

# Audit of the National Science Foundation's Fiscal Years 2019 and 2018 Financial Statements

REPORT PREPARED BY KEARNEY & COMPANY, P.C.

NATIONAL SCIENCE FOUNDATION  
OFFICE OF INSPECTOR GENERAL

November 14, 2019  
OIG 20-2-001





## AT A GLANCE

### Audit of the National Science Foundation's Fiscal Years 2019 and 2018 Financial Statements

Report No. OIG 20-2-001  
November 14, 2019

#### AUDIT OBJECTIVE

The *Chief Financial Officer's Act of 1990*, as amended, requires that NSF's Inspector General or an independent external auditor, as determined by the Inspector General, audit NSF's financial statements. Under a contract we monitored, Kearney & Company, P.C. (Kearney), an independent public accounting firm, performed the audit of NSF's FY 2019 financial statements. Kearney is responsible for the attached auditor's reports dated November 14, 2019, and the conclusions expressed therein. We do not express an opinion on NSF's financial statements or on the conclusions expressed in Kearney's reports on internal controls over financial reporting and on compliance with laws, regulations, contracts, and grant agreements.

#### AUDIT RESULTS

Kearney's *Independent Auditor's Report* includes an unmodified opinion on NSF's financial statements as of and for the years ended September 30, 2019, and 2018. Per its *Report on Internal Control over Financial Reporting*, Kearney identified no material weaknesses. Per its *Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements*, Kearney identified no instances in which NSF's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996*. Also, Kearney identified no reportable instances of noncompliance or other matters.

See <https://www.nsf.gov/pubs/2020/nsf20002/pdf/07-chap2-financials.pdf> for the Chapter 2, *Financials*, of NSF's 2019 Agency Financial Report (AFR), which includes the audit reports. The complete AFR can be found at [https://www.nsf.gov/publications/pub\\_summ.jsp?ods\\_key=nsf20002](https://www.nsf.gov/publications/pub_summ.jsp?ods_key=nsf20002).

#### RECOMMENDATIONS

Kearney made no recommendations in its reports.

#### AGENCY RESPONSE

NSF's response to Kearney's draft reports is included in the AFR as Chapter 2, Attachment I.

FOR FURTHER INFORMATION, CONTACT US AT [OIGPUBLICAFFAIRS@NSF.GOV](mailto:OIGPUBLICAFFAIRS@NSF.GOV).



**National Science Foundation • Office of Inspector General**  
2415 Eisenhower Avenue, Alexandria, Virginia 22314

**MEMORANDUM**

**DATE:** November 14, 2019

**TO:** Dr. Diane L. Souvaine  
Chair  
National Science Board

Dr. France A. Córdova  
Director  
National Science Foundation

**FROM:** Allison C. Lerner *Allison C. Lerner*  
Inspector General  
National Science Foundation

**SUBJECT:** Audit Report No. 20-2-001, Audit of the National Science Foundation's Fiscal Years 2019 and 2018 Financial Statements

This memorandum transmits the Kearney & Company, P.C.'s reports on its financial statement audit of the National Science Foundation (NSF) for FY 2019, which includes FY 2018 comparative information.

**Audit Reports on Financial Statements; Internal Control over Financial Reporting; and Compliance with Laws, Regulations, Contracts, and Grant Agreements**

The *Chief Financial Officer's (CFO) Act of 1990* (Pub. L. No. 101-576), as amended, requires that NSF's Inspector General or an independent external auditor, as determined by the Inspector General, audit NSF's financial statements in accordance with *Government Auditing Standards (GAS)* issued by the Comptroller General of the United States. We contracted with the independent certified public accounting firm Kearney & Company, P.C. (Kearney) to audit NSF's financial statements as of September 30, 2019, and for the fiscal year then ended. The contract requires that the audit be performed in accordance with GAS, the Office of Management and Budget Bulletin 19-03, *Audit Requirements for Federal Financial Statements*, and the U.S. Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency *Financial Audit Manual*.

For Fiscal Year 2019 Kearney provided: (1) its opinion on the financial statements, (2) a report on internal control over financial reporting, and (3) a report on compliance with laws, regulations, contracts, and grant agreements. In its audit of NSF, Kearney:

- Found that the financial statements referred to above present fairly, in all material respects, the financial position of NSF as of September 30, 2019 and 2018, and its net cost of operations,

changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

- Identified no material weaknesses in internal control over financial reporting.<sup>1</sup>
- Identified no instances in which NSF's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996* (FFMIA).<sup>2</sup>
- Identified no reportable instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements tested or other matters.

NSF's response to the draft reports, dated November 14, 2019, follows Kearney's reports.

Kearney is responsible for the attached auditor's reports dated November 14, 2019, and the conclusions expressed therein. We do not express opinions on NSF's financial statements or internal control over financial reporting, or on whether NSF's financial management systems substantially complied with the three requirements of FFMIA, or conclusions on compliance and other matters.

Kearney's Independent Auditor's Report is meant only to be distributed and read as part of the Agency Financial Report (AFR). Also, Kearney's Independent Auditor's Report is not a stand-alone document because it refers to the AFR contents and should not be circulated to anyone other than those receiving this transmittal.

We thank your staff for the assistance that was extended to the auditors during this audit. If you have any questions regarding this report, please contact Mark Bell, Assistant Inspector General, Office of Audits, at 703.292.7100 or [OIGpublicaffairs@nsf.gov](mailto:OIGpublicaffairs@nsf.gov).

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<sup>1</sup> A material weakness is significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

<sup>2</sup> Pub. L. No. 104-208



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- Mail: 2415 Eisenhower Avenue, Alexandria, VA 22314 ATTN: OIG HOTLINE



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