Colleges and Universities

Leveraging Public Private Partnerships for Competitive HBCUs

For Consideration

- *HBCUs Represent a national resource that should be leveraged*
- *Higher education capabilities should Include: Leveraging faculty and providing with creating incentives and opportunities to learn*
- *Collaboration between academic units provides a force-multiplier for institutions: Role of Office of Sponsored Programs*
- *President and Financial Officer (CEO/CFO) responsibilities*
- *The organizational recommendations include Office of Sponsored Programs and Office of Grants/Contracts*
- *New assessment of policy and procedures for success*
- *A discussion on contracts vs grants is necessary*
- *What partnerships leverage: Funding-Leveraging Opportunities/Grants/Contracts*
- *Institutional Capabilities*
- *Your next steps – Future Contacts*

Source: White House Initiative on
Historically Black Colleges and Universities

Federal Agencies – Terms and Conditions

Minority Business vs. Innovation Legislative Timelines

Leveraging Public Private Partnerships for Competitive HBCUs

1968 - SBA establishes 8(a) Program

1969 - MBDA established (Executive Order)

1972 - National Minority Purchasing Council

1978 - Small Business Act amended and Defines ‘Procurement Set-Asides’

1986 - Defense Authorization Act – SDB Target 5% (\$70B over 10 years)

1990 - Department of Defense Mentor Protégé Program

R&D and Innovation Legislation:

1980 - Bayh–Dole Act or Patent and Trademark Law Amendments Act (ownership of invention)

2007 - America COMPETES Act; America Creating Opportunities to Meaningfully Promote Excellence in Technology, Education, and Science Act

2011- Leahy-Smith America Invents Act (Patent Reform)

2011- HBCU Strategy, National Defense Authorization Act

Source: White House Initiative on
Historically Black Colleges and Universities

Reducing the Compliance Burden

Focus on process improvements minimizes the administrative burden from transaction initiation through audit, from PI to administration

- Key areas of focus:
 - How can compliance with enhanced regulations be facilitated?
 - What are the major challenges to implementing required changes?
 - What can be done to reduce the PI burden?
 - How can audit ready documentation be assured?
 - What are the current data quality challenges?
 - Who needs to be trained?
- Administration is focused on ensuring compliance with as minimal impact on operations as possible

Partnerships – Optimization

Increase Visibility and Partnerships

Potential Steps to Optimize Resources

- For those awards that have terms and conditions requiring an HBCU participation.
 - A widely published database that lists areas of research by HBCUs
- Market areas of research and expertise
- Identify the partnerships that have been successful and replicate the framework
- Ease of partnering

Federal Audit Clearinghouse (Harvester) R & D Population

R & D Primes – Top 20

R & D Primes

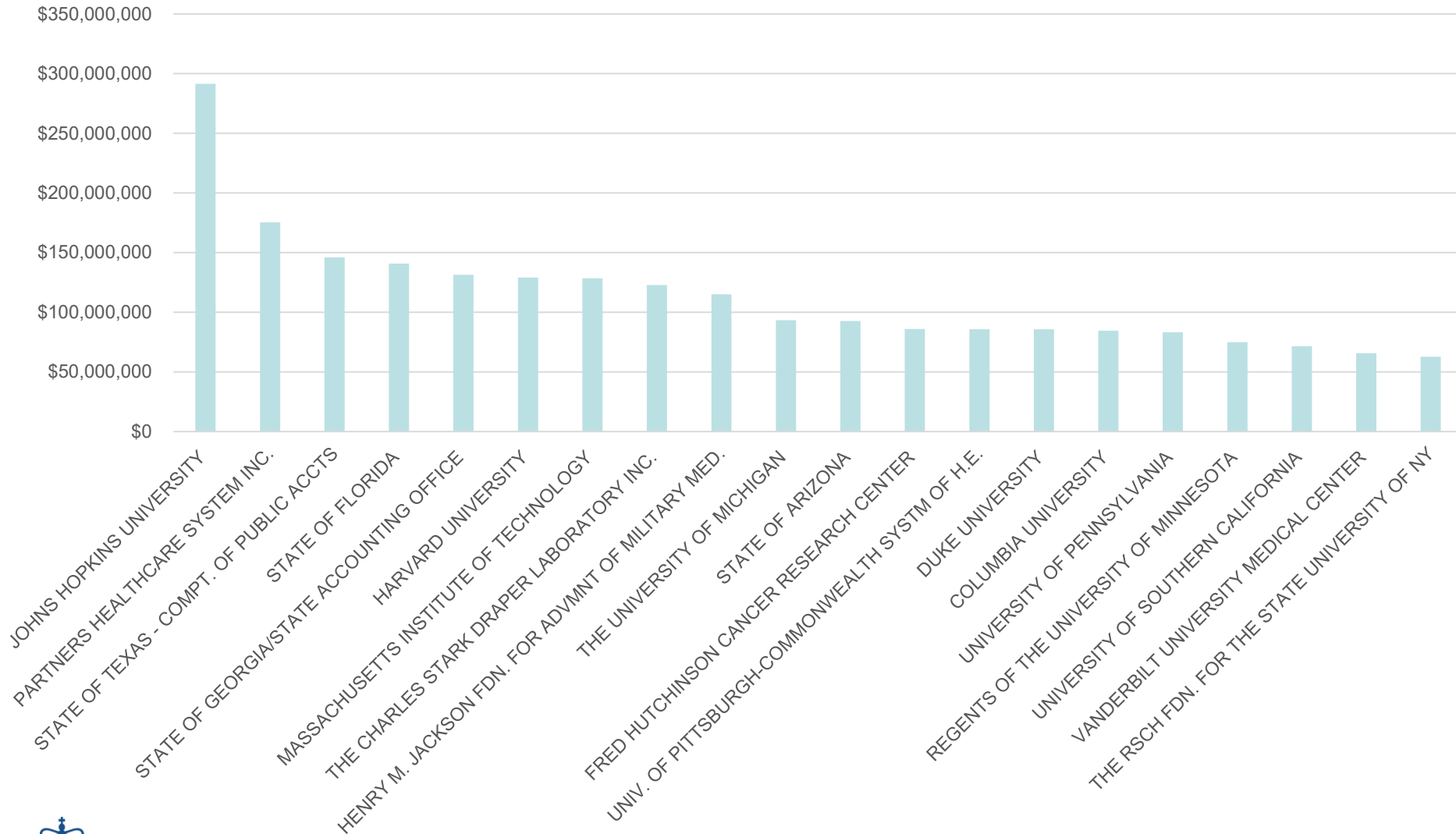
Research and Development Federal Audit Clearinghouse participants, who pass through government funding to subrecipients.

Top 20 Total Subrecipient Amounts for All Major Programs under

R&D Cluster

(\$ Values in Millions)

Data Derived From 2018 Federal Audit Clearing House

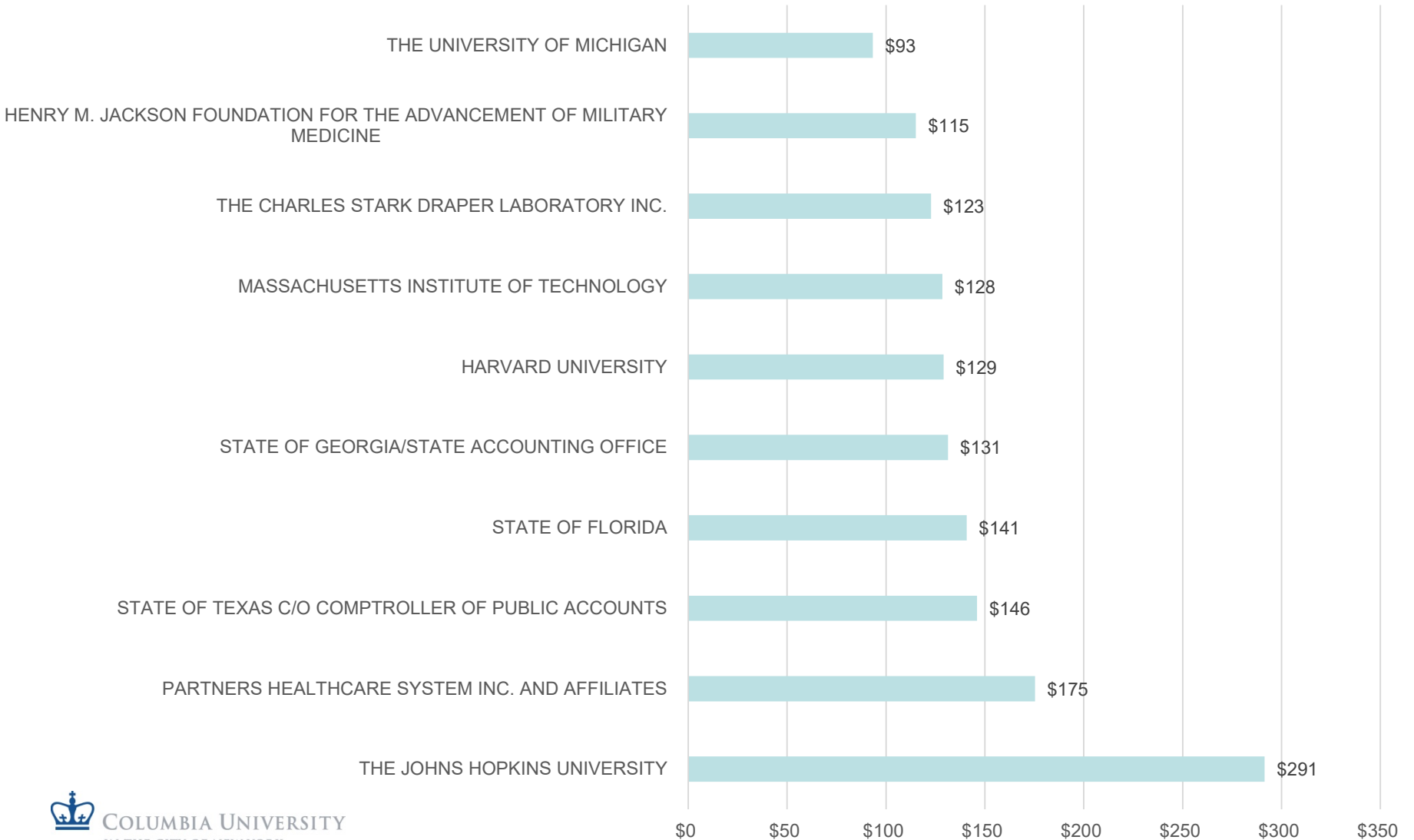


Top 10 Total Subrecipient Amounts for All Major Programs under

R&D Cluster

(\$ Values in Millions)

Data derived from 2018 Federal Audit Clearinghouse



Federal Audit Clearinghouse – R & D Top 10 Primes

Top 10 R & D Primes

1. The Johns Hopkins University
2. Partners Healthcare System Inc. and Affiliates
3. State of Texas C/O Comptroller of Public Accounts
4. State of Florida
5. State of Georgia/State Accounting Office
6. Harvard University
7. Massachusetts Institute of Technology
8. The Charles Stark Draper Laboratory Inc.
9. Henry M. Jackson Foundation for the Advancement of Military Medicine
10. The University of Michigan

Partnerships

Leverage existing relationships and structure to formalize a research alliance with and maximize the research portfolio of each university.

Key Questions:

1. What is the research mix overall?
2. Within each area of research areas across member universities, how many schools are represented ?
3. How many agencies are represented by those areas?
4. What is the best pitch to make to each sponsor?
5. What is the best sponsor type for the area of research?
 - Agency, University, Foundation, Corporation

Public Resource References

Published Data Sources For Reference

Helpful Research and Development Data Resources:

NSF Higher Education and Research and Development (HERD) Survey

The Federal Audit Clearinghouse