**DRAFT**

# Consolidated Submission Process for the Federal Financial Report

## (Consolidated FFR Test Model)

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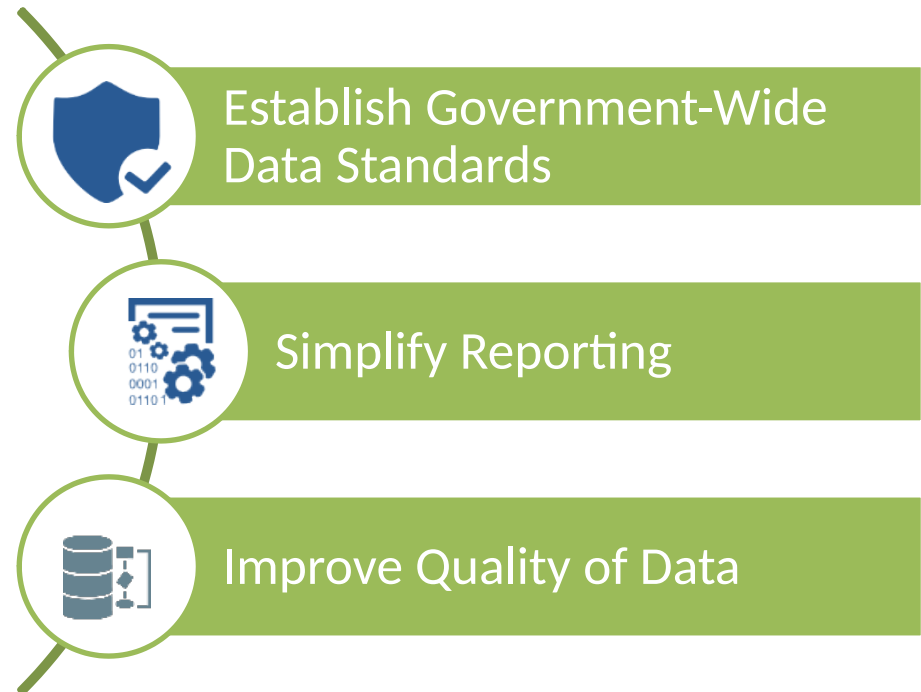
# Purpose & Discussion Topics

## Purpose

To provide a summary of the Section 5 Grants Pilot and the Consolidated FFR Test Model.

## Discussion Topics

- DATA Act Overview
- Section 5 Pilot Requirements
- Section 5 Grants Pilot Test Models
- Test Model Formulation
- Grants Reporting Information Project
- Federal Financial Report Background
- Consolidated FFR Test Model
- FFR Submission Process
- Summary
- Survey
- Opportunities for Involvement

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**In May 2014, Public Law 113-101 Digital Accountability and Transparency Act of 2014 (DATA Act) was signed into law with the purpose to establish government-wide financial data standards and increase the availability, accuracy, and usefulness of Federal spending information.**

Establish Government-Wide Data Standards

Simplify Reporting

Improve Quality of Data

**The goal of the Pilot is to implement Section 5 of the Digital Accountability and Transparency Act (DATA Act) of 2014, Pub. L. No. 113-101, which requires the Federal Government to, "establish a pilot program with the participation of appropriate Federal agencies to facilitate the development of recommendations for –**

(A) standardized reporting elements across the Federal government (§5(b)(1)(A));

(B) the elimination of unnecessary duplication in financial reporting (§5(b)(1)(B));

(C) the reduction of compliance costs for recipients of Federal awards (§5(b)(1)(C))."

*The Office of Management and Budget (OMB) has engaged HHS to serve as the executing agent for the Section 5 Grants Pilot.*

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**The Section 5 Grants Pilot consists of the following Test Models:**

## Common Data Element Repository (CDER) Library

**CDER Library is designed to be a Federal-wide, online repository for grants-specific data standards, definitions, and context.**

**Test 1:** Provide grant recipients with data element definitions to identify potential changes in accuracy and speed of grant lifecycle form completion.

**Test 2:** Identify form duplication and provide recommendations for updating/reducing forms to reduce grant recipient burden.

## Notice of Award – Proof of Concept (NOA – POC)

**NOA – POC is a document containing information a grant recipient needs in order to perform routine accounting and finance operations.**

**Test:** Provide grant recipients with a standard NOA – POC cover sheet for Federal awards to populate a data collection tool. Identify how standardizing the NOA could result in efficiencies for grant recipients.

## Learn Grants

**Learn Grants is a tab on the Grants.gov website that provides grant recipients access to Federal grants lifecycle information.**

**Test:** Assess the effectiveness of Learn Grants for increasing a grant recipient's knowledge of the grants lifecycle.

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## Single Audit

**Single Audit is an organization-wide financial statement and Federal award's audit.**

**Test:** Provide non-Federal entities with the draft 2016 expanded Single Audit Concept Form (SF-SAC only), and allow participants to assess the potential to reduce grant recipient reporting burden.

**Discussion:** Present the draft expanded Single Audit form and allow participants to assess the potential to reduce grant recipient reporting burden.
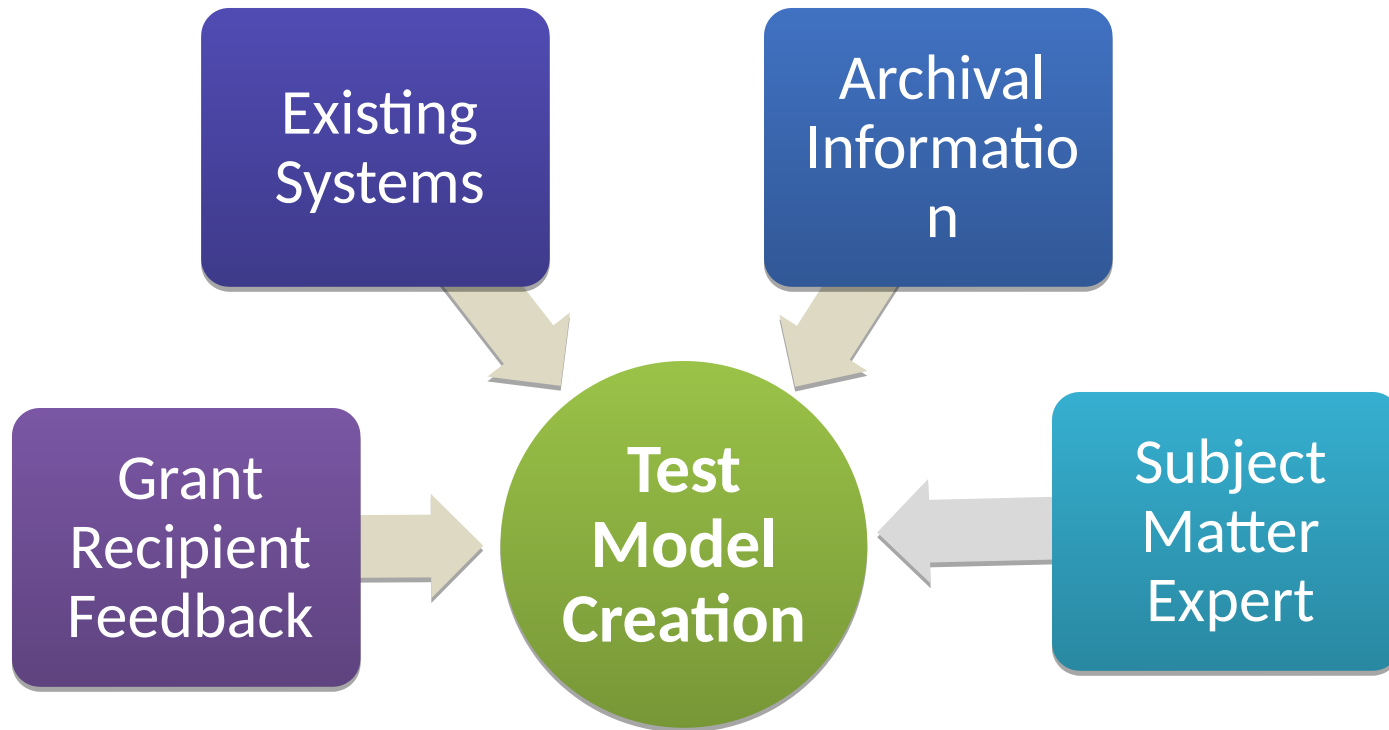
## Consolidated Federal Financial Reporting

**Federal Financial Report (FFR) is a form that Federal grant recipients are required to fill out and submit to their grant-awarding agency.**

**ACF Form Completion:** Provide grant recipients with one consolidated process for submitting the FFR to identify potential time savings and/or improved accuracy by entering all information through one system.
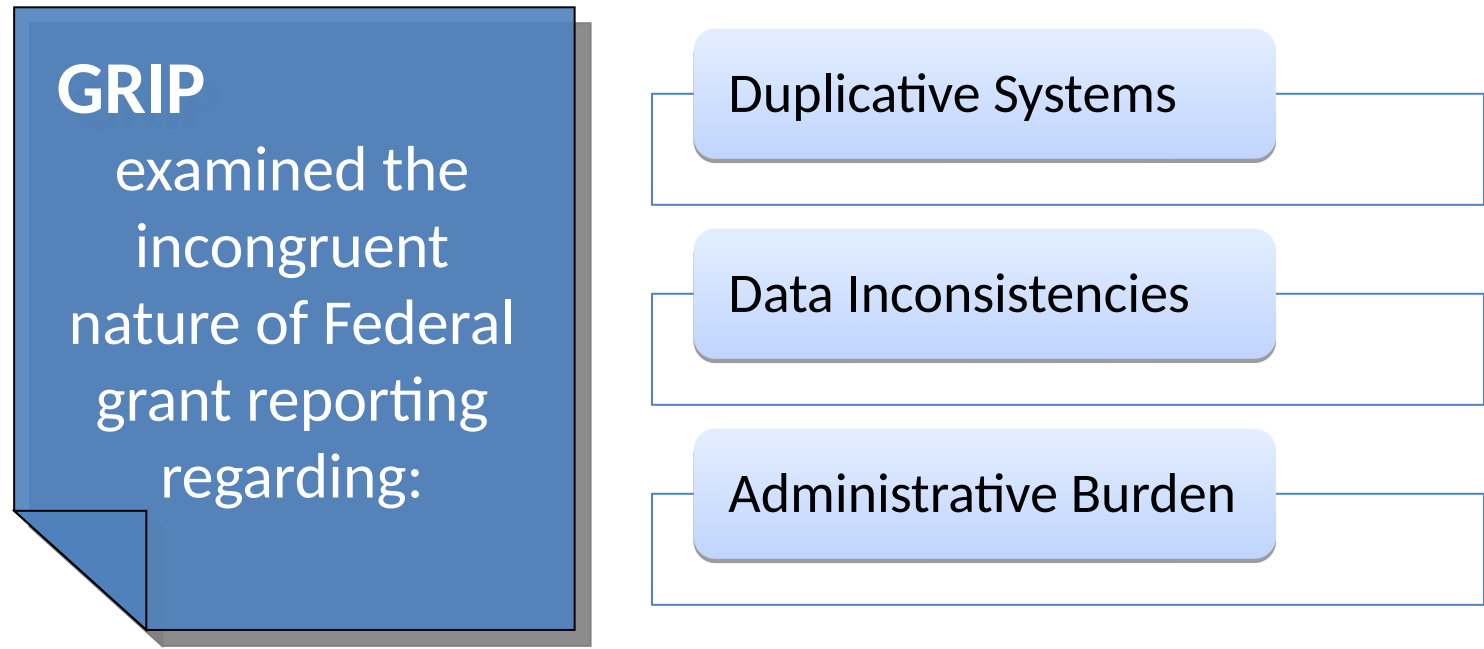
**Discussion:** Review the Consolidated FFR submission process. Guide participants through the piloted changes to the FFR submittal process and assess the potential to reduce grant recipient reporting burden.

The Section 5 Pilot requirements for standardizing data elements across the Federal government, eliminating unnecessary duplication in financial reporting, and the reduction of compliance costs for recipients of Federal awards drove the creation of each Test Model.



*In addition to the Section 5 Pilot requirements, DAP leveraged grant recipient feedback, subject matter expert input, existing Federal systems, and archival information and studies to create the Test Models.*

The Recovery Accountability and Transparency Board (Recovery Board) reported on the Grants Reporting Information Project (GRIP) in June 2013. The Recovery Board initiated the GRIP in order to study the transparency of American Reinvestment and Recovery Act (ARRA) funds.

**GRIP**
examined the incongruent nature of Federal grant reporting regarding:

Duplicative Systems

Data Inconsistencies

Administrative Burden

**GRIP implemented the FederalReporting.gov website to collect feedback.**

The GRIP acknowledged that the results regarding centralized reporting were inconclusive. The GRIP collected responses from nine grant recipients, limiting the amount of empirical data, and did not include a full reporting cycle.
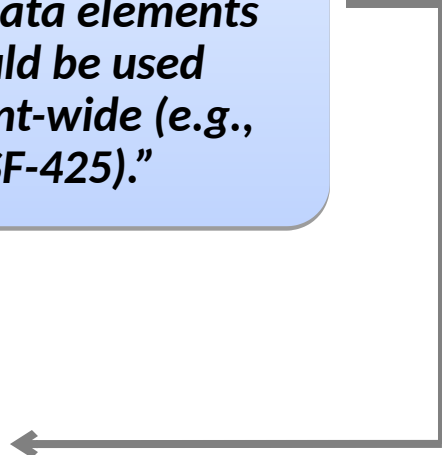
**Can centralized reporting reduce reporting burden?**

Recipients noted that "*burden reduction could be achieved by submitting reports to one central source, using standard data, transmitting data in a standard format...*"

The GRIP continued: "*full centralized reporting pilot should be conducted using standard data elements that could be used government-wide (e.g., FFR/SF-425).*"

DAP reviewed this recommendation and designed the Consolidated FFR Test Model to expand upon the results one of the GRIP's primary objectives.

# Grants Reporting Information Project - Objectives

**DAP recognized the second GRIP objective as a potential Test Model because of its alignment to the Section 5 Pilot requirements.**

**The following questions represent the GRIP objectives:**

| | | |
|---|---|---|
| Can FederalReporting.gov be used to centrally collect Federal grant financial reporting data? | Can centralized reporting reduce reporting burden? ⭐ | Can providing a machine readable filing mechanism increase efficiencies? |

| | |
|---|---|
| Can Federal grant reporting data be pre-populated by other government systems? | Can the Recovery Board's proposed Universal Award Identifier algorithm be implemented within the system? |

⭐ Section 5 Pilot explores this GRIP objective further.

# Federal Financial Report Background

The Federal Financial Report (FFR) is a form that Federal grant recipients are required to complete and submit to their grant-awarding agency. Some awarding agencies currently require multiple entry points for FFR data.

FSR
(SF-269)
Data

FCTR
(SF-272)
Data

FFR
(SF-425)

- The FFR incorporates the Financial Status Report (FSR, also known as the SF-269) and the Federal Cash Transaction Report (FCTR, also known as the SF-272).

- The combination of these forms allows grant recipients to enter expenditure and cash data on the same report.

*The FFR is a point-in-time report that shows the grant recipient and awarding agency the cash receipts, amount of "draw down," and balance of a grant.*

**The Consolidated FFR process will allow grant recipients to submit all information related to the FFR in one system [Payment Management System (PMS) for this Pilot], rather than in multiple entry points.**

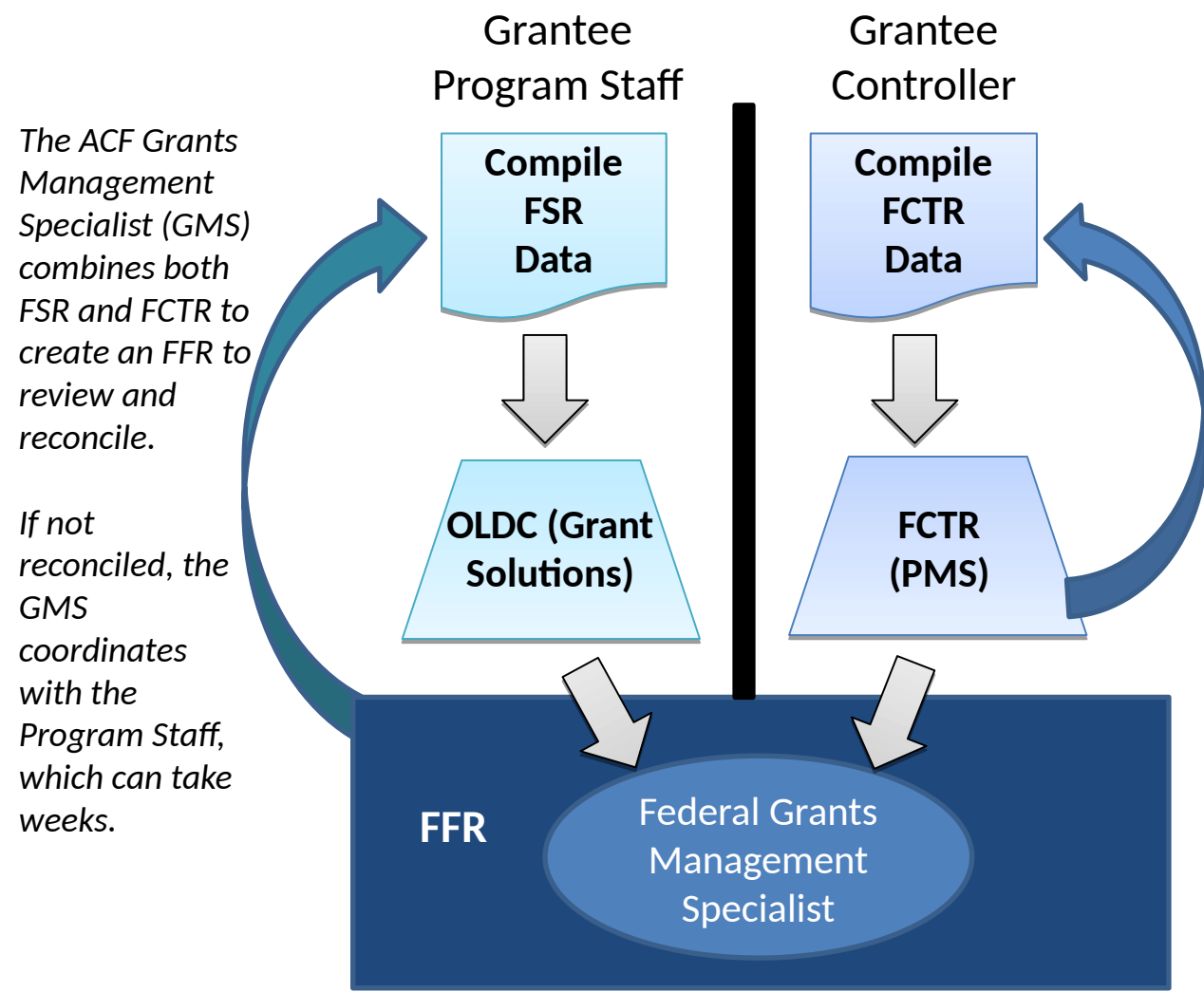- DAP will execute the Consolidated FFR Test Model in two formats:

**ACF Form Completion:** Provide grant recipients with one consolidated process for submitting the FFR to identify potential time savings and/or improved accuracy by entering all information through one system.

**Discussion:** Review the FFR submission process required by some agencies which requires data submission through multiple entry points. Guide participants through the piloted Consolidated FFR process and assess the potential to reduce grant recipient reporting burden.

*The Consolidated FFR Test Model is intended to identify reductions in burden for both recipients and the Federal Government.*

**Some agencies require the submission of the FFR to multiple points in varying formats. Formats can be electronic, paper-based, or a mixture of the two.**

*The ACF Grants Management Specialist (GMS) combines both FSR and FCTR to create an FFR to review and reconcile.*

*If not reconciled, the GMS coordinates with the Program Staff, which can take weeks.*

Grantee Program Staff

Grantee Controller

**Compile FSR Data**

**Compile FCTR Data**

**OLDC (Grant Solutions)**

**FCTR (PMS)**

**FFR**

Federal Grants Management Specialist

Current ACF process:

- *Program Staff complete the FSR portion of the FFR and submit through Grant Solutions.*

- *Controller completes the FCTR portion of the FFR and submits through PMS.*

- *Grants Management Specialist compiles the information from the two systems and attempts to reconcile the data.*

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**The current FFR process could pose several challenges with the potential to increase grant recipient reporting burden.**

As a result of the current FFR submission process, grant recipients:

May experience inefficiencies in FFR submission process due to differing agency requirements.

May not recognize all funding drawn for a particular award during the differing reporting processes.

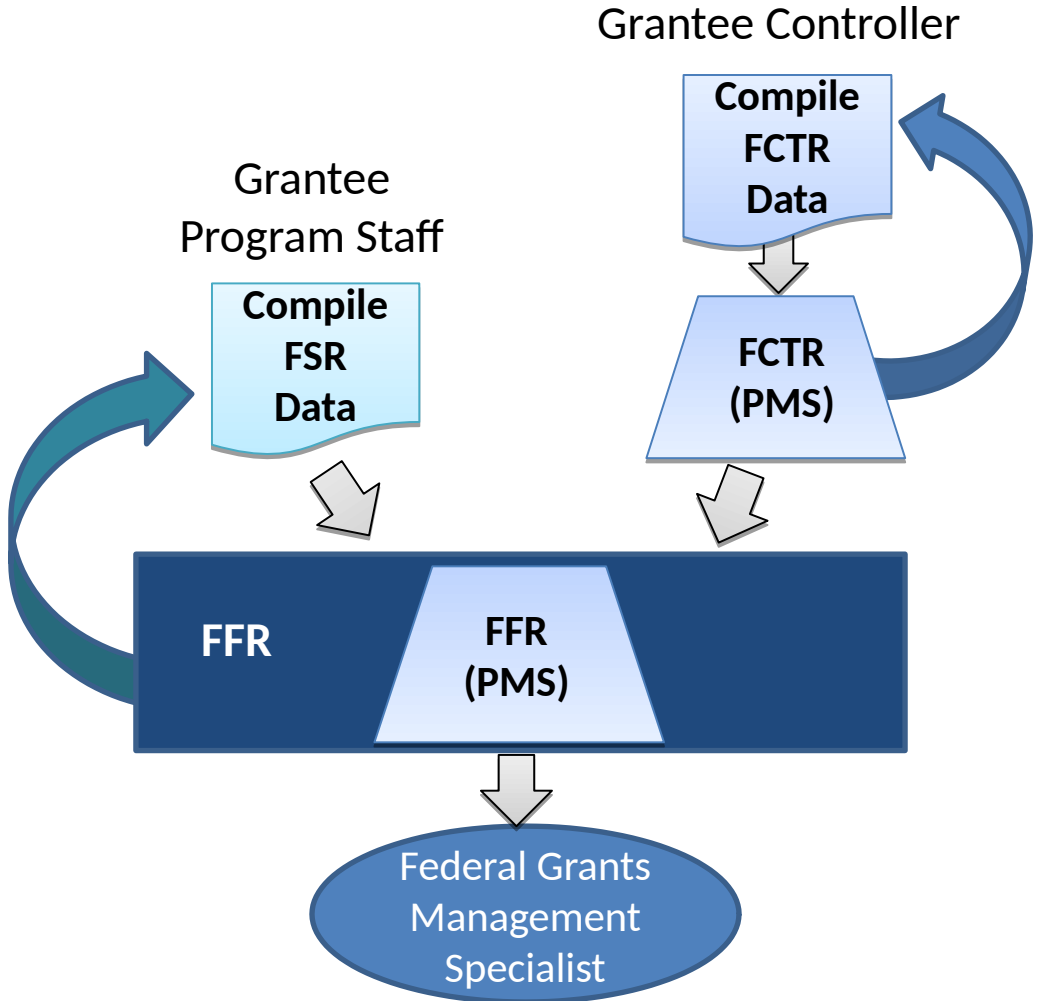May have reconciliation issues when reporting does not align.

Challenges culminate when awards cannot be closed out due to reporting inconsistencies.

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**The pilot process allows grant recipients to enter data into the same system, thereby facilitating the sharing of data between Program Staff and the Controller.**

*PMS has system edits in place to notify the grant recipient if data from the FSR and FCTR does not reconcile. If reconciled, the grant recipient may certify the report.*

*Once the report is certified by the grant recipient in PMS, the ACF GMS reviews the FFR in its entirety and coordinates with the Program Staff as necessary.*

Grantee Controller

Grantee Program Staff

Compile FCTR Data

Compile FSR Data

FCTR (PMS)

FFR

FFR (PMS)

Federal Grants Management Specialist

*ACF pilot process:*

- *Controller completes the FCTR portion of the FFR and submits through PMS.*

- *Program Staff complete the FSR portion of the FFR and submit through PMS.*

- *Grants Management Specialist receives report from PMS and coordinates with Program Staff as necessary.*

**HHS DAP will use ACF's existing pilot to gather data regarding potential reduction of grant recipient burden.**

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The Consolidated FFR could have an impact on the reporting process of grant recipients. The following represent the main mechanics that have changed from the current FFR submission process to the Consolidated FFR.

FCTR data ties into the FSR module of PMS.

PMS contains system edits for reconciling FSR and FCTR data.

PMS combines FSR and FCTR data in the system.

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**The Consolidated FFR addresses the current process's challenges through a standardized and centralized reporting process.**

**Various challenges can arise when grant recipients use multiple entry points to submit their FFR:**

May experience inefficiencies in FFR submission process due to differing agency requirements.

May not recognize all funding drawn for a particular award during the differing reporting processes.

May have reconciliation issues when reporting does not align.

Challenges culminate when awards cannot be closed out due to reporting inconsistencies.

*Consolidated FFR addresses these issues by:*

**Challenges to the current FFR process of some payment systems can be addressed by the ACF pilot program to achieve the following goals:**

**Promoting the use of one point of entry for data submission.**

**Centralizing reported data, which can be shared electronically.**

**Promoting reconciliations, which should assist with more timely close-outs.**

**Allowing grant recipients the opportunity to develop more efficient reporting processes.**

**The following four points summarize the design and purpose of the Consolidated FFR Test Model.**

The Consolidated FFR Test Model expands upon the inconclusive results of one of the GRIP's primary objectives.

DAP designed the Consolidated FFR Test Model to assess the potential to reduce grant recipient burden by adjusting the FFR submission process.

DAP will use the ACF/PMS pilot system in addition to a facilitated discussion to assess the potential for grant recipient burden reduction.

The Consolidated FFR submission process contains changes that may impact grant recipient reporting processes.

**Questions, Comments, and Concerns?**

**Please take a moment to complete the associated survey.**

# Opportunities for Involvement

**There are several ways to participate in DATA Act activities.**

**Send inquiries and feedback to** DATAActPMO@hhs.gov.

**Visit the DAP Website at** www.hhs.gov/dataactpmo.

**Follow DAP on Twitter at** www.twitter.com/HHS_DAP.

**Access Learn Grants at** http://www.grants.gov/web/grants/learn-grants.html

**Visit the CDER Library at** https://repository.usaspending.gov/poc-tool/

**Visit DAP at Booth 312 in the Exhibit Hall.**

**For more information on the DATA Act, visit** https://www.usaspending.gov/Pages/Data-Act.aspx.

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