

NSF External Audit Resolution Process

Presentation to the National Science Board
Committee on Oversight

Dale Bell, Division Director
Division of Institution and Award Support, BFA

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Grants and Agreements | Institution and Award Support | Large Facilities | Budget
Financial Management | Acquisition and Cooperative Support



Internal vs. External Office of Inspector General (OIG) Audits

- **Internal** – Program reviews; NSF financial and administrative operations; NSF financial statements

Recommendations require NSF action

- **External** – Awardee compliance with federal regulations or award terms and conditions, and internal controls

Recommendations require Awardee action



Audit and Audit Resolution Roles

| | |
|---|--|
| Office of Inspector General and its contractors (Auditor) | Conducts audits and issues reports in compliance with government auditing standards |
| Awardee (Auditee) | Provides requested information; addresses recommendations after resolution with NSF Management |
| NSF Management (Office of Budget, Finance and Award Management – BFA) | Resolves audit findings and recommendations with Auditee, in coordination with the OIG |
| Audit Follow-up Official (AFO) (NSF Deputy Director or designee) | Makes final determination in the event of escalated disagreement |



NSF 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



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External Audits Resolved by Year, Number of Findings, Recommendations, and NSF Concurrence

| Audit Information | | | Auditor Recommendations | | |
|-------------------|-------------|---------------|-------------------------|-----------------|-------------|
| ARM Year | # of Audits | # of Findings | # of Recs | NSF Concurrence | |
| | | | | # Concurred | % Concurred |
| 2008 | 6 | 9 | 42 | 39 | 93% |
| 2009 | 12 | 32 | 71 | 64 | 90% |
| 2010 | 7 | 17 | 49 | 47 | 96% |
| 2011 | 18 | 45 | 81 | 76 | 94% |
| 2012 | 11 | 32 | 79 | 70 | 89% |
| 2013 | 5 | 25 | 48 | 36 | 75% |
| 2014 | 6 | 12 | 15 | 5 | 33% |
| 2015 | 10 | 41 | 80 | 55 | 69% |
| Total | 75 | 213 | 465 | 392 | 84% |



Audit Themes that Drive OIG Questioned Costs

- Salaries/Wages/Fringe
- Subawards
- Participant Support
- Equipment Purchases towards the end of an Award



Primary Reasons for NSF Not Sustaining Questioned Costs

- Disagreement on Policy
- New Information/Research
- Calculation/Citation Issues
- Disagreement on Documentation/Policy Adequacy



Summary

- NSF fully or partially agreed with 84% of OIG recommendations – high degree of alignment
- NSF Management and the NSF OIG are partners in stewardship
- Both share common goals of promoting effective, efficient government
- Complementary roles: the OIG identifies areas of concern and questioned costs; NSF takes appropriate action to strengthen awardee capability to handle federal funds

