

NIH FINANCIAL MANAGEMENT REPORT

FISCAL YEAR 2023

The National Institutes of Health (NIH) Fiscal Year 2023 (FY23) Financial Management Report provides fiscal and summary performance results to highlight NIH spending and Office of Financial Management (OFM) accomplishments.

About the Office of Financial Management (OFM)

NIH OFM provides central accounting and reporting for all NIH financial transactions. OFM establishes financial management policies and procedures to ensure NIH's core financial management systems meet existing and emerging mandates from the Department of the Treasury, Government Accountability Office, Office of Management and Budget, and Department of Health and Human Services (HHS). OFM is a diverse and inclusive workforce that fosters a respectful work environment to achieve its goals.

OFM MISSION

is to serve as an essential partner providing effective and efficient accounting and financial management services to support the NIH's scientific and biomedical research communities.

OFM VISION

is to be a world class team of experts providing the highest quality financial management services, guidance, and leadership to the NIH community.

OFM HIGHLIGHTS

FY23

Met all **FY23** required HHS, Treasury, and OMB reporting and reconciliation **deadlines**

DELIVERED



21 Reconciliations
14 MONTHLY REPORTS
7 QUARTERLY REPORTS

CERTIFIED
310

monthly submitted and certified **310 NIH Treasury Account Symbols (TAS)** resulting in accurate, timely and complete **NIH financial reporting**



Under a sound financial internal control environment produced **NIH financial statements**

WITH TOTAL ASSETS OF
\$61B

PROCESSED

\$4.7B

SALARY, WAGES AND BENEFITS

OVER \$2.9B

NEW OBLIGATIONS

112,198/\$7.7B

INVOICE PAYMENTS

232,714/\$247M

PURCHASE CARD TRANSACTIONS

18,101/\$2.7M

RESEARCH VOLUNTEER PAYMENTS

OVER

26,000

1099s/1042s/W2s
BY THE IRS DEADLINE

1,248/ \$373M

ROYALTY PAYMENTS

58,084/ \$26.7M

TRAVEL DOCUMENTS

10,223/ \$2.8M

CASHIER PAYMENTS

NIH Financial Management Leadership

Alfred C. Johnson, Ph.D.
Chief Financial Officer, NIH
Deputy Director for Management, NIH

Glenda Conroy, CPA, MBA, PMP
Deputy Chief Financial Officer, NIH
Director, OFM, NIH

John E. Davis, MPA
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Sarah M. Allen, MHSA, FACPPM
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Cherrie M. Corley, CPA, MBA
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David Heller, CPA
Director, Division of Reimbursable Activity and Collections, OFM, NIH

Shalini Kapur
Director, Division of Central Services Business Operations, OFM, NIH

Maritza E. Zeiberg, CPA, MS
Director, Division of Policy and Quality, OFM, NIH

NIH Summary Statement of Financial Condition

	2023	2022
ASSETS (NOTE 2):		
INTRAGOVERNMENTAL:		
FUND BALANCE WITH TREASURY	\$ 58,582,673,778.01	\$ 56,562,195,883.78
INVESTMENTS, NET	\$ 31,209,545.61	\$ 29,191,162.53
ACCOUNTS RECEIVABLE, NET	\$ 30,397,436.49	\$ 23,573,815.36
ADVANCES AND PREPAYMENTS	\$ 460,809,560.13	\$ 119,382,851.57
Total Intragovernmental	\$ 59,105,090,320.24	\$ 56,734,343,713.24
OTHER THAN INTRAGOVERNMENTAL:		
ACCOUNTS RECEIVABLE, NET	\$ 4,439,780.36	\$ 1,504,706.43
INVENTORY AND RELATED PROPERTY, NET	\$ 5,044,990.56	\$ 3,898,084.51
PROPERTY, PLANT, AND EQUIPMENT, NET	\$ 1,913,692,672.52	\$ 1,770,139,477.74
ADVANCES AND PREPAYMENTS	\$ 420,667.43	\$ 6,132,223.85
OTHER ASSETS:		
OTHER	\$ 100,300.00	\$ 100,300.00
TOTAL OTHER THAN INTRAGOVERNMENTAL	\$ 1,923,698,410.87	\$ 1,781,774,792.53
Total Assets	\$ 61,028,788,731.11	\$ 58,516,118,505.77
STEWARDSHIP PP&E		
LIABILITIES:		
INTRAGOVERNMENTAL:		
ACCOUNTS PAYABLE	\$ 50,192,844.74	\$ 74,422,098.72
ADVANCES FROM OTHERS AND DEFERRED REVENUE	\$ 701,646,198.23	\$ 951,227,218.04
OTHER LIABILITIES	\$ 28,443,272.06	\$ 63,135,319.04
Total Intragovernmental	\$ 780,282,315.03	\$ 1,088,784,635.80
OTHER THAN INTRAGOVERNMENTAL:		
ACCOUNTS PAYABLE	\$ 418,845,332.89	\$ 470,811,227.45
FEDERAL EMPLOYEE AND VETERAN BENEFITS PAYABLE	\$ 319,173,649.21	\$ 314,233,528.48
ENVIRONMENTAL AND DISPOSAL LIABILITIES	\$ 322,276,000.00	\$ 258,656,000.00
ADVANCES FROM OTHERS AND DEFERRED REVENUE	\$ 235,357,280.19	\$ 213,513,157.38
OTHER LIABILITIES:		
ACCRUED LIABILITIES	\$ 1,341,380,223.30	\$ 1,317,794,163.83
CONTINGENCIES AND COMMITMENTS	\$ 100,000.00	
OTHER	\$ 57,974,752.18	\$ 155,571,732.05
TOTAL OTHER THAN INTRAGOVERNMENTAL	\$ 2,695,107,237.77	\$ 2,730,579,809.19
Total Liabilities	\$ 3,475,389,552.80	\$ 3,819,364,444.99
NET POSITION		
UNEXPENDED APPROPRIATIONS - FUNDS FROM OTHER THAN DEDICATED COLLECTIONS	\$ 49,063,283,557.33	\$ 47,249,236,522.75
TOTAL UNEXPENDED APPROPRIATIONS	\$ 49,063,283,557.33	\$ 47,249,236,522.75
CUMULATIVE RESULTS OF OPERATIONS - FUNDS FROM DEDICATED COLLECTIONS	\$ 961,103,032.62	\$ 964,365,539.41
CUMULATIVE RESULTS OF OPERATIONS - FUNDS FROM OTHER THAN DEDICATED COLLECTIONS	\$ 7,529,012,588.36	\$ 6,483,151,998.62
TOTAL CUMULATIVE RESULTS OF OPERATIONS	\$ 8,490,115,620.98	\$ 7,447,517,538.03
Total Net Position	\$ 57,553,399,178.31	\$ 54,696,754,060.78
Total Liabilities & Net Position	\$ 61,028,788,731.11	\$ 58,516,118,505.77

Assets

As of September 30, 2023, the Total Assets for NIH, representing the value of what NIH owns and manages, were \$61 billion (B). This is an increase of approximately \$2.5B or 4% since September 30, 2022. NIH's Fund Balance with Treasury was reported at \$58B or 99.1% of NIH's intragovernmental assets.

Liabilities

The Total Liabilities, \$3.5B, represents the amount NIH owes from past transactions or events. This is a decrease of approximately \$344M or 10% since September 30, 2022.

Offsetting Collections

In FY23, NIH received more than \$700 million (M) in Royalties, Cooperative Research and Development Agreements (CRADAs), and Gifts.

NIH FY23 Offsetting Collections

Collection Type	Amount	Number of Deposits
ROYALTIES	\$ 639,773,923.07	1,512
CONDITIONAL GIFT FUND	\$ 46,186,676.12	306
UNCONDITIONAL GIFT FUND	\$ 2,196,494.43	681
CRADAS	\$ 56,849,466.44	343
Total	\$ 745,006,560.06	2,842

Interagency Agreements (IAAs)

NIH administered more than \$2B in IAAs in FY23. Of that amount, NIH bought more than \$1B in services from other federal entities, sold more than \$500M to other federal entities. An IAA is an agreement document between federal agencies that defines cooperative work between the entities.

NIH FY23 Amount Transferred

FY23 IAAs	Amount Transferred	Number of IAAs
TYPE A IAA (NIH Buyer)	\$ 1,458,606,203.16	9,764
TYPE X IAA (NIH Seller)	\$ 591,893,955.20	3,613
Total	\$ 2,050,500,158.36	13,377

Payments Overview

NIH FY23 Invoice Payments Excluding Payroll

Payment Type	Payments Value	% of Total Dollar Value	Transaction Count	% of Total Transactions Count
GRANT PAYMENTS	\$ 37,383,879,462.17	81.23%	142,751	19.53%
VENDOR PAYMENTS	\$ 7,686,260,007.80	16.70%	112,198	15.35%
ROYALTY PAYMENTS	\$ 373,033,340.98	0.81%	1,248	0.17%
FELLOWSHIP PAYMENTS	\$ 284,029,014.92	0.62%	105,449	14.43%
P-CARD PURCHASES	\$ 247,385,221.40	0.54%	232,714	31.84%
TRAVEL	\$ 26,755,507.34	0.06%	58,084	7.95%
GRANT REVIEWER	\$ 18,039,027.21	0.04%	50,122	6.86%
RESEARCH VOLUNTEERS	\$ 2,721,139.36	0.01%	18,101	2.48%
CASHIER PAYMENTS	\$ 2,827,544.12	0.01%	10,223	1.40%
Total Invoice Payments	\$ 46,024,930,265.30	100%	730,890	100%

External Audit Report

Ernst & Young (EY) performed the annual financial statement audit for the Department of Health and Human Services (HHS), as required by the Chief Financial Officers Act of 1990. As one Operating Division within HHS, NIH financial reports are consolidated and presented to HHS. Based on its audit, EY found that the FY23 HHS financial statements were presented fairly, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles. The audited HHS FY23 Financial Statements are located within the [HHS Agency Financial Report](#).

FEATURED OFM PARTNERSHIPS

- **Collaborated with NIH Institutes and Centers (ICs) to develop and implement NIH's new Travel Policy Handbook, aligning NIH Travel Policy with the current Federal Travel Regulation and HHS Travel Policy.**
- **Partnered with Administration for Children and Families (ACF) on an Inter/Intra-Agency Agreement (IAA) to effectively monitor a total of \$171,000 in personnel and travel costs for 11 volunteers working on the Unaccompanied Minors at the Southwest Border and established Operation Allies Welcome processes and procedures.**
- **Partnered with ORF staff and established the structure needed to support improved central services data collection, analysis, and resultant cost distributions across ICs.**
- **Partnered with ORF to review \$43M soon-to-be completed Construction-in Progress projects to ensure the accounting transactions will post on time.**
- **Collaborated with OER/eRA and CSR on the Scientific Review and Evaluation Award (SREA) application interface redesign between eRA and the SHarPS/SREA application and cleared over 800 duplicate records. As a result, SREA only includes data sourced from the eRA commons application. This outcome significantly improved accurate processing of over 28,000/\$10M SREA transactions.**
- **Through continuous collaboration with OCIO, supported monthly reconciliations of the Capital Investment Fund and Enterprise System initiatives from Fiscal Years 2018-2022, closed 4 large initiatives with several sub-initiatives while appropriately de-obligating and re-purposing \$1.1M prior year funds.**

Royalties

OFM partnered with the NIH Office of Technology Transfer (OTT) to review current Royalties Program business processes to identify areas for improvement and knowledge sharing opportunities. In FY23, NIH processed nearly \$1B in licensing fee collections processing over 1,400 payments to inventors with total amounts exceeding \$500M. OFM facilitated an exchange of information from diverse groups through effective leadership over year-end meetings and collaboration with NIH OTT partners to process exponential increases in royalty receipts due to NIH collaborations in COVID-19 discoveries. The OFM Royalties Team initiated a reconciliation process, improving data accuracy in the royalty payment system (Romansys). In addition, a new report was developed to display Treasury's payment data along with the NIH Business System (NBS) data, leading to the successful reconciliation of \$350M FY23 royalties.

IPP Implementation

NIH completed implementation of Treasury's Invoice Processing Platform (IPP) and IPP is now the way that NIH collects invoices and does business with commercial vendors. This project was a joint effort between NBS, OFM, OALM, and the ICs and was completed in 2 phases. Phase 1 included a 5-wave process of onboarding over 6,000 vendors into the new platform and was completed by the Spring of 2023. Since the completion of Phase 1, IPP has been used to pay over 56,000 invoices for more than \$4B in performed work. In Phase 2, the team worked on optimizing the IPP workflow, focusing on an in-depth review of current practices and developing business process improvements, as needed. OFM assessed and improved invoicing and receiving workflows, and OFM partnered with NBS and OALM and held multiple sessions to debrief on post-IPP best practices with the ICs on acquisitions, invoicing, and receiving.

G-Invoicing Implementation and Stabilization

The NIH processes almost 1,000 Interagency Agreements (IAAs) exceeding \$2B annually. OFM led the multi-year NIH-wide effort to implement the new Treasury mandated Government-Invoicing (G-Invoicing) system. G-Invoicing provides one system of record for IAAs to improve the quality of Intragovernmental Transactions (IGT) buy/sell data. Implementation and stabilization of G-Invoicing is improving communication between trading partners at all points in the IGT buy/sell transaction process to properly apply established accounting treatment policy. OFM supervised and directed the NIH stabilization and training of the G-Invoicing system. OFM collaborated with NBS and the ICs to ensure that requirements, change management, and training needs were met timely.

As we look to the future, OFM continues to embrace new technologies and collaborate with NIH ICs in support of the NIH mission.

PROCESS IMPROVEMENT

- Travel - Continue to seek input from the NIH Travel Community and leadership on travel policy procedures and processes to promote NIH-wide standardization and implementation of best practices.
- Gifts - Implement financial policy and update cycle memo by updating key controls over restricted gifts. Identify solutions to manage restricted gifts including, implementing automated funds control, updating Manual Chapter 1135, Gift Administration, and establishing processes and key controls to safeguard restricted gift.

INNOVATION

- Continue to leverage RPA to improve complete, accurate, and timely accounting and reduce staff time spent on repetitive tasks, shifting to more analytical projects.
- Automation of Travel Forms - OFM will pursue automating the completion, routing, and approval of travel forms.

COLLABORATION

- Align OFM's innovative efforts with the NBS strategic plan.
- Key controls - Partner with NBS and the budget community, evaluate the effectiveness of IAA internal controls to include a baseline assessment using FY23 data to identify and communicate risks to stakeholders. Assess and drive implementation of financial cycle key controls over IAAs.
- Year-End Close (YEC) - OFM leads YEC meetings, hosting stakeholders across NIH to close out the fiscal year. This is a critical forum for stakeholders to raise their YEC issues. In addition, these meetings have empowered stakeholders to share knowledge and best practices, which has become invaluable for YEC activities. We look to continue strengthening our partnerships and implementing lessons learned to ensure a smooth close-out year after year.

OFM Digitization Road Map

