

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

Director
Office of Sponsored Programs
Massachusetts Institute of Technology
Cambridge, Mass.



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200 Independence Avenue, S.W.
Room 517D
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Attn: P.L. 106-107 comments

To the heads of the various working groups:

The Massachusetts Institute of Technology is pleased to provide these comments on Public Law 106-107, The Federal Financial Assistance Management Improvement Act of 1999. We applaud the government's announced goals of simplicity, efficiency, and improved coordination between and among agencies and recipients of federal funds.

When the Act was passed, there were four announced purposes, which resonated well with the higher education community:

- (1) Improve the effectiveness and performance of federal financial assistance programs
- (2) Simplify federal financial assistance application and reporting requirements
- (3) Improve the delivery of services to the public; and
- (4) Facilitate greater coordination among those responsible for delivering such services

MIT's comments will, following some general observations, address these concerns.

General Comments

If the goals and objectives of the Act are realized, this could be one of the most significant administrative and management regulations ever promulgated. However, the key issue, we believe, is how the legislation will be implemented. Rather than asking the working groups *at this stage* to concentrate almost exclusively on implementation details, we believe it extremely important to first establish the operating principles of each working group. Based upon these operating principles, implementation details can be effected to comply with the principles themselves.

Chief among these operating principles, and common to all of the working groups, is the necessity to present a common face to the community. Although we can identify multiple instances of agencies (and universities) working together to achieve a common goal, unfortunately there are a great deal of individual initiatives within agencies which operate against that commonality. Please understand, we are not advocating that every agency operate in exactly the same way internally, but that the face presented to the higher education community (in fact, to the recipient community more broadly) needs to be common. A few years ago, it was suggested that individual agencies become the “custodian” of a particular application process (EDI, FastLane, html, etc.) and the agency serve essentially as the VAN to convert a proposal into a specific agency format. Although not fully articulated at the time, the concept is there: allow institutions to deal with all agencies in a single way and let variations between agencies be sorted out between the agencies involved.

Electronic systems are expensive to implement and expensive to maintain, but critical to improving and enhancing the research enterprise. Clearly, however, electronic systems need to be seen in the context of what they can add to the process. Simply converting paper systems to electronic ones do not work and, in fact, mask the need for concerted efforts at value-added change. Both the FDP and COGR, as well as many universities, have documented (and complained) about duplicative and wasteful systems promulgated by individual agencies and, in fact, by individual units within those agencies. The Federal Commons, with sufficient funding, should address the development of systems such as those described above. Further, we believe there should be a government wide moratorium on the introduction of additional, new electronic application systems which introduce even more variability, rather than standardization, into the system.

With the successful implementation of the so-called “expanded authorities” into OMB Circular A-110 for research activities, we would urge the government (and the various task forces) to rescind any individual agency implementations which currently exist in the FDP and in the agency implementations of the circular itself. We clearly recognize that some of the agency implementations are statutory, but many are either regulatory or historic, and as a minimum we urge that the federal agencies eliminate all the agency specific non-statutory implementations. Further, we believe strongly that the FDP terms should become the government wide standard. There seems to be adequate authority granted in the Act to implement this change.

The history of partnership between the federal agencies and the higher education community has shown that the most successful outcomes are those that result from cooperative endeavors. Although the mechanics might be difficult to implement, we strongly recommend closer coordination between the individual task groups and the higher education community, both via the FDP and COGR and directly with interested institutional officials for each of the task force initiatives.

Institutions of higher education are often reluctant to destroy paper copies of records (including original records) in favor of electronic records or imaged versions of documents. COGR and many institutions pointed out that A-110 should be modified to allow for electronic storage of records when it was last revised. At the present time, institutions must seek approval either from their cognizant audit agency or from individual granting agencies to convert from paper to electronic records. Either as a memo of clarification or as a revision of the Circular, this substitution should become the norm, not the exception.

One of the frustrating activities required of institutions now is the searching of individual agency web sites for application information and solicitations, as well as for changes to reporting and other administrative requirements. Some agencies post information as “new” on their web sites or send email notification of significant changes; others require the reader to search through the agency’s web site to find the new information. A standardized way of posting new information should be developed and the system should become standard for all agencies. For example, all changes or additions to web sites should be posted to a “what’s new” section for a specified period of time (perhaps 10 days) before the information is then archived to the appropriate relevant section of the agency web site.

Although not addressed in the request for comments, and recognizing that the legislation addresses federal financial assistance, wherever the streamlining activities could incorporate procurement, as well as assistance, awards to institutions, this would be of benefit to the recipients. Task forces should assess their activities in the light of the entire spectrum of awards to institutions, and not selectively to just assistance awards, wherever possible.

Specific Comments by Target Areas

Application and Reporting Forms

One of the difficulties in this area relates to the concept of “forms” themselves. Agencies and institutions should be talking and working on “data elements” not on forms. In addressing the issue of data elements, those which have gone through the rigorous ANSI review and which have been approved, as in the TS 194 and TS 850-860 series, are those which should be adopted government wide (again, it leads to the “one face to the government and the community”).

Rather than concentrating on forms which could be improved or streamlined in the reporting area, we would urge an initiative that seeks to examine the data elements which are currently incorporated into the myriad of forms which institutions must complete. Much of the information is held over from the days when all submissions were by paper and information had to be replicated on successive iterations of the forms. In the electronic world, this should not be the case. In other words, create data submission elements that are needed by the agencies for proper stewardship of federal funds (both for administrative and technical reporting) and do not simply duplicate the information now required on paper forms.

Most institutions obtain copies of forms now from agency web sites, seldom in paper from the agency. This has been a real advantage of the use of the internet as institutions generally can find current forms with a minimum of difficulty. Nonetheless, it would be helpful if every agency maintained an index of all forms, so the reader did not have to search through agency web sites to find the appropriate form (many are distributed between program announcements, reporting requirements, etc. and are not accessible in a single location).

A-110 allowed agencies to substitute a once a year certification process in lieu of the current process of requiring forms to be submitted with every proposal. Unfortunately, no agency accepted the offer of this substitution. In most cases these forms simply duplicate the information submitted on the most recent previous proposal. A step toward efficiency would be to mandate an annual certification process (which is currently allowed in A-110) government wide. The key, probably, would be to identify the office responsible for maintaining the annual certifications. Both the agencies and the institutions would benefit: the agencies would have a single place to check that the certifications were current and the institutions would have a single submission point and the ability to not complete multiple forms on every proposal. (This could be the case even with electronic submissions, not requiring institutions to check all certification blocks on each proposal).

Terms and Conditions

The most significant and beneficial change would come from eliminating agency specific terms and conditions from both FDP and non-FDP awards subject to OMB Circular A-110. There is confusion among agencies and institutions about the agency specific requirements which causes significant time and effort to be expended with very little (if any) added value.

Compliance issues have come to dominate the research administration process, and institutions currently are responsible for multiple compliance certifications (humans, animals, misconduct, conflict of interest, etc.) but these requirements are not government wide. Many are agency specific and, where two agencies (NSF and NIH) have similar regulations on conflict of interest and misconduct, for example, the specifics vary between the agencies. Where circumstances dictate that commonality is desirable and necessary, and where government wide implementation has been suggested or mandated, specific agency implementation has yet to occur. In instances such as this, cooperative endeavors between recipients and sponsors should start and result in government wide policies and procedures common to all agencies and recipients.

Payment Systems

MIT went on record strongly supporting a pooled payment system last summer. A pooled payment system, adopted government wide, would streamline the payment process while, at the same time, allow agencies to maintain adequate stewardship of their funds. Large institutions such as MIT draw down millions of dollars each month and there would be great value in being able to draw down at an agency level, rather than on

specific awards. We pointed out last year that agencies received quarterly expenditure reports on a grant by grant basis, thus providing the sponsor with the detailed financial information some agencies believe they need for proper stewardship of their funds. Grant by grant drawdowns are not value-enhancing activities and cause the expenditure of large amount of human capital for little or no value.

As also indicated last year, the use of multiple payment systems by federal agencies causes a burden on our system. MIT reported that it spends significantly less time drawing funds from agencies which use pooled systems (about 40% of the time, amounting to approximately 75% of total cash draws) than it does for those agencies which require grant by grant reporting (60% of the time to draw 25% of the funds). Thus we remain strongly committed to the pooled payment concept and urge its adoption government wide.

Audit Issues

Since the latest revisions of the single audit process, there has been an increase in the understanding of the requirements. Combining public and private institutions in a single Circular has been an asset, we believe.

It would be useful if there were a requirement for every federal award issued to carry as part of the details of the award the appropriate CFDA number, where applicable. Institutions would then be more likely to duplicate the process and provide the CFDA number to subrecipients. This is a small issue which can require significant effort when CFDA numbers are not identified by the sponsor and is an issue which could be readily solved by federal awarding agencies.

MIT has used the Single Audit Clearinghouse to obtain information on subrecipients. The process, though, is cumbersome and could be streamlined. For example, it should be made explicit that institutions are not required to request paper copies of audit reports; this could be handled by stating that electronic verification of a subrecipient's audit is sufficient.

.But there is a bigger issue with regard to subrecipient audits. Currently, prime grantees are required to review the audits of subrecipients and determine what action, if any, is required with regard to awards made to subrecipients. In most cases, the federal government is also auditing and reviewing the subrecipient by virtue of that organization also being a prime recipient. The government should consider letting the A-133 audits of prime recipients also suffice for subrecipient awards when the prime and the sub are the same institution. In fact we believe that the single audit approach would provide appropriate coverage for programs where we are both a recipient and a grantor of passthrough funds.

Electronic Processing

At MIT we currently use all the individual agency developed systems which have been recommended or required for proposal submission. This has been a significant strain on the community since it requires multiple tools to access and develop proposals for individual agencies. MIT was an early participant in FastLane and in the DOE-led initiative toward EDI. In fact, MIT has developed its own research management system, with both a preaward (proposal) component and a post-award administrative component. Known as COEUS, the system allows for electronic establishment of awards (we were the first institution to receive ONR award notices electronically and, in fact, the data elements used in that award system were derived initially from the MIT electronic award management system). We are now deploying an inhouse developed proposal system (which includes the administrative, budget, and technical portions of the proposal) and have successfully sent proposals to ONR and NSF on a trial basis and we hope to make it the standards for MIT over the next few months. It uses the EDI technology and, for example, in the case of NSF will allow uploading to the NSF FastLane system.

We are strongly committed to both online application and financial reporting systems, and have been using those systems aggressively as they have become available to us.

The most important aspect of preparing MIT or any institution for the electronic processing option of grants is to move as quickly as possible to the Federal Commons and require that federal agencies dispense with locally developed approaches in favor of a standard approach which utilizes the EDI technology.

Summary

Simplification and efficiency are lofty but achievable goals, but only when they are applied government-wide. Whatever happens, administrative processes--both those described in detail in this response and others not specifically addressed--need to be considered in a government wide context. Clearly, not all regulations should be government wide, but many should be. The best way to achieve the partnership for which the government and the universities strive is by identifying common goals and principles and working together to achieve them.

We applaud the efforts thus far by the government and offer our help where it can be used as this endeavor moves forward.