

Financial Reviews, Advanced Monitoring, and Audit Resolution

Christi Whittredge, CPA
Grants and Contract Cost Analyst
Cost Analysis and Pre-Award Branch (CAP)
Division of Institution and Award Support (DIAS)
Office of Budget, Finance, and Award Management (BFA)



Financial Reviews, Advanced Monitoring, and Audit Resolution



Financial Reviews

- Pre-Award Reviews (FL99)
- Indirect Cost Rate Negotiations

Advanced Monitoring

- Site Visits
- Desk Reviews
- Targeted Reviews
- Business System Reviews (*performed by Large Facilities Office*)

Audit Resolution

- OIG Audits
- Single Audits



Office of Budget, Finance & Award Management (BFA)

Chief Financial Officer & Director, BFA

Large Facilities
Office

Budget Division
(BFA/BD)

Division of Acquisition
& Cooperative Support
(BFA/DACS)

Division of Financial
Management
(BFA/DFM)

Division of Grants &
Agreements
(BFA/DGA)

Division of Institution
& Award Support
(BFA/DIAS)

Budget
Operation &
Systems Branch

Program
Analysis Branch

Contracts Branch

Cooperative
Support Branch

Accounting
Operations
Branch

Cash
Management
Branch

Financial
Systems
Branch

EHR/BIO Branch

MPS/GEO/SBE/OIA
Branch

ENG/CISE/OCI/
OPP/OISE Branch

Policy Office

Systems Office

Cost Analysis &
Pre-award Branch

Resolution &
Advanced
Monitoring Branch



Financial Reviews

Pre-Award (FL99) – New / Infrequent Awardees

Project Cost Accounting System

Personal Compensation (*Time and Effort Reporting*)

Financial Viability

Budget Review

Written Policies and Procedures



Financial Reviews

Pre-Award – Written Policies and Procedures

Allowable Cost Policy

Documented review process of costs charged to an award

2 CFR 200.302(b)(7)

Subrecipient Monitoring

Pre-Award assessment of risk
2 CFR 200.331(b), (c)

Post-Award Monitoring

2 CFR 200.331(d)

Participant Support

Segregation of participant support costs

Re-budgeting approval

PAPPG Chapter X.A.3b



Financial Reviews

Pre-Award – Cooperative Agreements

Budget Review

- Supporting documentation of the basis of estimate
- Type of costs proposed on the appropriate NSF budget line item
- Except where specifically identified in an NSF program solicitation, the current negotiated rate agreement (NICRA) must be used in computing indirect costs (F&A) for a proposal.

Subrecipient Management & Monitoring

- Pre-Award assessment of risk
2 CFR 200.331(b), (c)
Post-Award Monitoring
2 CFR 200.331(d)

Outstanding Issues and Concerns



Financial Reviews

Indirect Cost Rate Negotiation

NSF negotiates ICRs for approximately 100 non-profit organizations.

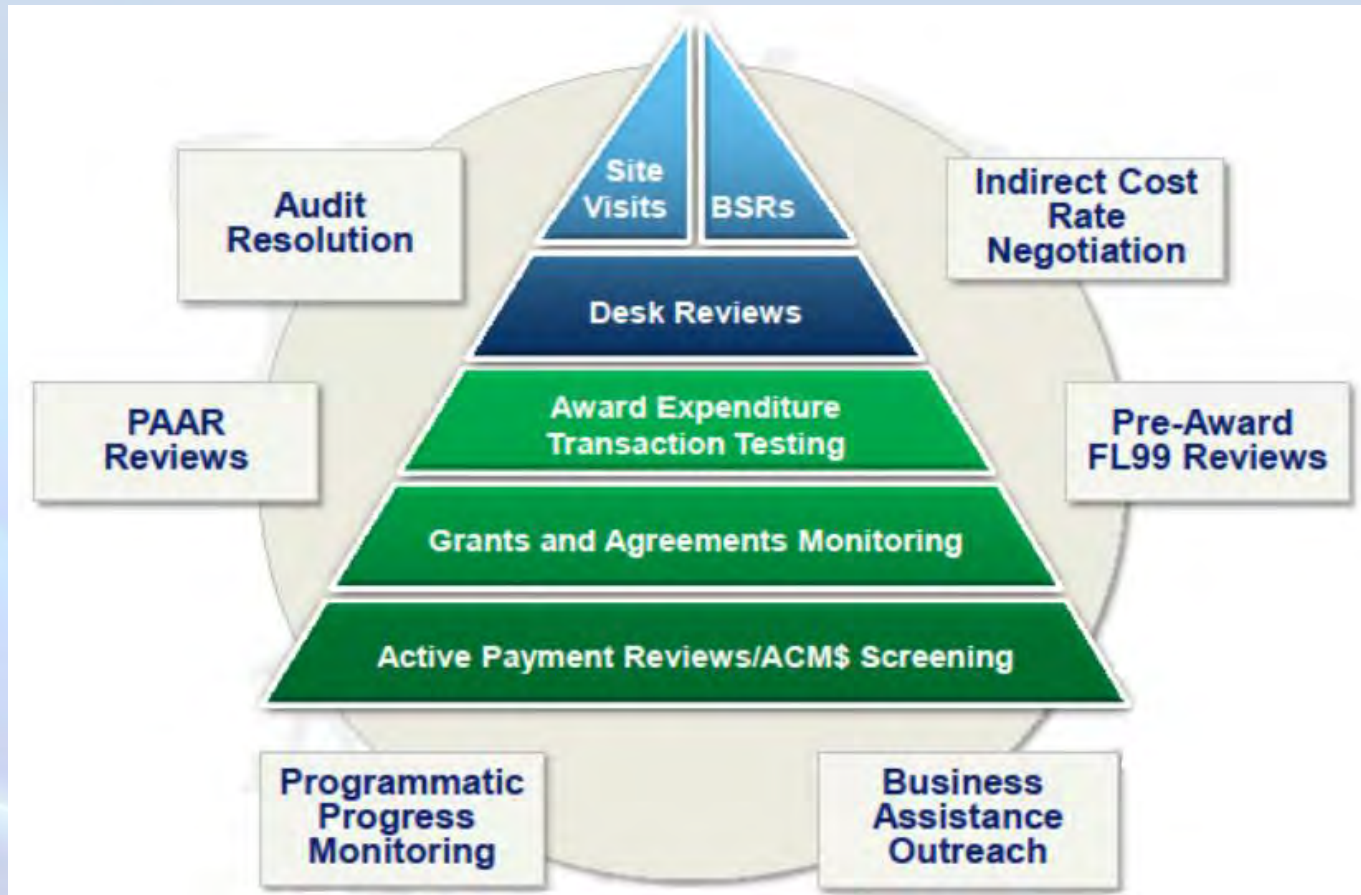
Cognizance can change, based on funding levels.

Common Findings:

- **MTDC Allocation Base**
 - Subcontracts vs. subawards
 - Equipment vs. materials and supplies
 - Multiple exclusions from the base
- **Unallowable Costs Claimed in the Pool**
 - Meals for employees who are not on travel status
 - Gifts and flowers



NSF Monitoring Activities



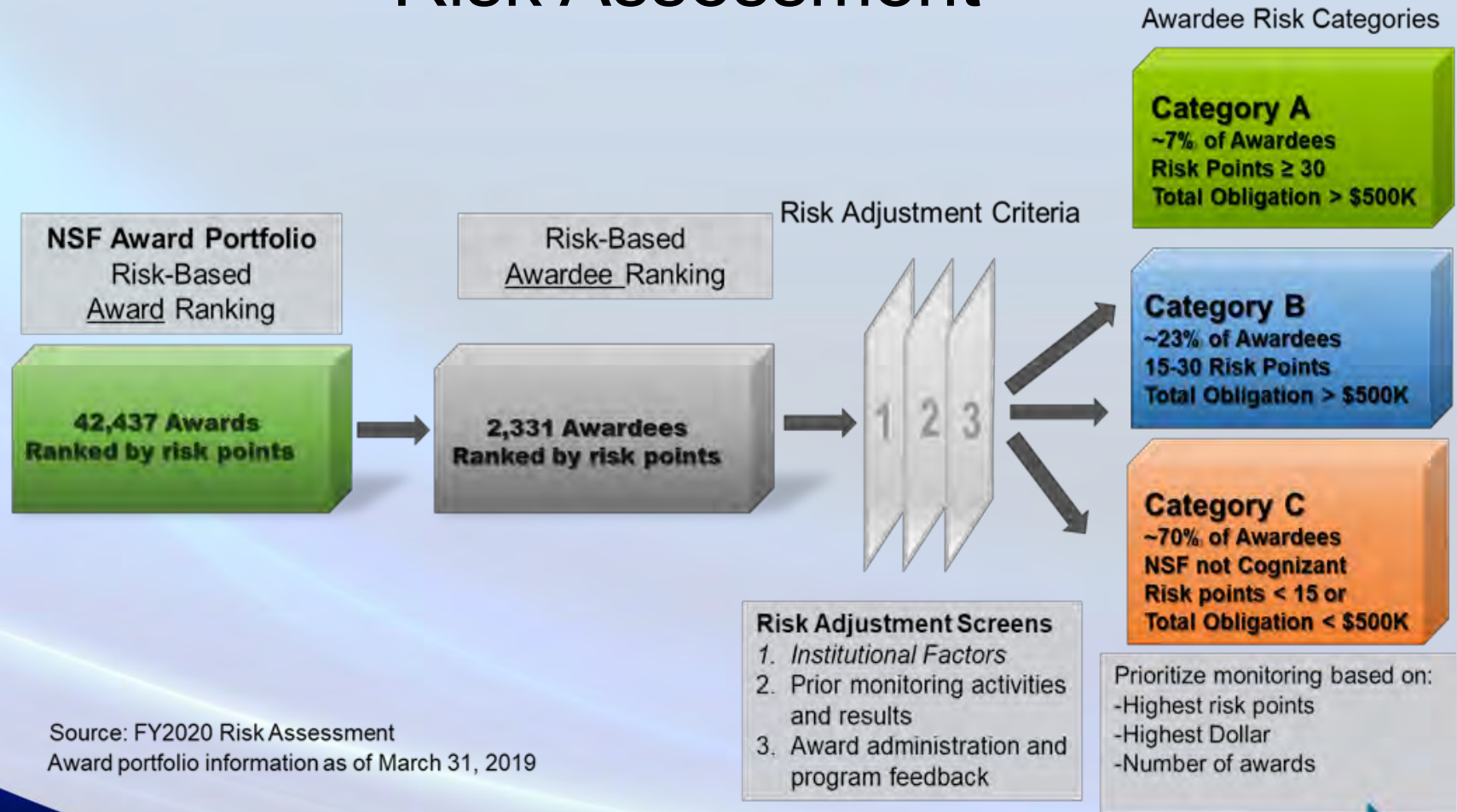
Advanced Monitoring Risk-Based Portfolio Monitoring Strategy

NSF's portfolio monitoring strategy has three key components –

- 1) Annual Risk Assessment enables NSF to focus limited advanced monitoring resources on awardees more in need of monitoring and business assistance
- 2) Comprehensive monitoring activities augment routine or automated baseline activities with focused advanced monitoring activities to provide broad coverage of the award portfolio. These activities are designed to mitigate the risk of non-compliance with federal grant management regulations (administrative regulations, cost principles, and audit requirements) and NSF award administration requirements
- 3) Gathering feedback and incorporate monitoring results to enable NSF to better target business assistance activities and to make continuous improvements to the risk assessment model and monitoring procedures.



Advanced Monitoring Risk Assessment



Advanced Monitoring

What We Look For

General Management & Organizational Structure

Accounting & Financial Systems

Personnel Compensation

Subawards and Subrecipient Monitoring

Participant Support Costs

Equipment



Advanced Monitoring Targeted Reviews



Quick, targeted review of an awardee internal controls over a specific area of compliance.

- Targeted areas selected in response to risks identified
- Quick Turnaround – from selection of awardees to completion of reviews in 90 days
- Performed by NSF Contractor Atlas Research, LLC (2018)



Advanced Monitoring Desk Reviews



Focus is on awardee's ability to manage Federal funds including, but not limited to, award administration policies & practices

Has been a successful and cost effective tool for NSF that helps identify compliance issues.

May result in a follow-up site visit.

Performed by a third party contractor, overseen by NSF staff.



Advanced Monitoring Site Visits



Assess awardee
grant management
systems

- to ensure efficient/effective performance of NSF awards
- to ensure compliance with federal regulations

Assess awardee's
financial
management
system

- to ensure complete, current, & accurate disclosure of financial results of NSF awards
- to ensure effective control over and accountability for all funds, property, and other assets

Allow NSF to extend
business assistance

- to clarify existing policies and procedures
- to potentially prevent future findings and/or disallowances



Advanced Monitoring Business Systems Reviews (BSR)

Performed by the Large Facilities Office (LFO)

Proactively review business practices of awardees managing large facilities and NSF Federally Funded Research and Development Centers (FFRDCs) to ensure compliance with federal and NSF requirements

Generally conducted at least once per 5-year award cycle for all large facilities in construction and/or operation.



Audit Resolution

NSF OIG Audits

Single Audits



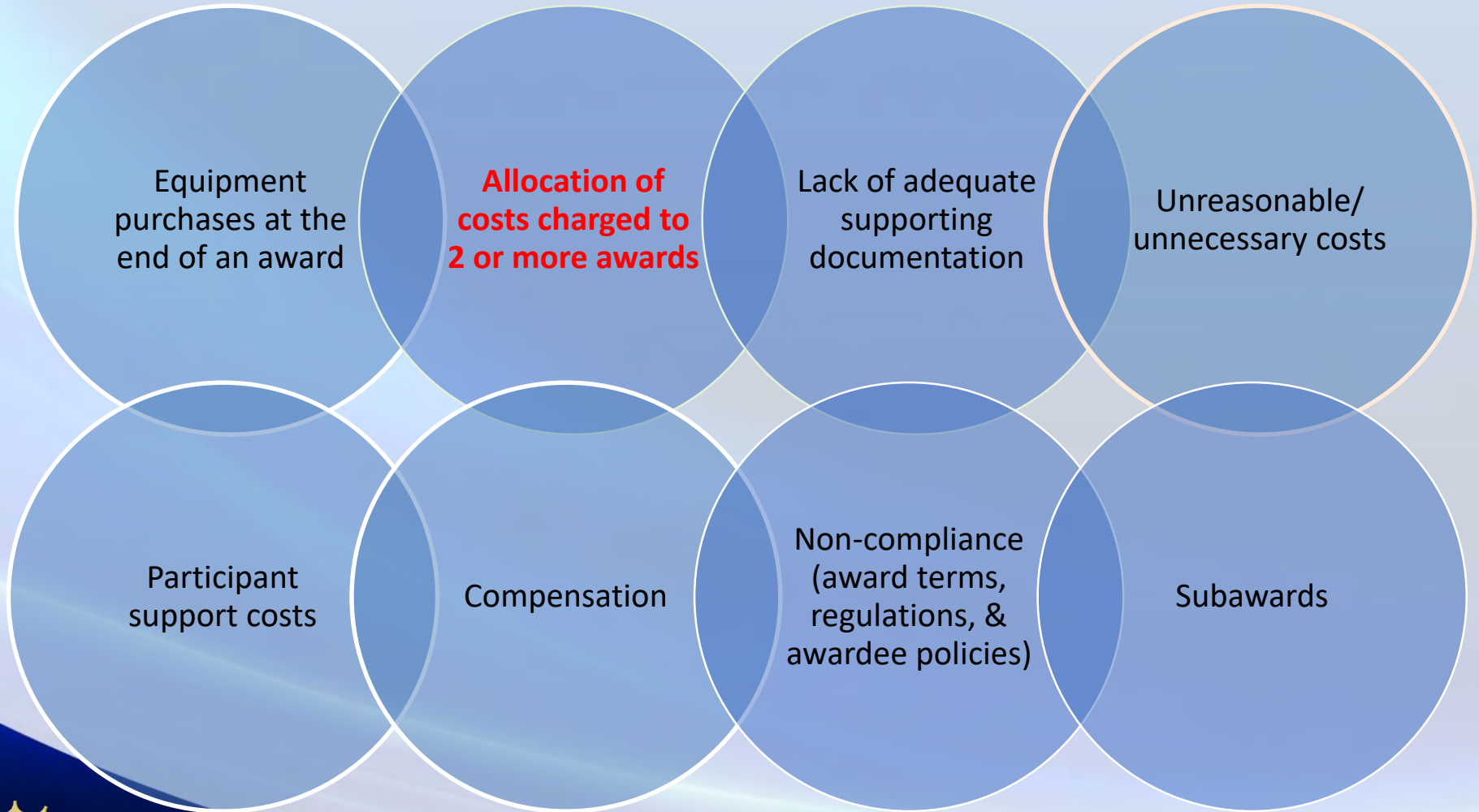
Audit Resolution

OIG 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(s)



Audit Themes Driving OIG Questioned Costs



Resolution of OIG Questioned Costs



Keys to Success for Awardees

- Maintain strong internal controls in writing...and adhere to them!
- Keep a watchful eye on expenditures (e.g., reasonableness, necessity, etc.)
- Understand award requirements and expectations (terms and conditions, NSF policy, OMB Guidance)
- Get prior approvals when required (see RTC Appendix A, Prior Approval Matrix)
- Maintain adequate supporting documentation for all charges made to federal awards
- ***Ask Early, Ask Often!***



Questions?

Christi Whittredge, Grants and Contract Cost Analyst - CAP

cwhittre@nsf.gov

703.292.2540

Rochelle Ray, RAM Branch Chief

rray@nsf.gov

703.292.4827

Charles Zeigler, CAP Branch Chief

czeigler@nsf.gov

703.292.4578

