

# Management Challenges and Audit Work Plan for FY 2019

Committee on Oversight  
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# FY 2018 Results



ONGOING AUDITS\*

24

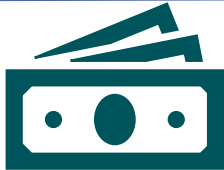


TOTAL FINAL PRODUCTS ISSUED

17

AUDITS ISSUED

13



QUESTIONED COSTS

\$1.3 M



RECOMMENDATIONS RESOLVED

100

RECOMMENDATIONS CLOSED

106

\*as of September 30, 2018. Does not include those without engagement letters, Quality Control Reviews, or Internal Quality Control Reviews.



# Going Forward

- Restructured contract for audits
  - Allows more flexibility for contracted audits of NSF awardees;
  - After survey phase, may proceed to incurred cost, internal control, or accounting system audits.
- More OIG-conducted external work

# Management Challenges for NSF in FY 2019

We redesigned the report to clearly lay out each challenge, actions taken by NSF, and work left to do. We also highlight our ongoing or future related work.

CHALLENGE 5		Managing the U.S. Antarctic Program
<b>Why is this a serious management challenge?</b>	This challenge involves an operation that is critical to an NSF core mission. In addition, there is a risk of fraud, waste, or abuse of NSF or other Government assets.	
	<p>NSF, through the United States Antarctic Program (USAP), manages U.S. scientific research in Antarctica. NSF awarded the Antarctic Support Contract (ASC) for USAP logistical support to Lockheed Martin in December 2011. As a result of a merger in August 2016, Leidos Innovations Corporation (Leidos) now holds the ASC. It is NSF's largest contract, currently valued at \$2.1 billion over 13 years. In such a remote and isolated environment, USAP management faces heightened challenges in areas such as 1) fiscal oversight of the ASC and its subcontractors, 2) management of inventory, 3) health and safety of researchers and contractors, and 4) modernization of facilities in the Antarctic Infrastructure Modernization for Science (AIMS) project.</p> <p>NSF has prior experience managing USAP's construction projects and contractor changes, and, according to NSF, the transition to Leidos occurred without disruptions in operations or unnecessary cost increases. According to NSF, it has used management controls and operating procedures for monitoring invoice processing and systems performance. However, NSF's frequent turnover of the contracting officer for ASC may pose challenges to consistent fiscal oversight of this complex project.</p> <p>USAP is also entering a highly complex and risky program with AIMS — a \$355 million endeavor that will stretch agency resources and may present additional challenges for NSF to overcome. The inherent risk of ASC's size, the Antarctic environment, and the upcoming AIMS project require continued vigilance.</p>	
<b>Completed Actions</b>	<b>Ongoing Actions</b>	
<ul style="list-style-type: none"> <li>☑ Obtained incurred costs audits both of the contractor for ASC and the ASC's largest subcontractor for FYs 2012 and 2013.</li> <li>☑ Assessed ASC performance annually to identify cargo failures and contractor response.</li> <li>☑ Obtained a law enforcement site visit.</li> <li>☑ Reviewed the legality of requiring breathalyzer testing for USAP participants.</li> <li>☑ Conducted root cause analyses in response to FY 2017 challenges, followed by process improvements.</li> <li>☑ Updated long-range capital plan to include lifecycle and real property investments.</li> </ul>	<ul style="list-style-type: none"> <li>➢ Obtain incurred costs audits of the ASC, including an agreed-upon audit of Leidos' incurred costs for ASC from August 2016-December 2016.</li> <li>➢ Select a pharmacy management software system.</li> <li>➢ Conduct AIMS Final Design Review.</li> <li>➢ Engage scientific community in efforts to minimize potential disruption of AIMS planning and construction on Antarctic science.</li> <li>➢ Evaluate an automated process to review invoices and identify inaccuracies.</li> </ul>	
<b>Looking Ahead</b>	NSF has begun obtaining incurred costs audits and plans to continue to do so for every year of the contract. We are planning a site visit to Antarctica in FY 2019.	



# Management Challenges in FY 2019

- Identified six challenge areas:
  - Managing Major Multi-User Research Facilities
  - Meeting Digital Accountability and Transparency Act of 2014 (DATA Act) Reporting Requirements
  - Eliminating Improper Payments
  - Managing the Intergovernmental Personnel Act Program
  - Managing the U.S. Antarctic Program
  - Encouraging the Ethical Conduct of Research
- Removed two challenge areas identified in FY 2018 report:
  - Managing the Government's Records
  - Cybersecurity and Information Technology Management



# Management Challenges in FY 2019

Looking ahead:

- We are continuing to work with agency to consider enterprise risk management in identifying the challenge areas.
- We are identifying emerging challenge areas, such as:
  - responding to the national security threat of Foreign Talent Plans



# FY 2019 Plan: Required Audits

- Audit of NSF's Financial Statements
- Evaluation of NSF's information security program (FISMA)
- Audit of NSF's compliance with Federal standards for reporting financial and payment data on a public website (DATA Act)
- Review of NSF's compliance with the *Improper Payments Elimination and Recovery Act of 2010* (IPERA)
- Audit of NSF's compliance with the *Government in the Sunshine Act*
- Review of NSF's fleet utilization, required by Senate Report 115-139



# Discretionary Audits: Examples

- Allocation of appropriations for the construction and operation of major facilities
- Monitoring of government-owned equipment purchased on NSF awards
- EPSCoR
- Evaluation and Assessment Capability Section's contracted evaluations
- Grantee audits by contractors or OIG





# Areas to monitor in FY 2019

- Management of USAP Contract/Antarctic Infrastructure Modernization for Science (AIMS)
- Regional Class Research Vessels
- AURA/National Center for Optical-Infrared Astronomy



# Resources

- [Management Challenges for the National Science Foundation in Fiscal Year 2019](#)
- [Office of Audits Annual Work Plan Fiscal Year 2019](#)



# Questions?

