

BSR Hot Topic: Coordination of Administrative Business Reviews across the NSF Large Facility Portfolio

2017 Large Facility Workshop

Florence Rabanal, *Large Facilities Advisor*

Anna-Lee Misiano, *Grant & Agreement Specialist*

Roland P. Roberts, *Program Director, NEON Operations*



Myth or Truth?

Administrative Business Reviews

- NSF can elect to stop conducting administrative business reviews.
- A Business Systems Review serves as an audit?
- NSF is required to conduct Business Systems Reviews on a five-year cycle.
- An OIG audit substitutes for NSF's oversight.
- Business Systems Reviews usually involve a desk review, site visit and require expansive document collection before the review can be conducted.



Purpose of Session and Outcomes

Share and discuss, NSF's strategy for identifying and managing risks associated with the large facility portfolio. Through this session we expect to:

- increase transparency to decision making process for administrative business-focused reviews conducted across large facility portfolio
- add to attendee's understanding by highlighting the key drivers underlying the decision-making process
- gather and understand Recipient challenges, and identify potential mechanisms to address these
- encourage information exchange



Background

- In 2006 NSF implemented a Facility-focused oversight reviews, called business systems review (BSR). In the early years these were conducted on a five year cycle, aligned with the length of the award.
- Intervening period oversight on NSF's Large Facilities continued.
- In 2015, Large Facilities Office implemented a risk-based assessment to determine application of business systems review process.
- CSB process was implemented CY 2015 (summer)
- In early 2017, NSF pursued the streamlining of its current LFO and CSB processes, with goal of overarching risk framework to support decision making for all administrative oversight tools.



Key Drivers for Change in Monitoring Risks

- Breadth, number and type of oversight activities has changed, due to
 - Evolution of Regulations
 - Stakeholder Recommendations
 - Agency-prescribed
- Workload inefficiencies and increased burden on all stakeholders resulting from NSF's traditional approach to scheduling and executing reviews
- Institutional Maturity and lessons learned



Scope and Focus NSF Large Facility Portfolio Risk Assessment

- Scope covers the NSF Large Facility Portfolio
 - Portfolio defined as: *Anything funded through the MREFC or R&RA (\$100M or 10% of Directorate's Current Plan) account that can be constructed, acquired or commissioned (the big stuff)*
- Focus to identify risks associated with NSF responsibilities, NOT Recipient or Large Facility Project
 - Risks defined as *"threats and opportunities that NSF perceives to have an impact on NSF's objectives"*
- Output is a single coordinated process that brings together existing (but separately executed) risk assessments and informs the decision making of oversight (timing and type) for large facility portfolio



Administrative Oversight Tools

- **Business Systems Review**
 - Assesses that people, processes & technologies are in place to support administration and management of a facility
- **EVMS Verification, Acceptance, & Surveillance**
 - Evaluates and validates EVMS to ensure successful project implementation & provide good oversight and assurance information
- **Accounting System Audit/Review**
 - Assesses the adequacy of awardee's accounting systems
- **Independent Cost Analysis**
 - External analysis of the proposed budget to assess completeness & reasonableness
- **Cost Incurred Audit**
 - To ensure all costs incurred by the Recipient and charged to the government are allowable, allocable, and reasonable



Some Risk Factors Considered

- Financial
 - Award Size
- Administrative
 - 'New' Federal Awardee
- Institutional
 - Academic & Non-Profit Institutions



Risk Assessment Process

- Conduct Annually at the Portfolio Level, for each facility:
 - Identify risks through survey of key stakeholders (Program and BFA: LFO, DFM, DIAS, and CSB)
 - Organize Discussions, led by LFO and attended by Program and CSB, consider risk factors
 - Outline two-year strategy for managing risks
 - Agree upon those (risks) to accept and others to monitor through oversight
 - Select (existing) tool/s for oversight
 - Develop oversight plan (tool/s and timing)
- Aggregate and assess across the portfolio (decision made)
- Continuously Monitor Risks and Update
- Execute Oversight



Early Observations

- Coordination is effort intensive on front-end, but it will likely be reduced/recovered on back-end
- Rich discussions with varying perspectives critical
- Don't underestimate expert judgement, it will take you far
- Easy access to accurate and complete historical data and future plans is essential
- Standardization and Calibration of Risks and Tools would be helpful
 - Vocabulary/lexicon
 - Common risk categories
 - Guidance on Alignment of Tools to Risk
- Introducing more complex components (heat maps, probability tables) may/may not improve outcome
- Elements such as assumptions may be needed



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Discussion Questions

- What additional information or actions are could to improve your understanding of the process and impacts on your Organization?



Discussion Questions

- Are there key factors that are not captured/considered in the current NSF risk assessment process?



Discussion Questions

- Within your own organizations, who do you see as the responsible parties involved in these reviews, and what changes do you see needed within your organizations to coordinate communication?



Discussion Questions

- Do you envision any un-intended (negative or positive) impacts from the risk-based process and if so, what are they?



Discussion Questions

- What kind of Risk Assessment/Management is employed by your project/organization?

