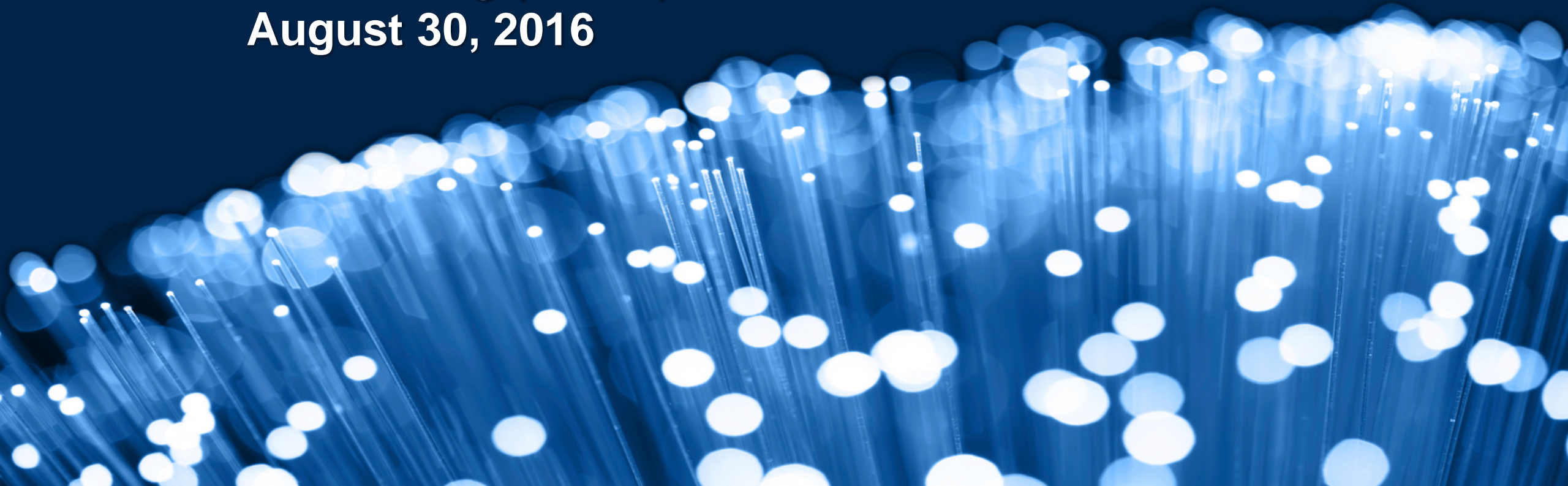


# **NSF Audit Resolution & Advanced Monitoring: What You Should Know**



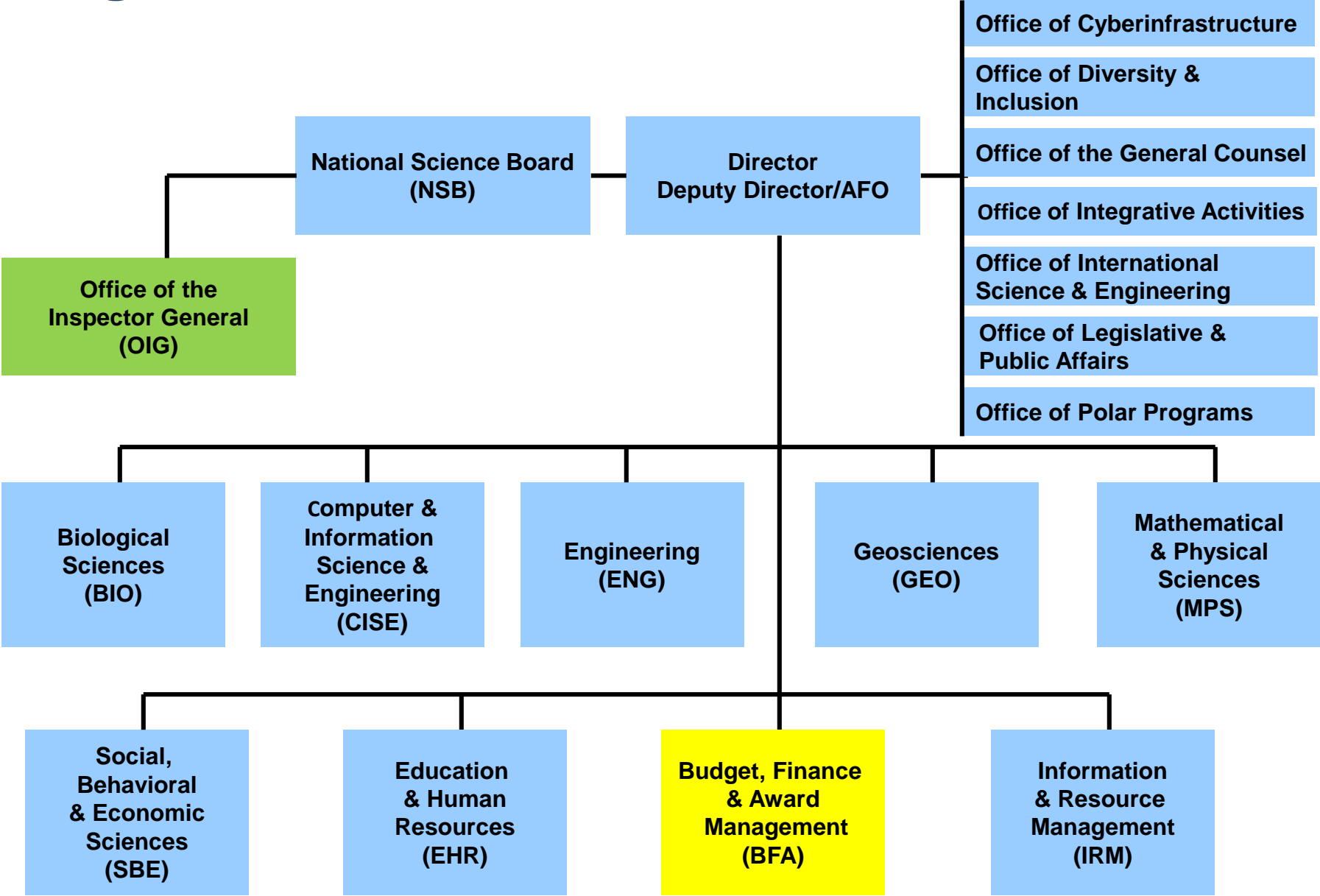
**Northeast Conference on College Cost  
Accounting (NECA)  
August 30, 2016**



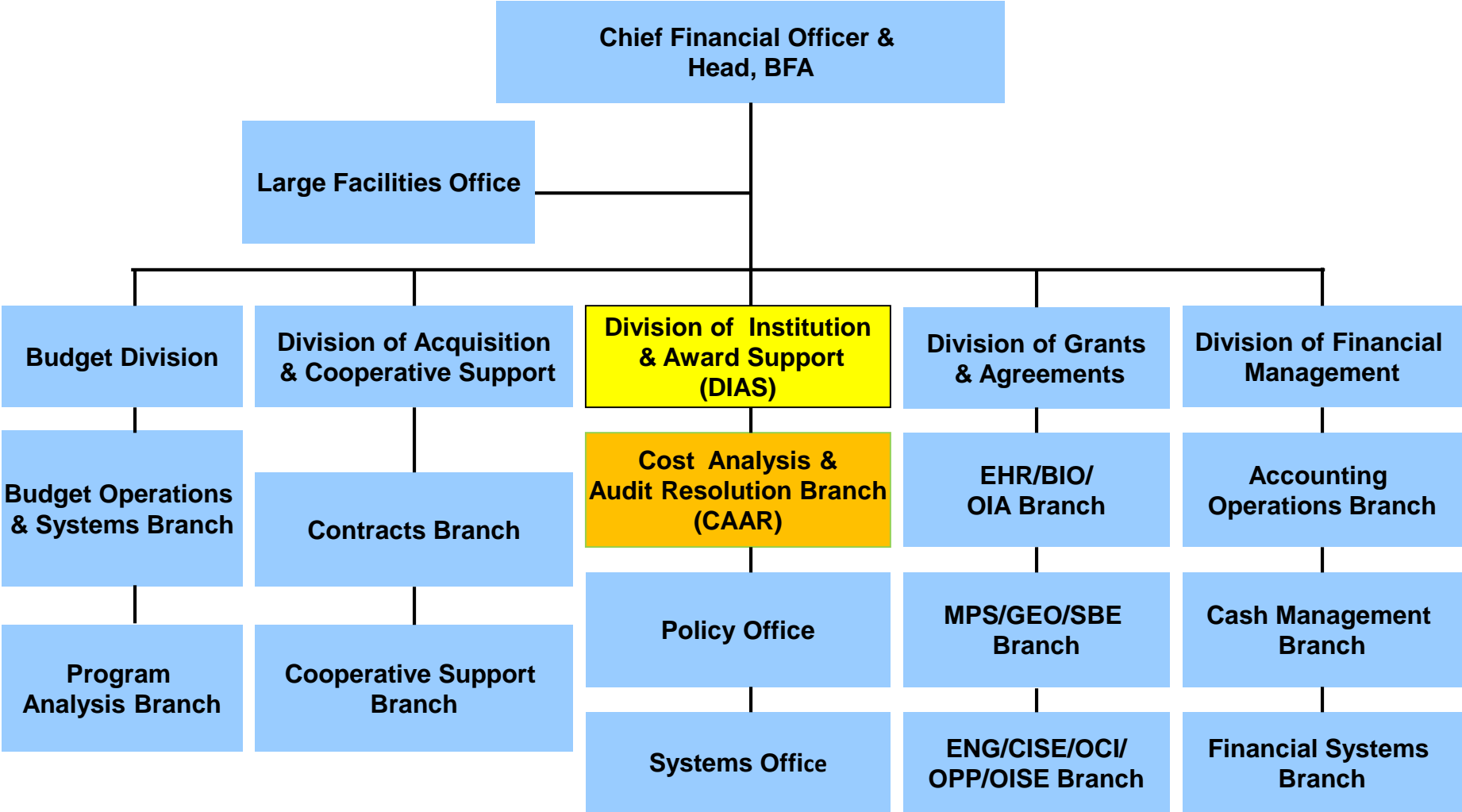
# Agenda

- Intros & Organization
- Players & Roles
- Resources
- Audit Resolution Process Overview
- Details on the Process
- Resolution Closeout
- Questioned Cost Themes
- Current Themes & Prevention
- Advanced Monitoring
- NSF Accountability Tools
- Questions??

# NSF Organizational Chart



# Office of Budget, Finance & Award Management



# Audit Resolution Players and Roles

Office of Inspector General and its contractors (Auditor)	Conducts audits and issues reports (to NSF) in compliance with government auditing standards
Awardee (Auditee)	Provides requested information to the Auditor during audit; performs required/agreed upon corrective actions based on NSF's management decisions
NSF Management (CAAR)	Resolves all audit findings, recommendations, and questioned costs with Awardee; makes final management decision; Performs follow up on status of corrective actions
Audit Follow-up Official	Makes final determination in the event of escalated disagreements by the OIG

# Regulation and Policy

- OIG Act
- Generally Accepted Government Auditing Standards (GAGAS)
- OMB Circular A-50, Audit Follow-up
- Uniform Guidance
- 2 CFR 200, 215, 220, 230
- NSF Award Terms and Conditions
- NSF Proposal and Award Policies & Procedures Guide (PAPPG)



# Audit Resolution Process Overview

Per OMB Circular A-50, "Audit Follow Up", all audit findings should be fully resolved within 180 days



# The Finer Details

- Issuance of Final OIG Audit Reports
- NSF Management will:
  - Review audit report, awardee response & audit work papers
  - Request additional clarification/information
  - Communicate with awardee throughout, as needed
  - Coordinate internally & externally as needed
- Draft management decisions developed & discussed
- Final management decisions sent to OIG; significant differences discussed
- Awardee is notified of escalation and AFO decisions
- Formal management decisions to awardee
- Awardee may appeal per PAPPG (VII.B) or file suit in US Court of Claims



# Resolution Closeout...How the Story Ends

- Prior to May 2014, audit resolution outcomes were known only to the auditees and NSF
- Posting of NSF management decisions:
  - Provides closure
  - Informs the community
  - Informs awardee and NSF stakeholders
- Fourteen management decisions have been posted to date
- Available on BFA web page:
  - <http://www.nsf.gov/bfa/responses.jsp>

# Current Themes in Questioned Costs

- Salaries/Wages/Fringe\*
- End-of-Award Expenditures\*
- Re-budgeting\*
- Costs Not Budgeted\*
- Unreasonable Costs
- Improper Allocation of Costs
- Lacking/Inadequate Documentation
- “Typically” F&A Costs Charged Direct
- Relocation Costs

\*One or more identified in most audits since 2014

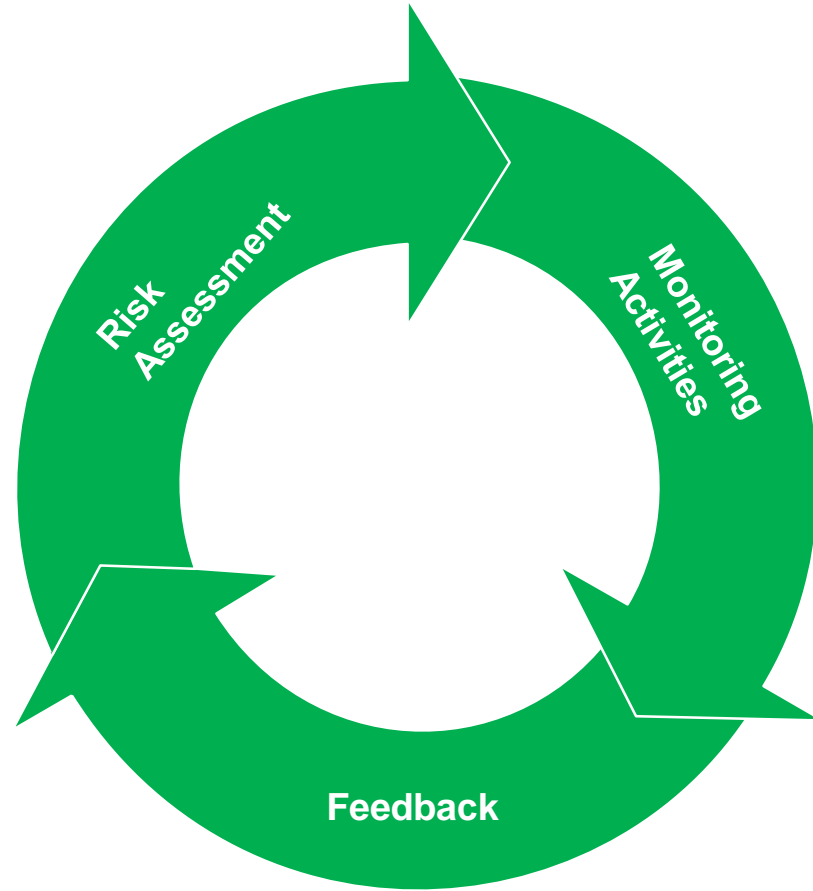


# Avoid Cost Disallowances

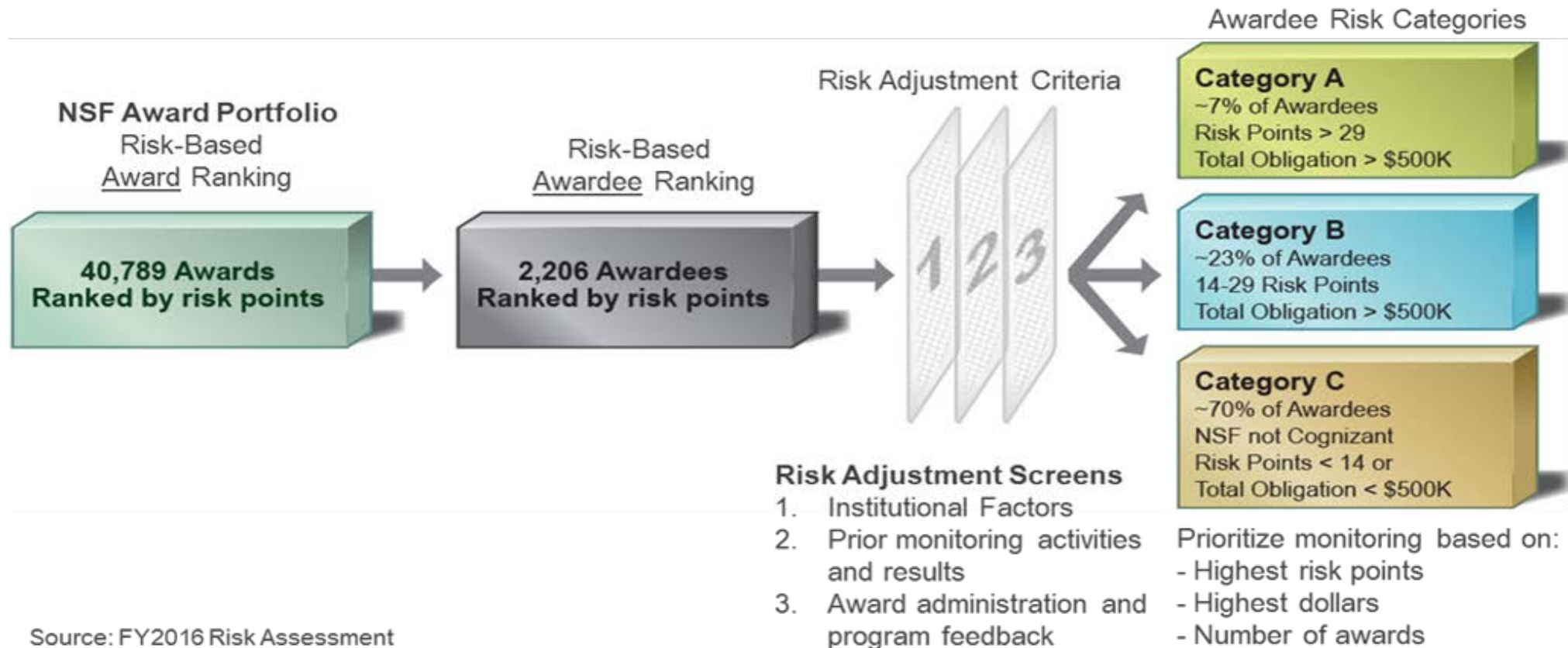
- Strong Internal Controls
- Detailed Budget Justifications
- Prudent Spending of Federal Funds
- Document, Ask Questions, Document
- Discuss Concerns with NSF PO/GO
- Seek Prior Approval (where required)
- Obtain Appropriate Time Extensions



# Oversight and Monitoring



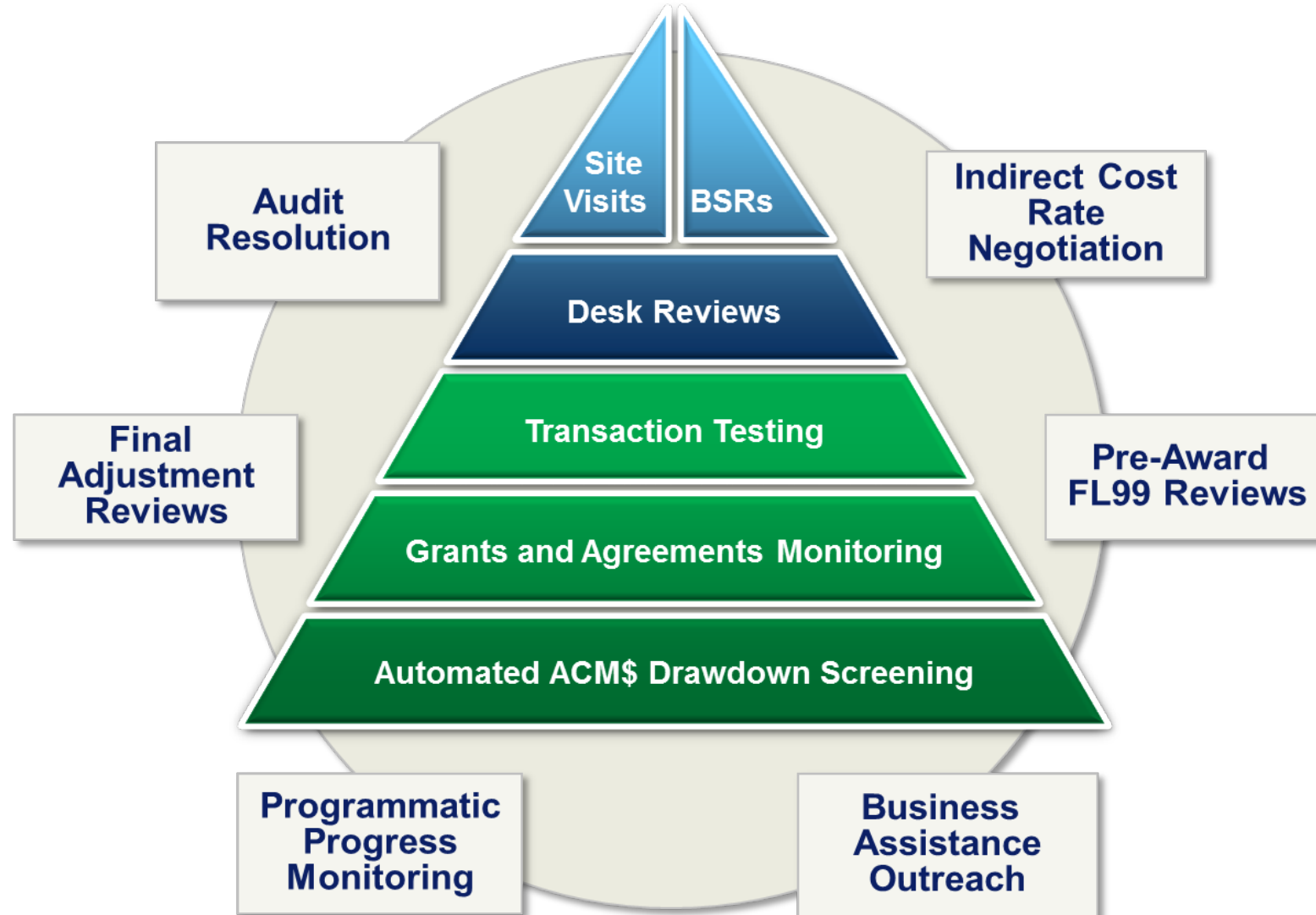
# NSF conducts an annual risk assessment of the awards and awardee institutions within its award portfolio to prioritize awardees for advanced monitoring



Source: FY2016 Risk Assessment



**NSF's monitoring activities, combined with other grant-related activities, provide comprehensive coverage of the entire portfolio**





# Advanced Monitoring Activities

## Desk reviews

- Desk reviews enable NSF to gain an understanding of an institution's award administration practices and alert NSF to deficiencies. Desk reviews provide a ***foundation for the site visit's targeted review activities***
- NSF completes ***~100+ desk reviews a year***
- ***NSF oversees the desk review process*** by selecting awardees for desk reviews, authorizing review protocols, approving workpapers and summary reports prepared by a contractor. NSF works with awardees to resolve issues identified during the desk review process
- Analysts gather information from public sources, discussion calls, and awardee-provided documentation to assess the awardee's ***capacity to manage Federal funds***
- Desk reviews provide a ***cost-effective monitoring alternative*** to resource-intensive site visits
- A follow-up site visit or BSR may be scheduled for an awardee if the desk review demonstrates a need for additional business assistance



# Advanced Monitoring Activities

## Site Visits

- Site visits assess the extent to which an awardee's grant management systems enable efficient and effective performance of NSF awards and ensure compliance with federal regulations
- NSF completes **~30 site visits a year**
- Reviewers assess whether the awardee's financial management system **accurately discloses the financial results** of NSF awards and if awardee systems maintain **effective control** over and accountability for all funds, property, and other assets
- Through site visits, NSF extends **business assistance** by offering award administration best practices and answering questions related to NSF expectations and federal award administration policies
- Awardees with **significant deficiencies may be scheduled for follow-up site visits**

# Advanced Monitoring Activities

## Business Systems reviews

- BSR's proactively review business practices of Awardee institutions hosting **large facilities** to ensure their alignment with NSF expectations.
- BSR's reviews business practices in within NSF's ***Federally Funded Research and Development Centers (FFRDC's)***
- BSR's are conducted at least once per **5-year award cycle** for all large facilities in construction and/or operation.

# Frequently Noted Compliance Concerns

- Adherence to Internal Controls
- Inadequate/Lacking Documentation
- Meals, Entertainment & Gifts
- End-of-award Expenditures
  - computing devices
  - supplies
  - Equipment
- Participant Support Costs
- Untimely/Unrelated Cost Transfers

# Tools of Accountability

NSF Encourages Improvement Through:

- Continuous Monitoring
- Corrective Action Plans
- Delayed/Denied Future Funding
- Special Payments/Voucher Review
- Cost Disallowance
- Referral to OIG-Investigations
- Suspension or Termination

# ADDITIONAL QUESTIONS





# Ask Early, Ask Often

## Office of Budget, Finance & Award Management Division of Institution & Award Support

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