

ORD Finance Enterprise Initiative Update, ORD Appropriations Structure, Closing FY22

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Jason Berlow, Management Analyst, Finance

Antonio Laracuente, Director, Field Operations

Kari Points, AO-Research, Iowa City VAMC



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Objectives – for 4/6 training kickoff

Training Section:

By the end of this section you will:

Initiative Background

- Understand the Research Enterprise and how it impacts financial processes in the Field
- Preview upcoming trainings that are designed to address specific feedback from field AOs, ACOS-Rs, Budget Analysts, etc.

ORD Appropriations Structure

- Gain a better understanding of what makes the Research Appropriation different: subject to a continuing resolution and 2-year funding
- Understand how these two factors impact our ability to conduct research and lead to carryover

Closing FY22

- Understand the key actions to complete for Q3 and Q4 to mitigate the carryover risk
- Understand and plan for anticipated funding in FY23

Q&A

- Have an opportunity to ask any remaining questions

ORD's Finance Process Initiative

Objectives:

Understand the Research Enterprise and how it impacts financial processes in the Field

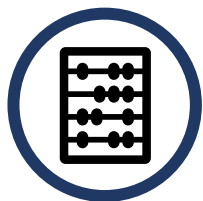
Preview upcoming trainings that are designed to address specific feedback from field AOs, ACOS-Rs, Budget Analysts, etc.

The Research Enterprise and improving the Finance Process

- The VA Research enterprise is the entire set of people, tools and processes committed to a whole-of-VA approach for supporting researchers, clinicians and Veterans. In October 2021, nine workstreams commenced to work to create a streamlined and collaborative organization with standardized infrastructure and processes.
- As part of the overall effort, the Finance initiative will provide ORD stakeholders with **greater visibility on how funds are allocated, obligated, and expended** across the Research Enterprise. This is critical for **reducing carryover and performing more medical research on behalf of Veterans.**
- This effort builds on lessons learned from recent trainings, like those held throughout FY 21, and are also informed by a series of interviews with AOs, Budget Analysts, and other stakeholders from the Field.
- New trainings will be tailored to concepts and activities common to the Finance Process.

The Finance Process Initiative's objectives directly impact you in the Field

The goal of the Finance Process Initiative is to **provide resources and tools to the Field to help Stations ensure the timely allocation of research funding**. In order to, reduce carryover and performing more medical research on behalf of Veterans. As part of this initiative, ORD will:



Improve Stations' ability to track projects' allocations, obligations, expenditures, and unobligated balances



Provide clear policies and procedures to obligate funding



Establish clear lines of communication with key Field stakeholders

Because Finance is only one aspect of an Administrative Officer's role, clear guidance, expectations and tools from ORD will allow for more effective financial management

AO's have a long list of responsibilities that is not limited to managing the Finance Process (a critical component of the position):

- **Reports required financial and project information**
- Ensures training and certification of research staff
- Works with research staff at other VA facilities
- Regulatory Compliance Management
- Ensures information technology needs are met
- Oversees equipment, records, and reporting

There's no aspect of the research program that I don't have to deal with...I deal with everything

I do everything that isn't PhD-level science

The Field has emphasized the complexity of the Finance Process, and the number of systems involved — we know you wear many hats, and so we have designed our trainings to help YOU

- **Excel** – track IPAs, download and integrate data across systems, produce reports
- **FMS** – conduct cost transfers (by Fiscal), master ledger for VA accounts
- **IFCAP/VistA** – place and track orders (1358s), manage and track contracts (2237s)
- **RAFT** – download pink sheets and report obligations to ORD
- **RDIS and ePromise** – validate and submit project reports
- **RMS/WinRMS** – download and analyze FMS and VSSC data, produce reports
- **VSSC** – download SOAs and view official FMS balances
- **IPPS** – review invoices and open obligations

The Finance Process Initiative is working to accomplish its objectives by creating trainings to improve the process



Based on feedback from you and other members of the Field, this effort will include a revamped training program focused on common financial tasks that you are responsible for



To ensure you and your colleagues have a common point of reference, the Office of Finance will work with Stations to document best practices that other sites can choose to adopt

The Office of Finance is doing these trainings to help **YOU** at your station, and we welcome any feedback on topics, trainings, or materials that would be helpful

Upcoming FY22 Monthly Finance Training Topics

Date	Title and topics	Learning Objectives	Presenter
April 6	ORD Finance Enterprise Initiative Update, ORD Appropriations Structure, Closing FY22	<ul style="list-style-type: none"> Learn about ORD Finance Enterprise and how it impacts you Understand why the Research appropriation is different Learn how to close out FY 22 and prepare for FY 23 	Jason Berlow
May 18	Managing Salaries at your VA <ul style="list-style-type: none"> Pay period analysis and projecting payroll Rejects and troubleshooting (i.e. wrong cost center) Managing cost-transfers between programs and fiscal years 	<ul style="list-style-type: none"> How to track salary expenditures and obligations using RMS How to find and track salary information if you don't use RMS How to use cost transfers to pay salaries 	Kari Points/ Tony Laracuate
June 15	Using VSSC and reading an SOA <ul style="list-style-type: none"> Navigating VSSC and downloading SOAs Obligations, commitments, and what is recorded in FMS Using IFCAP/VISTA Running Balances 	<ul style="list-style-type: none"> How to download Status of Allowance (SOA) reports from VSSC How use SOAs to identify errors How to use IFCAP/VISTA Running Balances to finish balancing to the SOA. 	Kari Points/ Tony Laracuate

ORD's Appropriation Structure

Objectives:

Gain a better understanding of what makes the Research Appropriation different: subject to a continuing resolution and 2-year funding

Understand how these two factors impact our ability to conduct research and lead to carryover

What is different about the VHA Research and the Clinical Appropriations?

	Clinical Appropriation (i.e. Medical Services)	Medical Research
Appropriation Type	<ul style="list-style-type: none"> An advance appropriation becomes available after the appropriations act is passed (i.e. the next fiscal year). For example, the advance appropriation enacted in FY 2022, will become available for obligation for FY 23 (on 10/1/23) with no further congressional action required. 	<ul style="list-style-type: none"> As an annual appropriation an appropriations act must be passed by October 1 (or later) in order to receive funding.
Continuing Resolution (CR)	<ul style="list-style-type: none"> Not subject to a CR on October 1st, in the absence of an appropriation act. On October 1st, operations continue as normal with a full year of funding. 	<ul style="list-style-type: none"> If Congress fails to pass legislation to fund the government before a new fiscal year begins (October 1), they can pass legislation to keep federal operations funded from the previous year appropriation at pro-rata rate by days.
Carryover	<ul style="list-style-type: none"> Much of the clinical appropriations funding is appropriated with only a one-year POA with a smaller percentage as two-year. 	<ul style="list-style-type: none"> Funds are appropriated with a two- year POA due to the required time to approve research studies (IRB process, regulatory, etc.) Carryover refers to the funds that are not used in the first year of appropriation and must be carried over to the second year; carryover leads to multiple problems including recission and therefore must be minimized

A Two-Year Appropriation has unique advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none">Funds are appropriated with a two-year Period of Availability (POA) due to the required time to authorized research studies (IRB process, regulatory, etc.)	<ul style="list-style-type: none">Creates a perception that carryover into year two of the POA is not a problem which can eventually lead to less medical research performed on behalf of Veterans.
<ul style="list-style-type: none">Late enactment of the Appropriations due to continuing resolutions (CR) allow (i.e. March FY 2022) allow Research more time to obligate funding. This can include contract obligations that can be delayed to the next fiscal year.	<ul style="list-style-type: none">Creates large variability in carryover across Research sites:In FY 2021 Research sites were provided goal of attaining a 4% carryover. This was only achieved by 20% of 94 Stations, with 32% of Stations having carryover above 30%. 6 Stations did not obligate any of 2021 funding and carried over 100%.
	<ul style="list-style-type: none">In FY 2020 and FY 2021, Congress rescinded ORD's unobligated balance of \$50 Million and \$20 Million which lead to less medical research performed on behalf of Veterans. This funding was already allocated at Research sites and had to be taken by VACO in order to return to Treasury.

FY 2022: Fiscal Year Starts with a CR and Managing Prior Year Funds

Research Appropriations	Key Activities
Prior Year (0161 21-22)	<ul style="list-style-type: none">• ORD's carryover at the start of FY 22 was \$98.9 Million.• ORD's carryover target is <4% at stations. At the Start of Year (SOY) of FY 22, only 20% of 94 Stations achieved this goal; 32% of Stations had carryover above 30%. 6 Stations carried over 100%.• Through the carryover reduction exercise and the strong support field Stations aggressively pursued a strategy to obligate the majority of carryover by the end of the 1st Quarter which lead to no FY 22 rescission. Thank you!
Current Year (0161 22-23)	<ul style="list-style-type: none">• Funding for current year is limited due to the CR, and the Initial Target Allowance (ITA) were provided pro-rata over four separate CRs. This negatively impacts the ability to obligate contracts and hire.• This means it is critical that you have plans for allocating funds through Q3 and Q4 (once we receive enactment), have talked with PIs, and have contracts queued up. We do not want to miss this opportunity to maximize research on behalf of veterans.

FY 2022: Mid-year Enactment and Focusing on Current Year Funds

Research Appropriations	Key Activities
Prior Year (0161 21-22)	<ul style="list-style-type: none">• With the majority of Prior Year Funding Obligated prior to enactment, VACO and Field Stations can concentrate obligating current year.• Close monitoring of balances in the Status of Allowance is key to ensure that any remaining balances or de-obligation of funding are addressed prior to 9/30.
Current Year (0161 22-23)	<ul style="list-style-type: none">• The 2022 Enactment came late (March 15) and higher an increase of \$87 Million over the CR amount. The late enactment represents a lost opportunity to fund research earlier in the FY.• All Research Stations will now need to aggressively obligate funding with only 5 months avoid large carryover and exceed the 4% carryover target.• These funds now need to be obligated in the middle of the FY and face many challenges (i.e. hiring, contracting deadlines, etc).

FY 2022: Enactment of a full year appropriation

- Below is ORD's FY 2022 Appropriation's language (P.L. 117-103, Division J, enacted on 3/15/22):

1. References to authority for ORD to perform Medical Research at VA (38 U.S. Code § 7303)*

2. Reference to Appropriation Amount

MEDICAL AND PROSTHETIC RESEARCH

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by chapter 73 of title 38, United States Code, \$882,000,000, plus reimbursements, shall remain available until September 30, 2023: *Provided*, That the Secretary of Veterans Affairs shall ensure that sufficient amounts appropriated under this heading are available for prosthetic research specifically for female veterans, and for toxic exposure research.

3. Funds are available for obligations for two years (through 9/30/2023)

Key takeaway: 2-year funds allows ORD flexibility in funding projects and addressing needs of the organization, but it requires active management

FY 2022: Closing the Fiscal Year

Research Appropriations	Key Activities
Prior Year (0161 21-22)	<ul style="list-style-type: none">• VACO is working with field to monitor balances in the Status of Allowance to ensure that any remaining balances or deobligated funding is addressed prior to 9/30.
Current Year (0161 22-23)	<ul style="list-style-type: none">• All Research Stations are aggressively working to obligate in order to not exceed the 4% carryover target. This will be challenging due to missing critical contracting and hiring deadlines.• Large carryovers impact ORD's budget requests, lead to recissions, and in the end reduce the amount of research that can be funded.

Close FY22, Prepare for FY23

Objectives:

Understand the key actions to complete for Q3 and Q4 to mitigate the carryover risk

Understand and plan for anticipated funding in FY23

Immediate next steps for Stations: actives to complete for Q3 and Q4

Research Appropriations	Key Activities
Prior Year (0161 21-22)	<ul style="list-style-type: none">• Spend any remaining Prior Year funding not Committed by 4/1• Stations with PY balances on 4/10 will be asked to update their PY spend plan
Current Year (0161 22-23)	<ul style="list-style-type: none">• Complete your Q2 RAFT report by 4/15• Work with your investigators to spend Current Year funds• Know what obligations are planned for Q3 and Q4• Submit PMOs to return unobligated funds to ORD• Proactively manage undelivered orders (purchase card and contractual)• Ask for help in advance

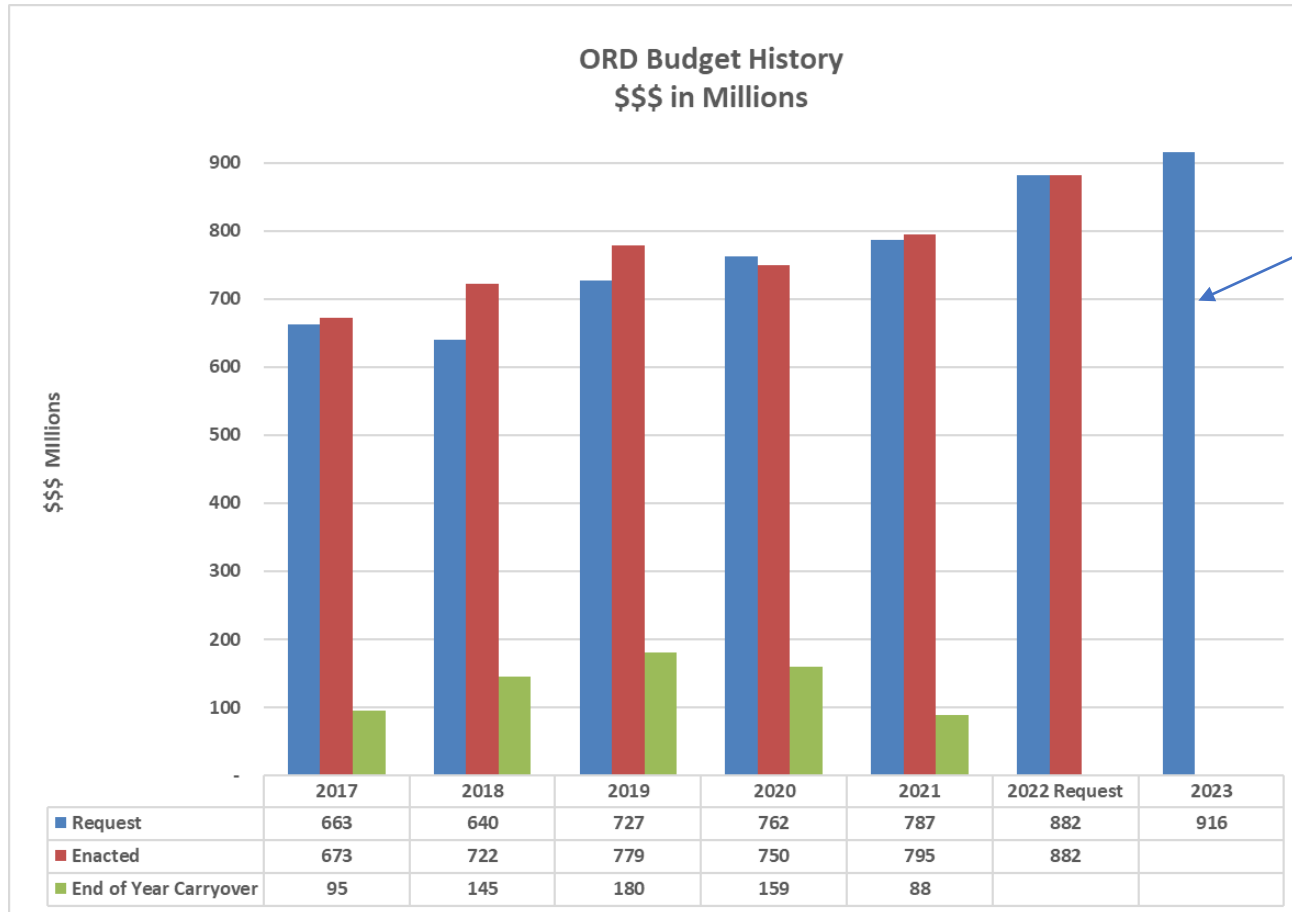
Q2 RAFT Report: Due April 15th

- Identify projects with zero to <30% expenditures. The Q2 report is pivotal, since it provides a good idea of projects that are not spending. A low ratio of expenditures to funding indicates the potential for carryover into FY 23.
- Work with your investigators to spend Current Year funds and be proactive if a Project Modification Form is necessary (even before the RAFT report deadline). Work with your ORD Service to submit the PMO ASAP. Instruct PIs that funding will still be available to complete their project.
- The Office of Finance will provide data by Service ID and Site to each ORD Services to review. The Programs/Services and Field sites can utilize the information to review **under-executing** projects and work with their assigned budget analyst to determine if funds need pull-back and/or reprogramming.

How to talk to a PI about submitting a PMO?

PI Concern	Response
<p>How to address PIs concerns that they will not receive the funding back</p>	<ul style="list-style-type: none">• The PMO action is not a reduction in project budget and is intended to assist ORD in obligating funding in a timely manner. This allows VA to conduct more Medical Research on behalf of Veterans.• ORD wants to ensure that the project will be completed, and ORD is committed to the research proposed.• Reducing previously approved budgets is not feasible, as studies often include clinical care in context of the study (i.e., clinical trials), regulatory requirements, and/or ethical implications.• Supporting projects until completion is critical as results from medical research studies come at end of the study, and deriving meaningful findings often depend on conducting the study in its entirety.

Preparing for FY 2023 will reduce future carryovers



The FY 23 Request is \$916 Million (+\$34 Million from FY 22)

Between FY 2017-FY 2021, ORD received larger appropriations than requested, which has often resulted in large carryovers.

This makes it critical to prepare for a larger enactment later in the Fiscal Year, in order to avoid larger carryover amounts from the past.

Inform your PIs about the key priorities in the FY 23 Budget Request that will be funded

- The 2023 request increase investments in:
 - Military Environmental Exposures (+20 Million above 2022 Request)
 - Traumatic Brain Injury (TBI)/ Brain Health (+10 Million above 2022 Request)
 - Cancer and Precision Oncology (+\$10 Million above 2022 Request)
 - Implementation of the Commander John Scott Hannon Mental Health Care Improvement (+\$5 million above 2022 Request)
- Work with ORD Services to pre-plan how your station could support these activities and plan contingencies if Congress funds at a higher level than the request.
- You can read more about ORD's request on the VA Website and find the ORD Congressional Justification (page 569): [FY 23 ORD Budget Submission](#)

Questions



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