



# NSF Regional Grants Conference

## Compliance Issues

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Hosted by: Jackson State University  
Jackson, MS

### Ask Early, Ask Often!

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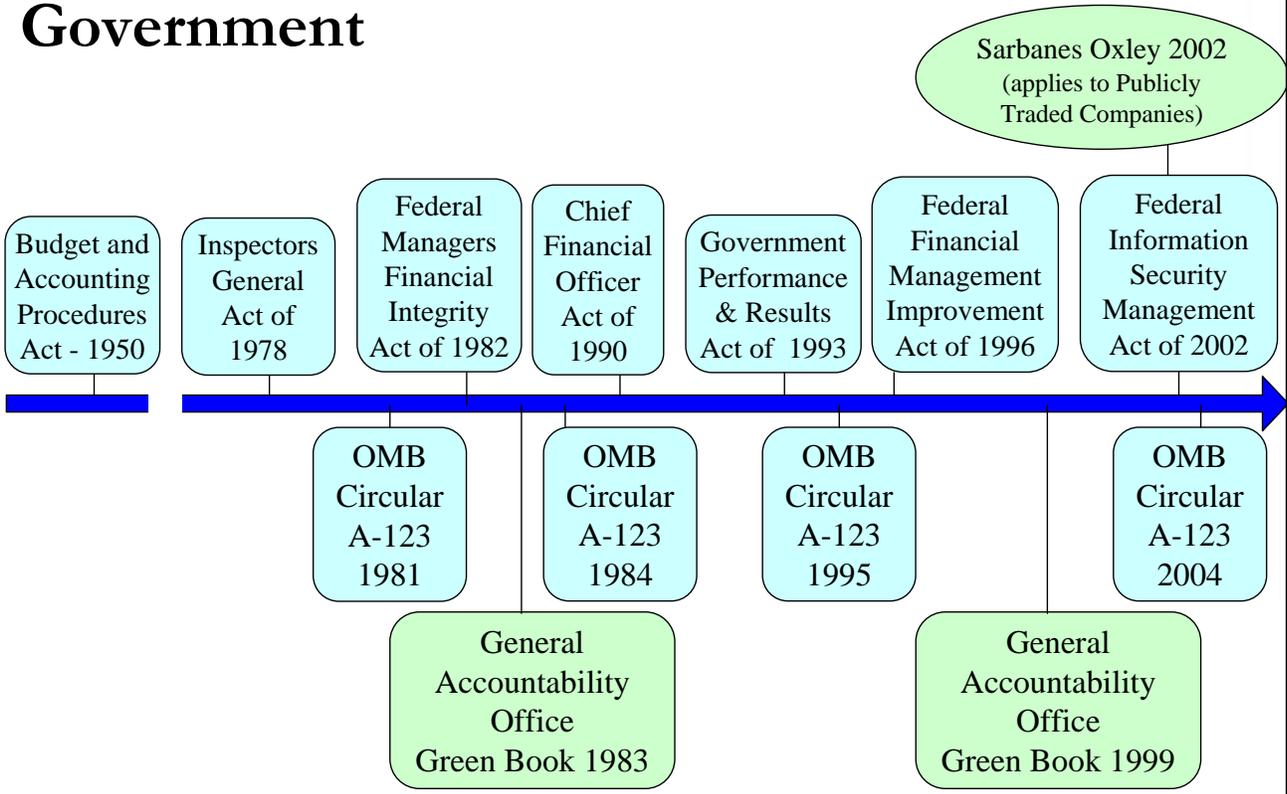


## **Oversight and Monitoring of Federal Awards**

- **Overall Federal Context for Oversight**
- **Emphasis on Stewardship of Federal Funds**
- **NSF Monitoring and Business Assistance**
- **Compliance & Common Areas of Concern**



# Overall Federal Context for Oversight: Evolution of Internal Controls in the Federal Government



## Why is Internal Control Important?

### Operations

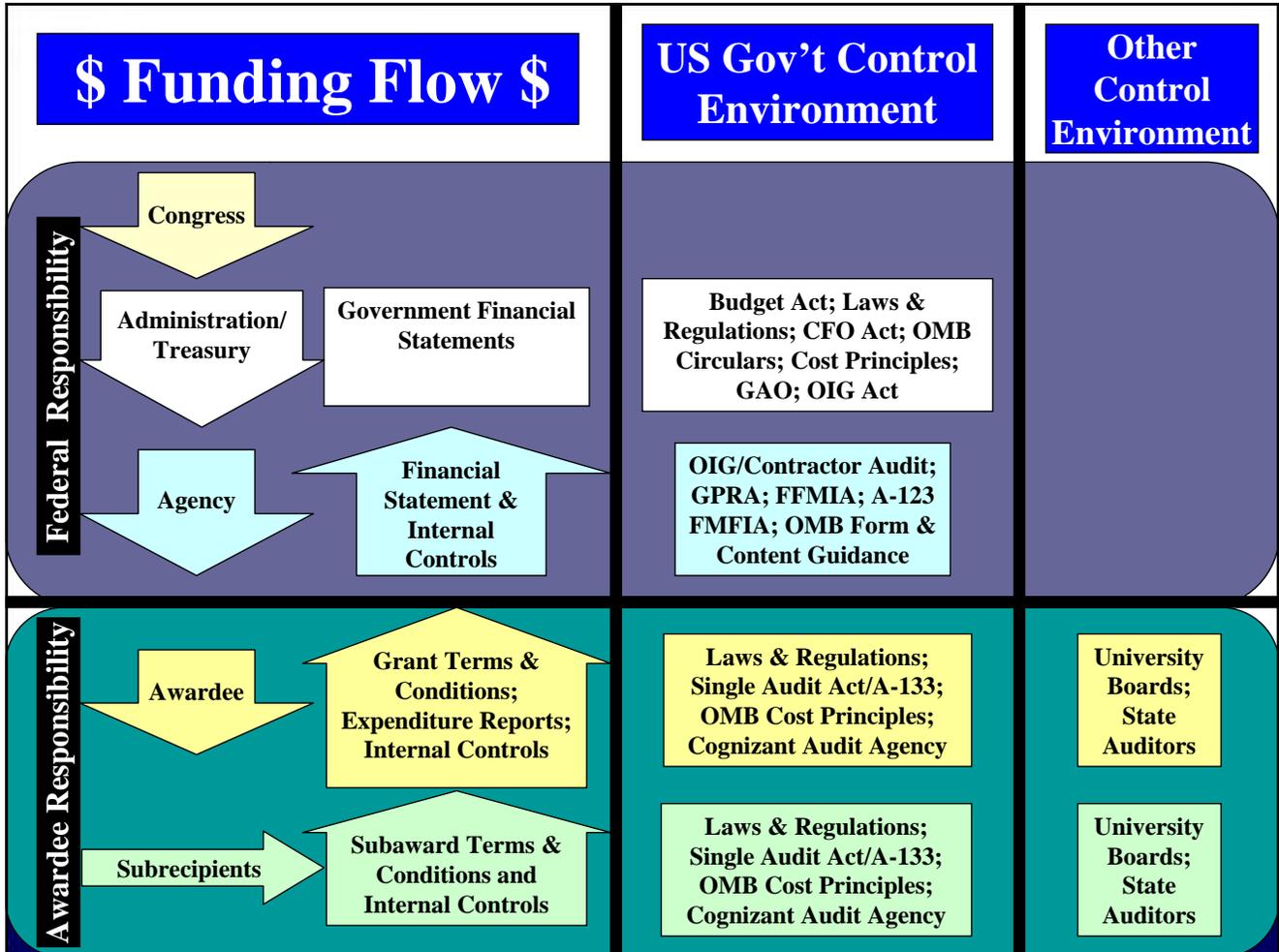
- Promotes efficiency and effectiveness of operations through standardized processes
- Ensures the safeguarding of assets through control activities

### Financial

- Promotes integrity of data used in making business decisions
- Assists in fraud prevention and detection through creation of an auditable trail of evidence

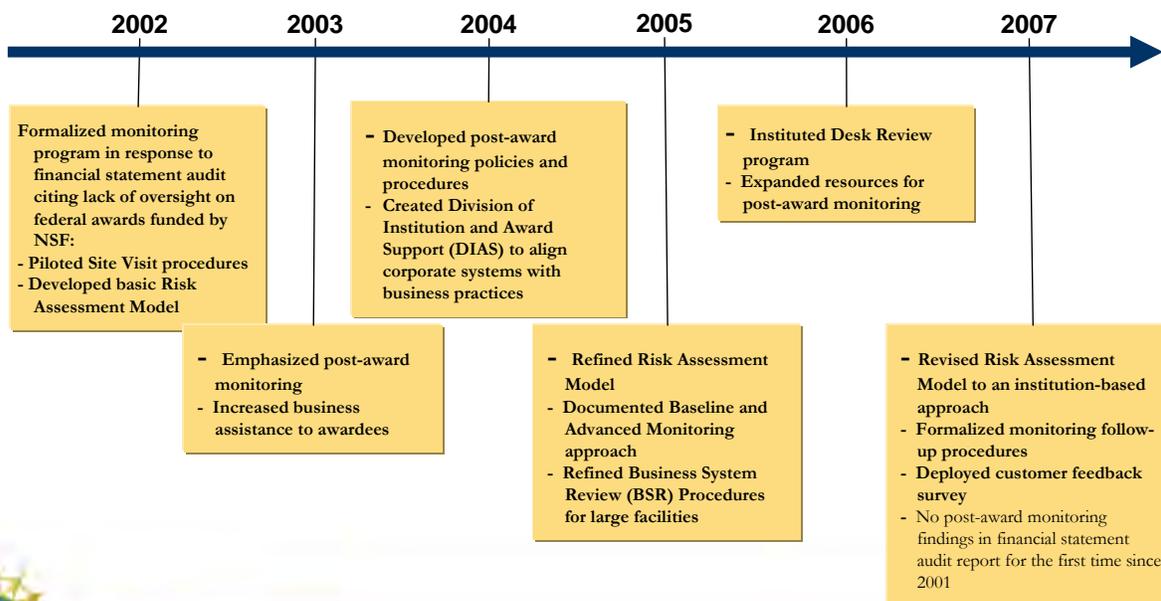
### Compliance

- Helps maintain compliance with laws and regulations through periodic monitoring

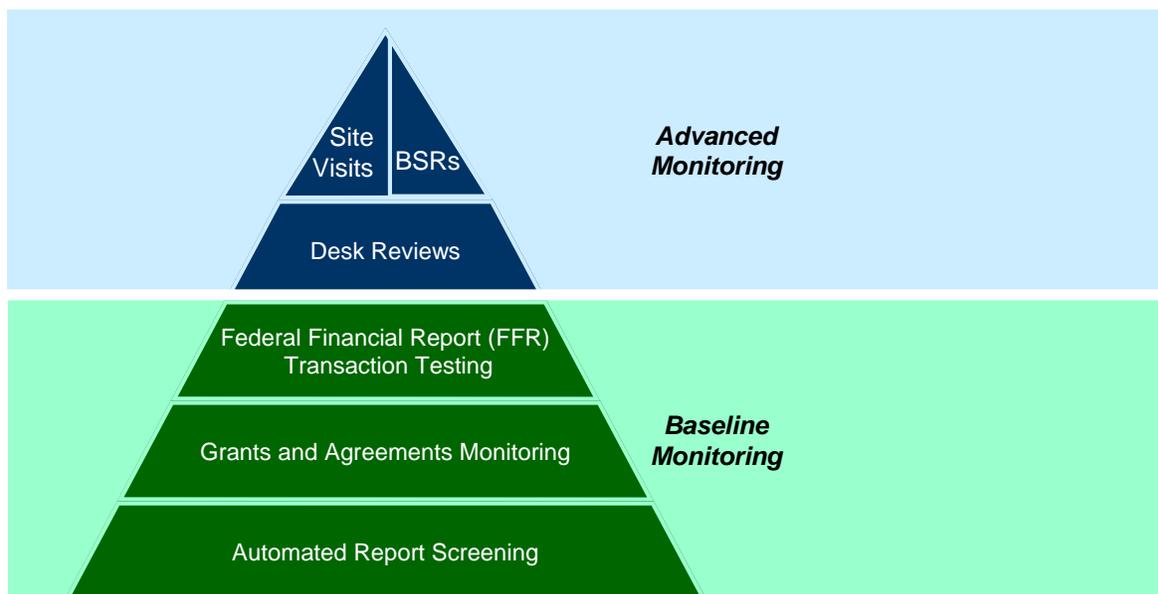


# NSF has transformed its post-award monitoring approach to meet evolving oversight needs

## Evolution of NSF Post-Award Monitoring Processes



## NSF's integrated set of monitoring activities that provide broad coverage of its award portfolio



## NSF's Risk Assessment Model

- Automated process
- Covers all ~ 35K active awards at ~ 3K institutions for ~ \$17 billion awarded
- Objective Considerations
- Subjective Considerations
- Program Officer and Administrative offices



## CAAR - Post Award Monitoring & Business Assistance Program (AMBAP) Site Visits:

- Locations to visit are determined based on risk assessment
- Core Review Areas
  - General Management, Accounting and Financial System Review, FCTR Reconciliation
- Targeted Review Areas
  - Examples are cost sharing, participant support and sub-awards/sub-recipient monitoring



## **Summary of the NSF's AMBAP:**

- **Risk Assessment**
- **Site Visit Schedule**
- **Pre Site Visit Activities Include Consultation with Program Officers**
- **On-Site Review Modules**
- **Post Site Visit Follow-up**
- **Annual Review & Modifications**



## **Common Areas of Concern**

- **Time and Effort Reporting**
- **Participant Support**
- **Consultants**
- **Subrecipient Monitoring**



## Time & Effort Reporting

- System to document and support salary charges to Federal awards – labor is a primary driver on most NSF awards.
- Valuable for awardees – a management tool - know what activities employees are spending their time on.
- *Time & Attendance Records* – vacation, sick, or present for duty vs. *Time & Effort Reports* – what activity the employee was working on?



## Time & Effort Reports should contain:

- Employee name or identification code
- Project name / number or account code, total effort that pay period
- Hours or percentage charged to different projects
- Employee or supervisor signature (can be electronic)
- Not determined based on budget but developed after the fact based on actual activities performed



## 2 CFR 220 (OMB A-21) Time & Effort Reporting

- Official records – by academic periods - semester, quarter
- Reasonably reflect activities for which employee is compensated
- Encompass both sponsored projects and other activities



## OMB 2 CFR 220 (OMB A-21) Time & Effort Reporting

### Plan Confirmation

- Initially based on budget or assigned work which is then adjusted to actual if there are modifications
- Includes statement confirming that work was performed as budgeted
- The system must provide for independent internal evaluation to ensure integrity and compliance with standards.

### After the Fact Activity Reports

- Prepared each academic term for faculty and professional staff
- Other employees at least monthly and coincide with payroll



## Participant Support Costs

- Participants or Trainees
- Stipends, subsistence allowance, travel, registration fees, copies, tuition
- *May not re-budgeted* to other expense categories with out prior written approval of the NSF program officer
- Rebudget requests via FastLane



## Participant Support Costs

- Awardee organizations must be able to identify participant support costs.
- Participant Support Costs *are not* a normal account classification
- Highly recommended that separate accounts, sub-accounts sub-task or sub-ledgers be established to accumulate these costs.
- Should have written policies & procedures.



## Participant Support Costs

- Typically excluded by NSF from application of the indirect cost rate (MDTC – and pass through funds – such as stipends)
- Participant support – eligibility – what did participants have to do to receive the payment
- Documentation of attendees at conferences or workshops



## Consultant - Agreement

- Name of Consultant - Business or organization
- Rate of pay
- Period of performance
- Description of service to be provided
- Cost information on indirect costs, travel (per diem rates), supplies other expenses



## **Consultant - Invoice**

- **Consultant Name - Organizations**
- **Rate charged and time worked - hourly or daily rate**
- **Short description of services provided**
- **Include all hours (example - preparation time & response time for speakers)**



## **Subawards & Subrecipients**

**Characteristics indicative of a Federal award received by a subrecipient :**

- **Performance measured against the objectives of the Federal award;**
- **Responsibility for programmatic decision making;**
- **Responsibility for adherence to applicable Federal program compliance requirements**



## Sub-recipient Monitoring

- “Risk-Based” (A-133, Comp Supp, Part 3)
- Evidence University is monitoring subawards
- Technical, Financial, and Compliance reviews



## Prime Awardee Responsibilities

- Determining that the amount paid is reasonable for the work performed
- Some pre-award analysis and documentation:
  - able to perform technically & administratively
  - adequate accounting system
  - financial capability
  - cost/price analysis (verify rates & bases)
  - Excluded Parties List System (EPLS)



## Flow Through Provisions

- **Audit & access to records**
  - Prime Awardee – perform on site technical & administrative reviews
- **Cost Principles**
  - 2 CFR 225 (A-87)
  - 2 CFR 230 (A-122)
  - 2 CFR 220 (A-21)
  - FAR
- **Administrative Requirements**
  - 2 CFR 215 (A-110)
  - 45 CFR Part 602 (“The Common Rule” A-102)
- **Statutory & Regulatory**
  - COI, human subjects,
  - drug-free workplace, etc.



## Subrecipient OMB A-133 Audits

- **Receive OMB A-133 audit reports or access Federal Audit Clearinghouse data by CFDA number to determine if there are findings if organization expended more than \$500,000 in total Federal funds in that awardees fiscal year**
- <http://harvester.census.gov/sac/>
- **Resolve those findings that apply to your sub-contract, if any.**



## Keys to Success for Awardees

- **Know requirements (award letter, award terms and conditions, OMB Circulars)**
- **Good accounting practices – accumulation & segregation of costs**
- **Focus on the objectives of the project/program**
- **Document approvals and conversations between the awardee and NSF program and grant officials**



## The Audit Process:

- **Office of Inspector General (OIG) performs audits under Auditing Standards ‘yellow book’**
- **NSF management resolves audit findings on audit reports referred to it for resolution the OIG**
- **Cost Analysis and Audit Resolution Branch (CAAR) represents NSF management in this regard, and, in doing so we are involved in the following activities:**
  - Experts in interpreting OMB Circulars
  - Coordinate with NSF Program Managers
  - Coordinate with NSF Grants and Contracting Officers
  - Coordinate with NSF Finance Staff



## Where can I get information on-line?

- General

<http://www.nsf.gov>

- Division of Institution & Award Support

<http://www.nsf.gov/bfa/dias/index.jsp>

- Cost Analysis & Audit Resolution

<http://www.nsf.gov/bfa/dias/caar/index.jsp>

- Policy Office

<http://www.nsf.gov/bfa/dias/policy/index.jsp>

