

NSF Audit and Audit Resolution Process

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National Science Foundation
WHERE DISCOVERIES BEGIN

Audit Key Points

- External Audit Process
- Types of Audit Recommendations
- Common Audit Findings
- External Reporting



External Audit Process

- Audit planning – awardee institution risk assessment
- OIG sends engagement letter to NSF
- OIG notifies auditee and requests financial data
- NSF sends courtesy letter restating NSF's support
- Data analytics performed by audit team (identify anomalies)
- Audit team provides auditee with transactions for testing
- Fieldwork to test transactions (interview, document review)
- Preliminary findings and exit conference
- NSF sends the audit reports to the auditee
 - Draft and Final including auditee response



Types of Audit Recommendations

- Questioned Cost
 - Unallowable – alcohol, lobbying, first class airfare
 - Unallocable – purchase of equipment not related to the award
 - Unreasonable – \$80 meal per person
 - Unsupported – lack of receipts and documentation
- Funds Put to Better Use
 - Funds could be used more efficiently and/or effectively
- Nonmonetary Recommendations
 - Internal control improvements
 - Process and efficiency improvements



Common Audit Findings

Pre-Data Analytics Audits

- Unsupported costs
- Effort reporting
- Effort reporting (subaward)
- Pre-award charges

Data Analytics Audits

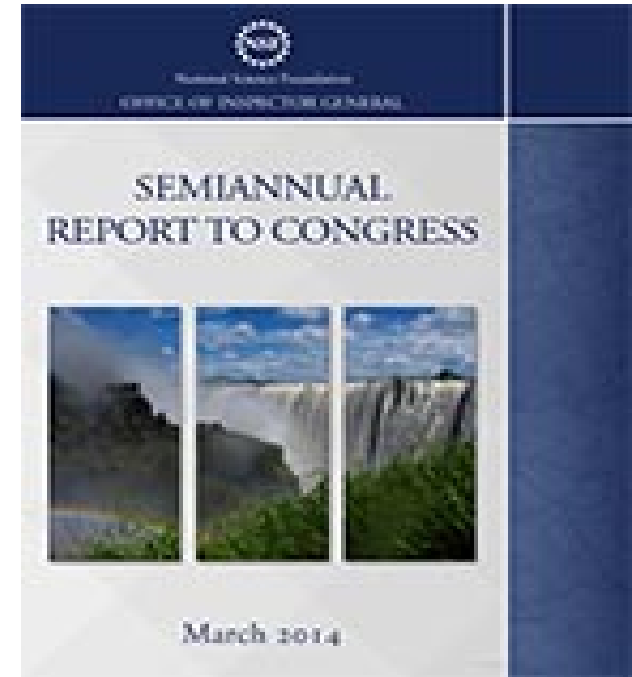
- Unallowable, unallocable, unreasonable costs
- Excess salary
- 2-month rule
- Indirect Costs
- Equipment



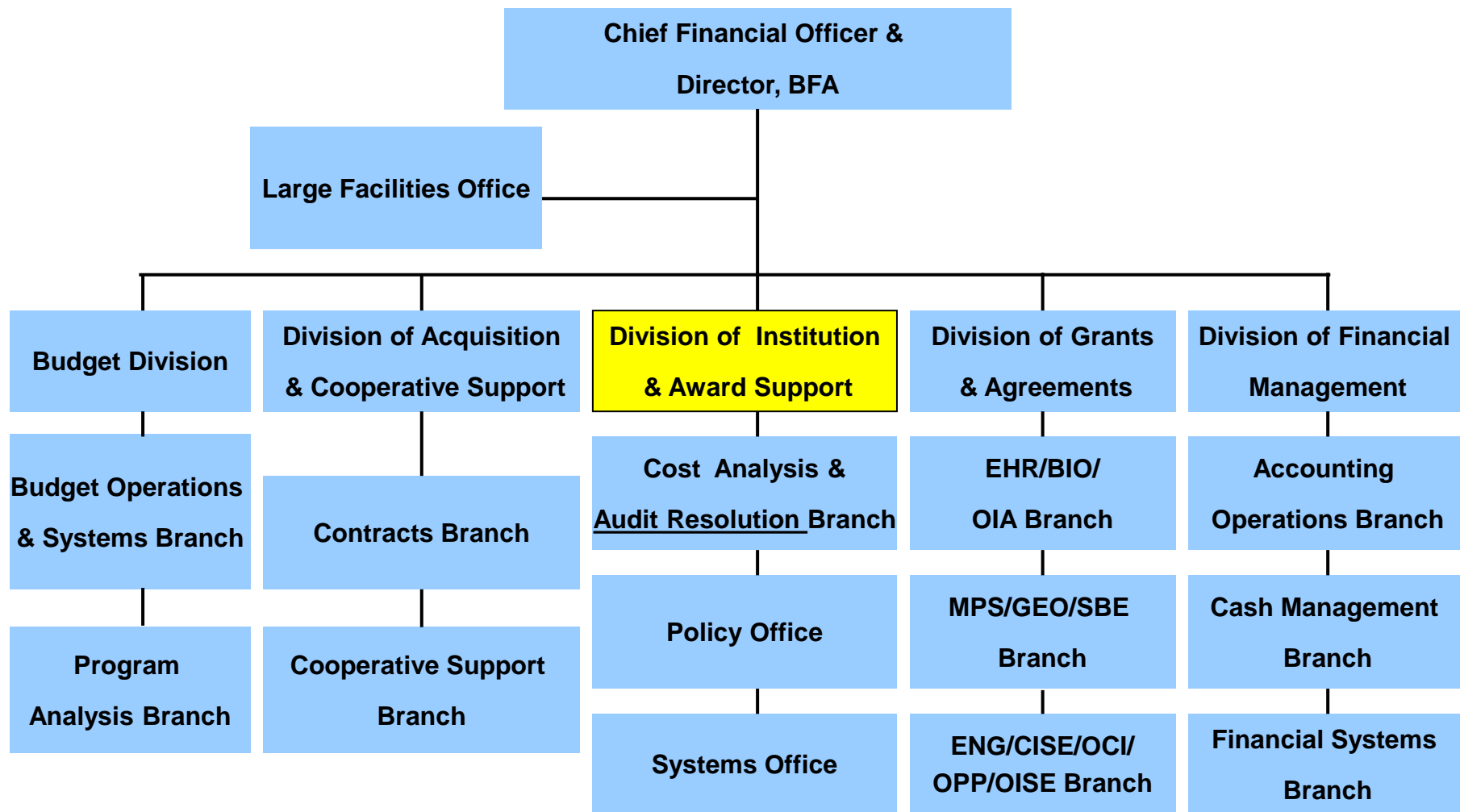
External Reporting

Inspector General Act of 1978 requires each Inspector General to:

- Transmit semiannual reports to Congress which contain statistical tables for questioned costs, funds put to better use, and audit resolution status.
- Post audit reports to the NSF OIG website within 3 days of being made publicly available.



Office of Budget, Finance & Award Management



Audit Resolution Key Points

- Audit Resolution Process & Timeline
- Audit Themes as Drivers for Findings
- NSF's Ecosystem of Oversight and Accountability
- The Stewardship Collaborative – Mechanism for Communication

Audit Resolution Process & Timeline

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

Typically Due within 30 Days (Extension Upon Request)

ARM is issued to the OIG



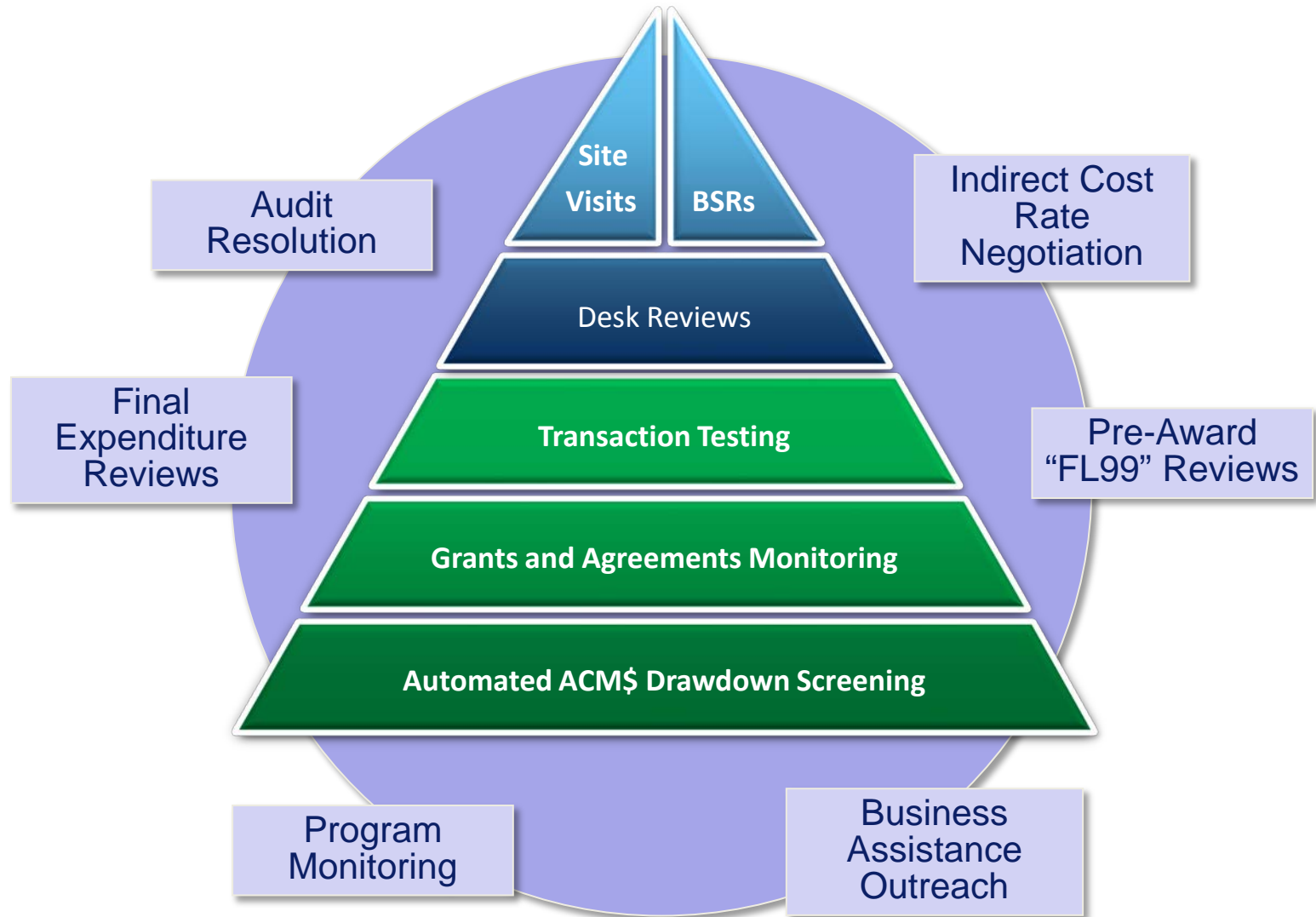
NSF's Collaborative Audit Resolution & Closeout

- During the audit resolution, NSF Management and OIG engage in two stages
 - Advisory period
 - Closeout period
- Unresolved disagreements
 - Escalation to Audit Follow-up Official (AFO)

Historical Audit Findings – FY08 to FY14

- Salaries/Wages/Fringe
- Cost Share
- Subawards
- Participant Support

NSF Ecosystem of Oversight & Accountability



Stewardship Collaborative – Mechanism for Communication

- **Purpose** – Monitor and improve the audit and audit resolution processes, and address emerging and outstanding issues.
- **Participants** – Senior managers with BFA and the OIG; co-chaired by the Assistant Inspector General for Audit, and the Deputy Division Director of Institution and Award Support.
- **Current Topics** – Stewardship Collaborative is jointly working on key areas such as:
 - Uniform Guidance Implementation
 - Faculty Salary Compensation Policy
 - Sustainment Rate Understanding and Alignment