Meeting Minutes
Research Board

Date: 28 March 2013
Time: 1500 - 1630
Location: MAE Conference Room

Present:
Jeffrey Paduan, Dean of Research
Kevin Wood, Associate Dean of Research
Jim Newman, SSAG
Imre Balogh, MOVES
Steve Hall, MOVES/ Faculty Council
Joel Young, CS
Pante Stanica, MA
George Dinolt, Cebrowski Institute
Robert Harney, SE
David Tucker, DA
Wieslaw Maslowski, OC
Ron Fricker, OR
Qing Wang, MR
Clay Moltz, NSA
Chris Twomey, NS
Marcello Romano, MAE

Not Present:
Frank Barrett, GPPAG
John Colosi, OC/UW
Mark Nissen, IS
Uday Apte, GSBPP
Phil Pace, ECE
Paul Shebalin, Meyer Institute
Kevin Smith, PH

Guests:
Kevin Little

COMMUNICATIONS

Faculty Timekeeping and Supplementals

Dr. Paduan opened the board meeting by introducing Kevin Little, NPS Comptroller, who presented an update regarding supplementals and timekeeping. The recent IG inspection resulted in an IG recommendation for NPS timekeeping procedures. Over the past several years, there has been a marked increase in the number of supplemental
requests. It was estimated that approximately 9,000 supplementals were processed in FY12. The IG came up with some specific recommendations for the process going forward.

A team was formed to execute the suggested changes to the process. Kevin Little has been tasked with socializing the new procedure to the campus. There was an issue regarding labor certifications that was addressed when all certifying officers were mandated to take training for recording time. Certification of timekeeping is a legal obligation that carries pecuniary liability to the person who approves employee hours.

Some questioned why changes were made if the approval process turned the certification into a binding document. The federal system allows for changes to correct errors. NPS has gone beyond the justification for allowable changes and misused the supplemental system. Changes were also allowed because it was recognized that NPS is a dynamic environment wherein faculty work on different projects at the same time. These different projects are obviously funded by different sources and it was recognized that there was a need for some flexibility.

There is a new time limit being placed on supplementals. They are to be limited to the previous two pay periods or approximately one month. After that point, no further changes should be made without additional justification.

Approximately two years ago, auditability testing for timekeeping began. This was enacted to address the CFO Act of 1990 that stated that within a period of five years all federal agencies would have an unqualified audit of their finances. The goal is to have an unqualified DoD audit by 2016. We are the only federal agency that has not reached an unqualified financial audit. An unqualified financial audit occurs when a CPA firm conducts an audit of the DoD. It became even more apparent through the auditability testing that additional controls needed to be put in place.

Another issue involves the hours recorded by faculty members. Their schedules are not necessarily the standard 8.5 hour block. Often their work can be conducted at odd hours. Kevin Little encouraged employees to think about the hours in terms of billable hours. Documentable hours and a paperwork trace need to be included in the timekeeping process.

Labor plans have become another issue that needs to be addressed. Some PIs are meticulous with their labor plans while others rarely update their documents. They need to be updated on a regular basis and the changes should be communicated to the timekeepers. Engaging support staff in the process is an integral part of ensuring that the timekeeping process stays in compliance with IG recommendations.

Lastly, issues arise when a faculty member attempts to spend remaining money from a particular JON. Attempting to use up remaining funds by charging out of an account is not the correct course of action. The hours should be in keeping with the billable hour method. A board member noted that KFS does not update for months which can be
problematic for using certain accounts. It can make it difficult to comply with some of the new guidelines.

A board member voiced concern about indirect funds and how they are used. PI indirect that is expiring can be returned to the sponsor or the expense can be negated by sending back to the project. If the project is expiring, but there is money left, it should be returned to the sponsor. Some PIs say that their sponsor does not want the money back but that is a viewpoint expressed solely from a programmatic perspective. Financial officers will always take the money back. From a fiscal perspective, funds can be returned to the sponsor and they will always be accepted. Another board member mentioned that if you know what indirect will be accrued, then that amount can be used to pay for your labor.

Jim Newman noted that if the labor plans are implemented properly into KFS there will be better tools for projection. He added that there should be stages of implementation. Certification of labor is largely done at the department level rather than the PI level. There isn’t a process where PIs are approving their workers labor. The chairman or dean is the standard certifier of labor in a department.

It was suggested that there be delayed implementation for the sake of utilizing a staged process. It should occur when the labor projection tool in KFS is available and there is reconciliation between the official systems and KFS.

Kevin Little responded that time was an issue and it was not feasible to make it a lengthier process. ADM Tighe has put forth a timeline that places confines on the time that can be taken to implement. Kevin Little is looking at a phased approaching during the last quarter of fiscal year.

Is there any timeframe that a PI can expect to have their account reconciled into the new fiscal year? For example, the funding letter for next year comes in May. The money cannot be put into the PI KFS account until nine months later because the account that carried over some funds has not been reconciled. SPFAs used to be able to assist in this process but that has changed.

Another IG issue being addressed is that of interim accounts where work is being done in advance of receipt of the actual money. Technically this should not happen. A new project should not commence until funds are in house. For ongoing projects where there is a history of work this creates an issue. The work cannot be stopped and it is not realistic to lay off support personnel associated with that project. The people are paid on an interim account until the funding arrives. This is a larger Navy issue that is being addressed at higher levels.

A board member asked if assistance was needed in creating the verbiage for a proposal of a staged implementation. Kevin Little agreed that would be beneficial.

*Indirect Cost IG Item Update*
Kevin Little is working diligently, with a TIGR team, to focus on building a case for a system methodology that works better for the NPS campus model. NPS was instructed on how to collect indirect, namely, the dollar per hour amount. The costs in the indirect pool are things that we create locally and write in. It is important for NPS faculty to come together and make a good argument for how the indirect process will be detrimental to the campus.

In working with the Assistant Secretary of the Navy for Finance Management, they have modeled their approval based on a methodology. The dollar per hour indirect formula was imposed on NPS by that office. There are three main issues to be addressed: one rate across all product lines, moving dollars per hour to percent of labor dollar charges, and one rate for the funding life of the project.

The methodology at the moment involves identifying all those who support reimbursable activities. There is a comprehensive spreadsheet that includes all the individuals supported by reimbursable funds. A board member noted that there is a need for transparency as well as adequate time to review the spreadsheet for efficiencies.

Kevin Little noted that the changes will have to be incorporated, NPS will follow the directive, but then must go to big Navy and detail what has and hasn’t worked. An alternative proposal should also be presented. A solid justification will be needed but the upper level administration should be able to listen to reason.

Furlough Prioritization Feedback Letter

Last month the board discussed constructing a letter from the board perspective on furlough planning. A drafted letter was sent to the board as a read ahead document and displayed during the meeting. Emphasis was placed on the important of graduation and classes.

A board member suggested that the incorporation of the term "TIGR team" be excluded so as to be more inclusionary to the entire NPS. Second paragraph discusses a 20% cut to DT but this might not be accurate for research. A board member mentioned that the point is to highlight that all budgets are being cut in a uniform way. There was no flexibility given in terms of what was being cut and where.

There was some discussion of cutting P-codes which would mean students wouldn't meet ESRs. ADM Tighe was not supportive of this action. A board member suggested that the word "fair" be struck from the letter. The term "fair" is irrelevant to those who will be receiving the letter. After some discussion, a board member moved to approve the letter, with updated track changes. The motion was seconded and the letter was passed.

ACTION ITEM
Clean Room Facility Approval

Due to lack of time the clean room discussion and voting will be done via email.

Meeting adjourned at 4:46PM