

NSF POST AWARD MONITORING & COMPLIANCE
Division of Institution & Award Support
Cost Analysis & Audit Resolution Branch

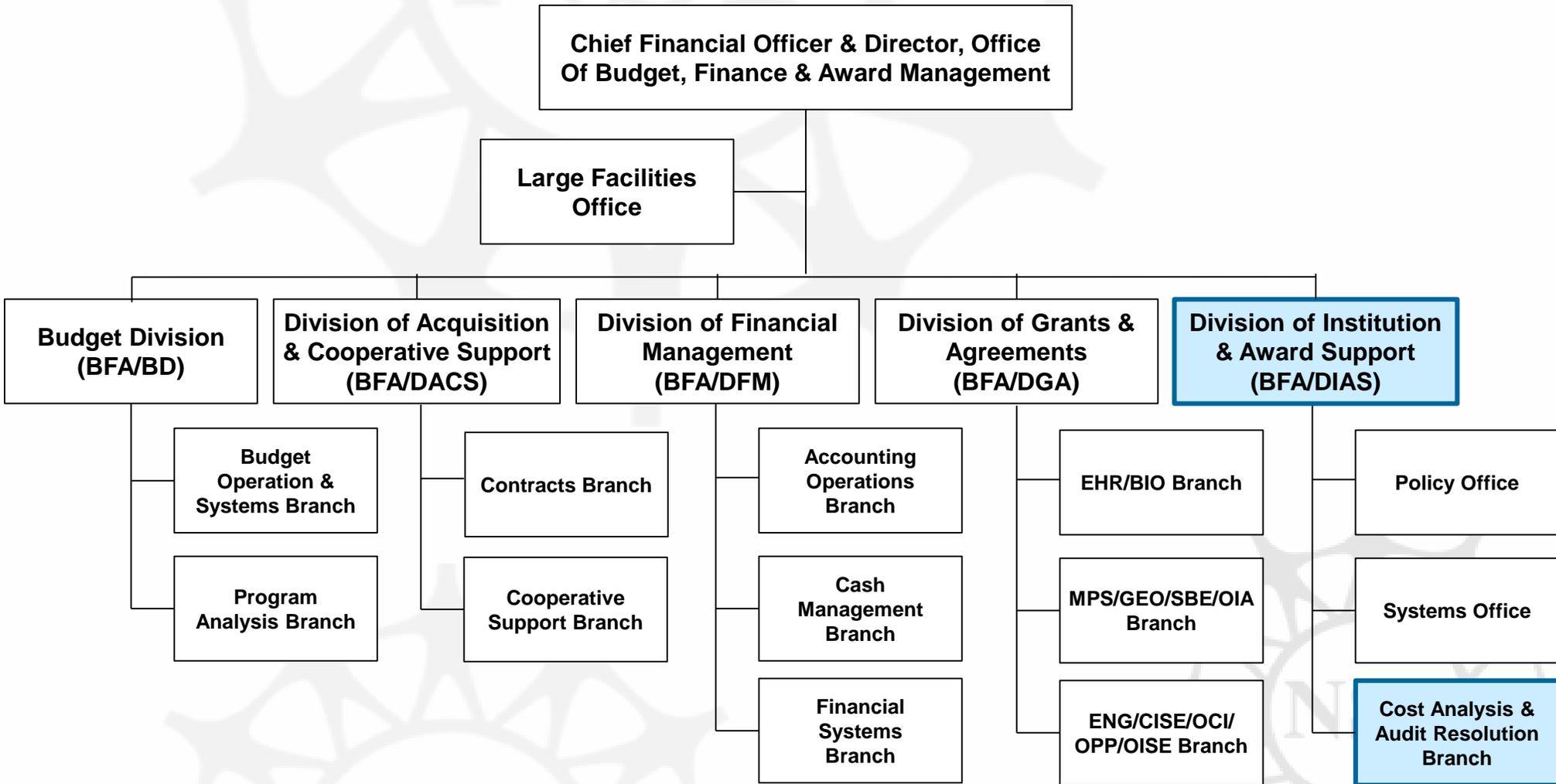
NSF GRANTS CONFERENCE

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March 1, 2016

NSF Grants Conference – Portland, OR

The Cost Analysis and Audit Resolution (CAAR) Branch is situated within the Office of Budget, Finance & Award Management (BFA)

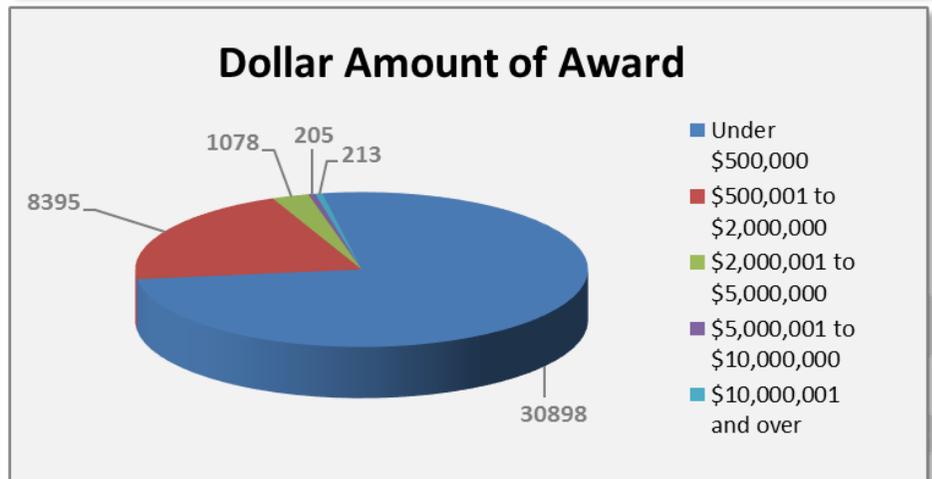
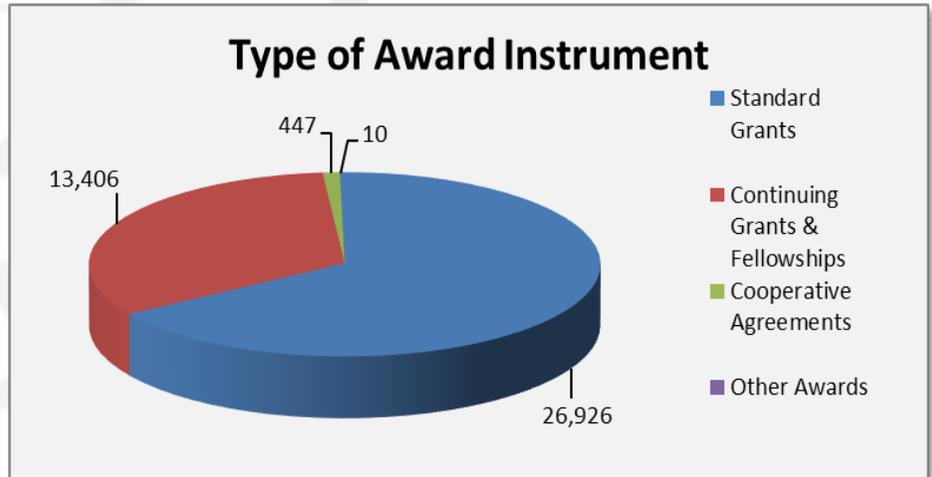


Discussion Points

- **Overview of NSF's Award Portfolio and Risk-Based Monitoring Strategy**
- **Highlights of NSF's Annual Risk Assessment Process**
- **Description of Selected Advanced Monitoring Activities**
- **Discussion of Common Areas of Review**

NSF is committed to the responsible stewardship of its \$27 billion research award portfolio

- ▶ Over \$27 billion in total award funding
- ▶ Over 40,000 active awards
 - Standard and continuing grants
 - Cooperative agreements
 - Graduate research fellowships
 - Other awards
- ▶ Over 2,000 awardees
 - Universities/4-year colleges
 - Non-profit organizations
 - For-profit organizations
 - Community colleges
 - Other awardees (including SBIRs, STTRs)

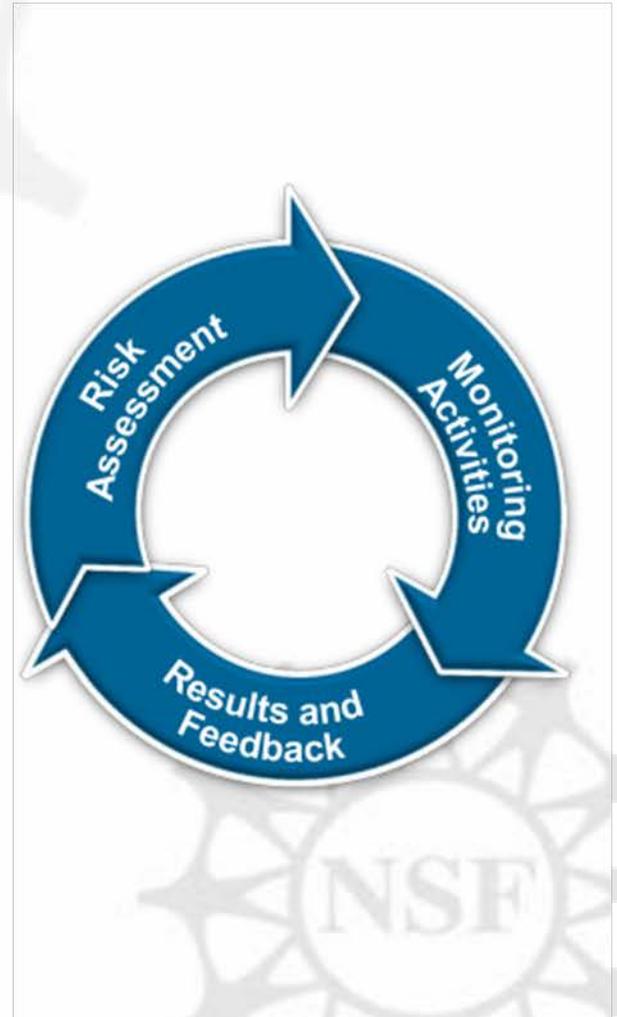


Award portfolio information as of June 30, 2015

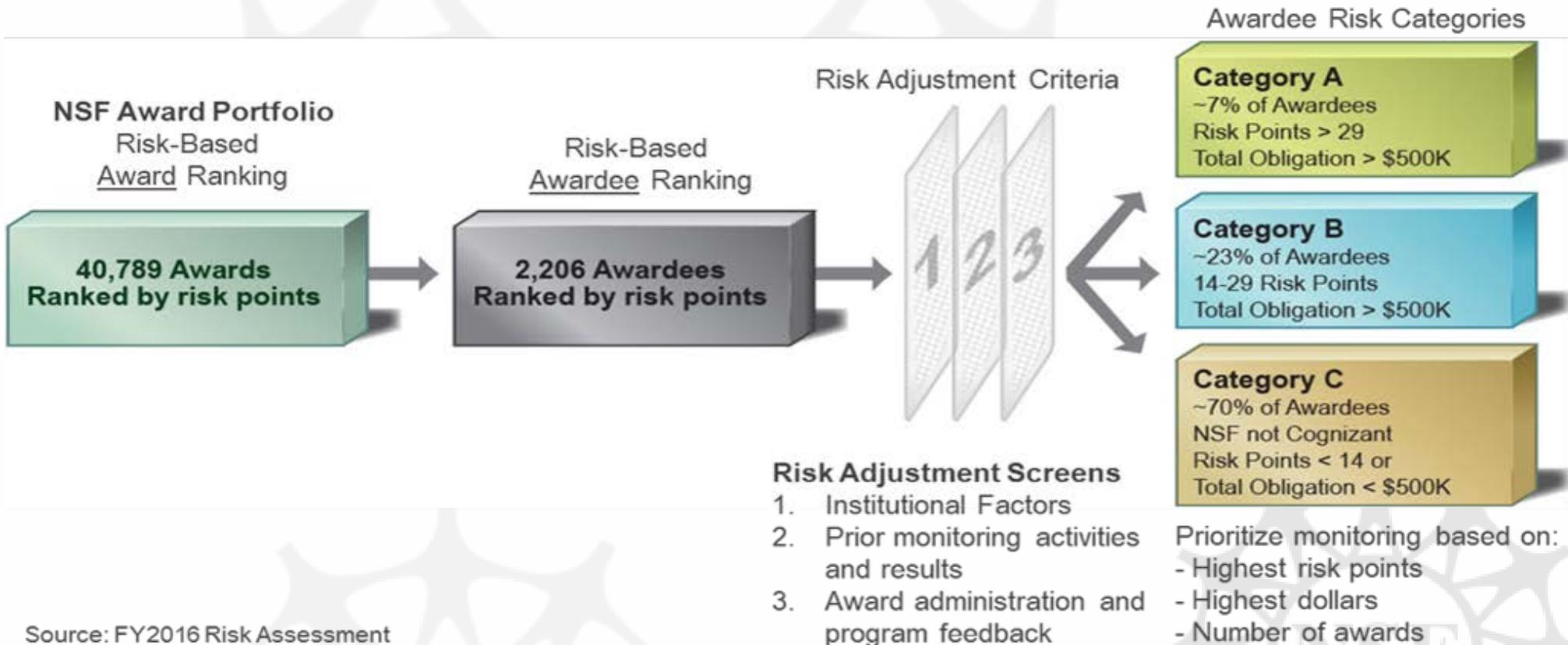
NSF uses a risk-based portfolio monitoring strategy that integrates its monitoring activities and focuses monitoring activities on awardees administering higher risk awards

NSF's portfolio monitoring strategy has three key components -

- ▶ **Annual risk assessment** enables NSF to focus limited advanced monitoring resources on awardees more in need of monitoring and business assistance
- ▶ **Comprehensive monitoring activities** augment routine or automated baseline activities with focused advanced monitoring activities to provide broad coverage of the award portfolio. These activities are designed to mitigate the risk of non-compliance with federal grant management regulations (administrative regulations, cost principles, and audit requirements) and NSF award administration requirements
- ▶ **Gathering feedback and incorporating monitoring results** to enable NSF to better target business assistance activities and to make continuous improvements to the risk assessment model and monitoring procedures



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

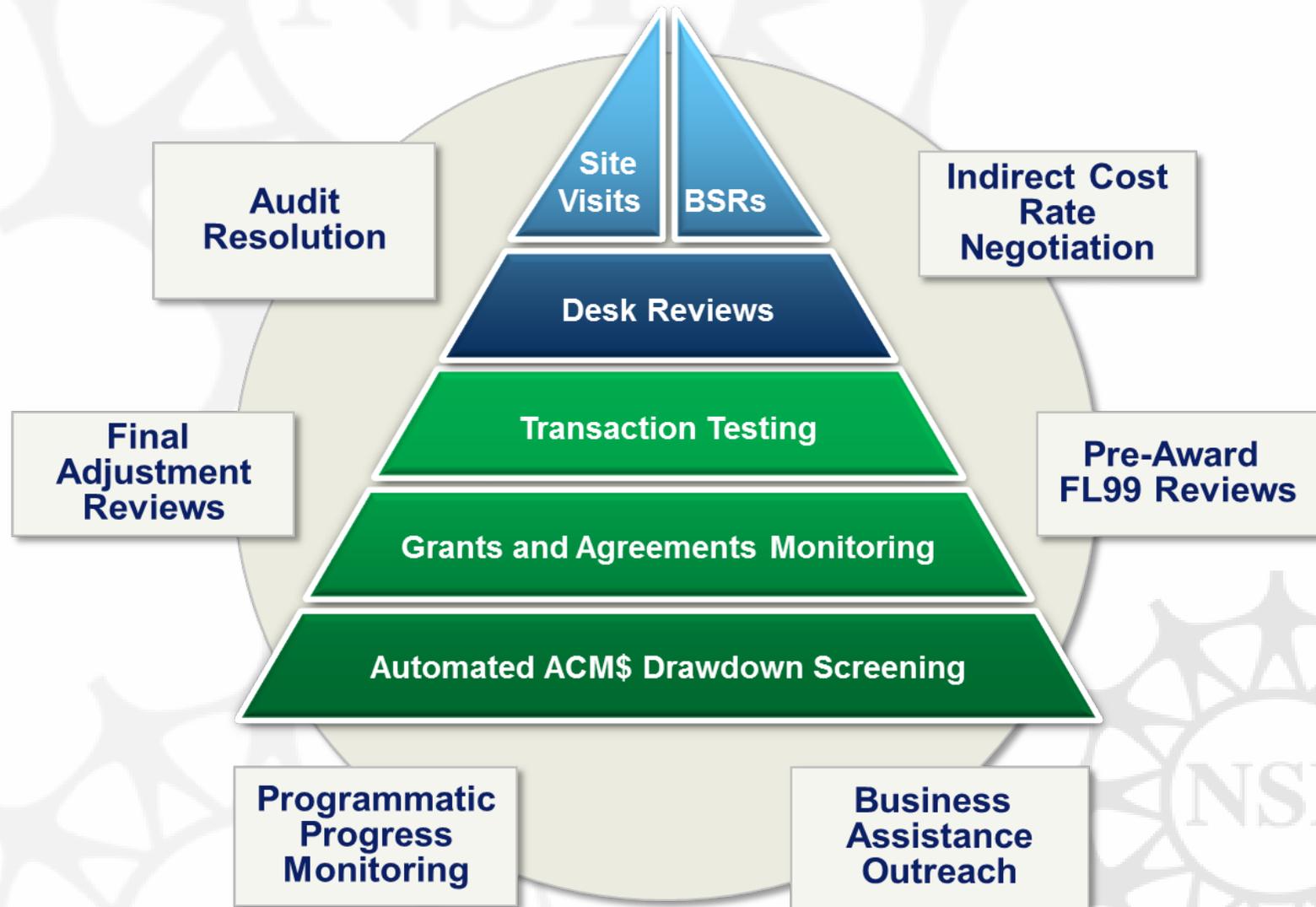


Source: FY2016 Risk Assessment

From Awards To Awardees



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



Baseline Monitoring activities



- **Automated financial report screening** to identify reporting issues that may need further scrutiny; these tests relate to cash-on-hand balances, interest income, program income, adjustments to closed awards, grants closeout, and financial unobligated balances
- **Grants and Agreements Officer award administration** to provide insight into actual or potential compliance issues; these activities include changes of principal investigator, award transfers, award supplements, no-cost extensions, special payments, and significant budget realignments
- **Improper Payments - transaction testing** to verify the reasonableness, allocability, and allowability of selected award expenditures. It is also used to ensure source supporting documentation is acceptable.

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)

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

Documentation of Personnel Expenses

Salaries and wages charged to Federal awards must be supported by a system of internal controls that provides reasonable assurance that the personnel costs incurred are accurate, allowable and properly allocated.

Generally, this system of internal controls should ensure that: total compensation paid to individual employees is reasonable according to the work performed on the NSF-supported project; the compensation is made in accordance with established policies of the organization; and activities. In addition, the system must be able to adequately identify whether or not the work performed is considered a direct or an indirect cost, consistent with the organization's established policies and 2 CFR 200.430.

Documentation of Personnel Expenses nine (9) criteria of records

- (1) Are supported by system of internal controls
- (2) Incorporated in official records of entity
- (3) Reasonably reflect total activity
- (4) Encompass all compensated activities
- (5) Comply with accounting policies/practices
- (6) Support salary/wage distribution
- (7) Allow for use of budget estimates for interim accounting purposes
- (8) Allow distribution to be expressed as a percentage of the total
- (9) Recognize a precise measurement of salary/wage isn't always feasible or expected in an academic setting.

Participant Support Costs

- Participant Support are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with **meetings, conference, symposia or training projects**.
- Funds provided for participant support may not be used by awardees for other expense categories without specific prior written approval of the **cognizant NSF program officer**; therefore, awardees must segregate participants support costs in their accounting system.
- Participants Support costs are **not** subject to **indirect cost** application.

Keys to Success for Awardees

- Focus on the objectives of the project/program
- Understand the requirements and expectations (award letter, award terms and conditions, OMB Guidance)
- Implement and adhere to strong internal controls over federal awards
- Document policies and procedures in **writing**
- Document approvals and conversations between NSF
- *When in doubt...Ask Early and Ask Often!*



Where can I get information on-line?

- Division of Institution & Award Support:
<http://www.nsf.gov/bfa/dias/index.jsp>
- Cost Analysis & Audit Resolution Branch:
<http://www.nsf.gov/bfa/dias/caar/index.jsp>
- Policy Office:
<http://www.nsf.gov/bfa/dias/policy/index.jsp>
- General:
<http://www.nsf.gov>



Our Contact Information

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