



# National Science Foundation

## Cost Analysis and Audit Resolution Branch (CAAR) Accounting System Reviews



### IMPORTANT LINKS:

**National Science Foundation**  
[www.nsf.gov](http://www.nsf.gov)

**Division of Institution and Award Support**  
[www.nsf.gov/bfa/dias](http://www.nsf.gov/bfa/dias)

**Cost Analysis and Audit Resolution Branch**  
<http://www.nsf.gov/bfa/dias/caar/index.jsp>

**NSF Proposal & Award Policies and Procedures Guide**  
[http://www.nsf.gov/publications/pub\\_summ.jsp?ods\\_key=papp](http://www.nsf.gov/publications/pub_summ.jsp?ods_key=papp)

**Prospective New Awardee Guide**  
[http://www.nsf.gov/publications/pub\\_summ.jsp?ods\\_key=pnag](http://www.nsf.gov/publications/pub_summ.jsp?ods_key=pnag)

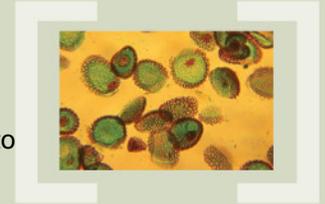
**General Federal Requirements**  
<http://www.nsf.gov/bfa/dias/caar/fed.jsp>

Questions may be directed to CAAR  
Phone: (703) 292-8244



### Overview/Purpose

Accounting System Reviews are a review of an awardee's accounting system to verify that the organization is likely to be able to manage Federal funds in accordance with applicable regulations, terms, and conditions. NSF will not issue an award to an organization that cannot demonstrate that they maintain a project cost accounting system that meets these standards (e.g., that the accounting system segregates costs by project or award.)



### Timeframe/Roles

- Accounting System Reviews may be conducted on a pre-award basis, typically in conjunction with other pre-award reviews (e.g., Proposal Budget Reviews), or post-award, typically as part of an advanced monitoring site visit.
- Accounting System Reviews are led by CAAR analysts, who examine and evaluate the awardee's accounting systems, policies, procedures, and controls. Information may also be analyzed by the Division of Grants and Agreements, Cooperative Support Branch, and/or the Large Facilities Office.
- Awardee organizations are responsible for providing accurate and complete information regarding their accounting system and how they will be able to account for costs on a project-by-project basis.

### Topics Covered

For most reviews, CAAR verifies that the organization's accounting system provides for:

- Detailed budget preparation with proposed costs, based on actual supportable cost data.
- Classification of expenditures as direct, indirect, or unallowable costs, typically through a cost policy statement, as well as processes and procedures for classifying costs as direct, indirect, or unallowable as they are incurred.
- A system for accounting of costs by project/grant/funding source and by NSF budget line item expense category.
- Complete and accurate financial reports (including balance sheets and income statements, project cost ledger or account summary reports)
- Maintenance of adequate source documentation supporting all expenditures claimed on awards and cost sharing, when cost sharing is required under an NSF award.
- Internal controls and segregation of duties to ensure that no one employee has complete control of accounting transactions.

For more information, see the [Prospective New Awardee Guide](http://www.nsf.gov/publications/pub_summ.jsp?ods_key=pnag):  
[http://www.nsf.gov/publications/pub\\_summ.jsp?ods\\_key=pnag](http://www.nsf.gov/publications/pub_summ.jsp?ods_key=pnag)

### The National Science Foundation

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