CFO Update
B&O Advisory Committee Meeting (Fall 2016)

➢ **BFA Senior Staff Changes**
- **Division of Grants & Agreements (DGA):** Ms. Jamie French began as the Division Director, DGA, replacing Karen Tiplady, who retired at the end of October. Jamie was the DGA Director of Operations for 5 years and has been with NSF since 2007. She has 22 years of federal experience including nearly 20 years of grants experience. Jamie has served NSF with distinction and is an outstanding representative and recognized leader in the grants community with our awardees and across government. She holds a B.A. and M.A. from West Virginia University.
- **Division of Financial Management (DFM):** In June, NSF expanded the DFM "Deputy Division Director" title to "Controller and Deputy Division Director". Adding "Controller" to the "Deputy Division Director" title reflects John Lynskey's (incumbent) vital role in leadership and oversight of NSF's day-to-day financial operations. This change is also consistent with several other CFO Act Agency structures. During John's 13 years of outstanding leadership of DFM, NSF has a sustained track record of financial excellence, clean audit opinions, and financial leadership across government.
- **Division of Institution and Award Support (DIAS):** Ms. Rochelle Ray has been appointed Branch Chief, *Resolution and Advanced Monitoring*, under a restructuring of the Cost Analysis and Audit Resolution Branch (CAAR). Rochelle brings 25 years of experience at NSF, and has served over nine years as Team Lead with responsibility for audit resolution and post-award adjustment reviews.
- **DIAS:** Mr. Charles Zeigler has been appointed Branch Chief, *Cost Analysis and Pre-award*, under the CAAR restructure. Charlie has 30 years of NSF experience, having served nearly five years as Team Lead with responsibility for indirect cost rate negotiation and pre-award reviews.

➢ **DIAS Restructures Cost Analysis & Audit Resolution Branch to Strengthen Oversight**
- As noted in the previous two staff announcements, DIAS is in the process of restructuring its CAAR Branch to strengthen its pre- and post-award oversight functions. Creation of the *Cost Analysis and Pre-award Branch* and *Resolution and Advanced Monitoring Branch* allows for the leveraging of like functions and deepening of staff subject matter expertise, as well as facilitates individual staff development and supervision. In addition, the position of Staff Associate for Oversight has been introduced to the DIAS Front Office to facilitate proactive strategic planning, greater engagement in key inter- and intra-agency efforts, effective liaison with key accountability stakeholders across NSF, and effective integration of Division-wide oversight efforts.

➢ **NSF Financial Statement**
- NSF has completed its FY 2016 Federal Information Security Management Act Report and the unaudited FY 2016 Agency Financial Report (AFR). The agency issued both reports to the Office of Management and Budget (OMB) by the established deadlines.

- The new auditor, Kearney & Company, has committed to completing an audit report with a final audit opinion by January 13, 2017 or sooner. The OMB formally gave NSF an audit extension. NSF is giving OMB periodic progress reports on the audit.

- NSF has also submitted documentation to support the potential closing of the significant deficiency related to the monitoring of construction-type cooperative agreements.

➢ **Government-wide reporting on NSF's audit –NSF/ OMB/GAO discussion**
- NSF and NSB are concerned about the impact of the financial statement audit delay on government-wide audit reporting. While we are doing all we can to expedite our responses to the auditors, based on the current audit timeline, we will miss GAO's government-wide audit reporting deadline.
- On November 22, BFA, OIG, OMB, and GAO are scheduled to discuss GAO's approach to reporting on the status of NSF's audit in their government-wide audit report if NSF's audit report is not finalized. An update on this conversation will be provided during the B&O Advisory Committee meeting.

➢ **Enterprise Risk Management (ERM)**
- On September 28, 2016, we met with OMB's Office of Performance and Personnel Management and Office of Federal Financial Management to discuss NSF's planned approach to implement ERM. OMB agreed with NSF's proposed approach. Our initial implementation steps include developing the following: (1) Risk management governance structure, (2) Process for considering risk appetite and risk tolerance levels, (3) Methodology for developing a risk profile, (4) General implementation timeline, and (5) Plan for maturing the comprehensiveness and quality of the risk profiles over time.
- As part of our communication process, NSF plans to conduct institution-wide workshops with process experts to assist staff in identifying risk exposure and risk management practices. NSF is in the process of completing its planning phase and obtaining feedback from NSF stakeholders by December 31, 2016.

➢ **Digital Accountability and Transparency Act (DATA Act)**
- BFA and OIRM staff are continuing activities to support NSF's implementation of the DATA Act, the government-wide initiative led by the U.S. Department of Treasury and OMB aimed at making information on federal spending more transparent.   OMB and Treasury have published government-wide guidance and technical specifications, though uncertainties related to technical implementation and resources still exist. NSF has communicated these concerns to OMB and Treasury on multiple occasions, including a meeting with the OMB Controller, Treasury's Assistant Fiscal Secretary, and other high-level senior staff.
- NSF expects to meet the DATA Act's implementation deadline by May 2017, and is also assessing the risks that could affect agency readiness. To mitigate risk, NSF is pursuing multiple options to ensure compliance. The NSF OIG will complete its DATA Act readiness review by November 30, 2016. Its official draft report on the review found that NSF was making progress toward

implementation success, while recognizing external factors that could impact goal achievement and recommending strengthened program management activities. The final draft will incorporate NSF's response, and the agency will submit a corrective action plan. NSF has included OIG staff in agency implementation activities as an ex officio member and OIG has access to all materials.

> ➢ **iTRAK Completes Second Full Year of Operations**
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> - NSF completed its second successful year of iTRAK operations on September 30, 2016, with a more effective year-end closing process. During this second year of operations, NSF continued its focus on (1) maturing iTRAK system and business processes to improve operational efficiencies, (2) training users in targeted areas to improve user skills, and (3) providing financial data to the agency's data warehouse to enable users to combine financial and programmatic data for more informed decision-making. As iTRAK continues to mature, NSF will continue to expand its analytical capabilities towards a more mature and performance driven system that better supports NSF's mission. The following is an update on our key goals and challenges for FY 2016:

Goals	Challenges
a. **Reduce Helpdesk tickets resulting in reduced contractor costs to support iTRAK**	Develop users' iTRAK knowledge, skills, and ability to reduce reliance on the Helpdesk
b. **Conduct targeted training in areas where users are having problems processing their work in iTRAK to increase user proficiency**	Identify solutions for users who continue to struggle using iTRAK after attending multiple training sessions and receiving hands on support
c. **Develop a reporting maturity model that moves the focus from operational reporting to decision support**	Limited funding in FY 2016 for this activity
d. **Comply with Government-wide mandates, i.e., the Digital Accountability and Transparency Act (DATA Act)**	Although the FY 2016 Budget Request was not fully funded, the Office of Director is ensuring that $1.45M is available for this effort.

Status Update:
- Goal A - Helpdesk tickets continue to decrease and have been below the target level (average 250 per month) since November 2015.

- Goal B - NSF continues to train users and conduct targeted training in areas such as interagency agreement, purchase cards, and financial reporting. NSF released its first comprehensive *Training User Guide* April 1, 2016, and we also held our first iTRAK User Group meeting in February 2016. This group meets every two months to discuss business process issues and other concerns users have working in the iTRAK environment.

- Goal C - We continue to work on this as we move to optimize use and reporting of the system.

- Goal D - NSF has a robust DATA Act plan and working group. NSF is actively taking steps to ensure on time compliance. This includes developing a back-up plan to mitigate the risk of Oracle patches not being delivered in enough time for testing and implementation.

- **Early Issuance of FY 2017 Critical Dates Memo**
  - Over the summer, BFA worked with OIRM, program leadership, and the Union to issue guidance to provide advance notice on early closeout planning to accommodate NSF's relocation in FY 2017. Because the move will occur during what is typically the peak period for making awards, all award-related deadlines have been pushed approximately two weeks earlier.

  - The complete list of FY 2017 Critical Dates was issued at the end of October, about four months earlier than prior years.

  - BFA, in coordination with OIRM, will plan Town Hall sessions after the holidays and utilize a variety of communication venues to keep staff and the awardee community informed throughout FY 2017 to support closeout during this year of transition.

  - Program offices are being encouraged to adjust program solicitation deadlines in order to hold panels earlier and to focus on making funding decisions rather than award declinations, which are typically used to meet NSF's time-to-decision (i.e., "dwell time") performance goal.

- **Budget Update: FY 2017 Request and Congressional Action to Date**

FY 2017 Funding Comparison

(dollars in millions)

		Change over FY 2016 Enacted		Change over FY 2017 Request (Discretionary)	
		Amount	**Percent**	**Amount**	**Percent**
FY 2016 Enacted	$7,463	-	-	-	-
FY 2017 Request	$7,564	$101	1%	-	-
FY 2017 House Markup	$7,406	-$57	-0.8%	-$158	-2%
FY 2017 Senate Markup	$7,510	$46	0.6%	-$54	-0.7%

- NSF's FY 2017 Budget Request is $7.56 billion in Discretionary funding, an increase of $101 million, or about one percent, over the FY 2016 Enacted level. This analysis excludes $400 million in requested Mandatory funding, which Congress has indicated it will not consider.
- The FY 2017 Request reflects a carefully chosen portfolio that supports the fundamental research that is NSF's hallmark and includes two areas of major emphasis: Clean Energy R&D and strengthening support for core activities, with a special focus on early career investigators.
- In the House:
  - In March 2016, two hearings were held: (1) Appropriations Committee - Commerce, Justice, Science, and Related Agencies Subcommittee (CJS), and (2) Committee on Science, Space and Technology - Subcommittee on Research and Technology.
  - In May 2016, the full Appropriations Committee approved the CJS funding bill. In this, NSF's mark is $57 million below FY 2016 Enacted and $158 million below FY 2017 Request.
- In the Senate:
  - No hearings were held.

- In April 2016, the full Appropriations Committee approved the CJS funding bill. In this, NSF's mark is $46 million above the FY 2016 Enacted and $54 million below FY 2017 Request.
- Of note in committee report language, there is conflicting support for the Regional Class Research Vessel project. NSF requested funding for two ships. House language provides for zero ships, whereas Senate language provides for three ships.
- In late September 2016, Congress passed and the President signed a temporary funding bill, H.R. 5325 *Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriation Act, 2017, and Zika Response and Preparedness Act*. This bill provides funding through December 9, 2016.
- Congress returned to work following the election. Most recent news reports indicate Congress will not complete its annual funding duties this year. Rather, it is expected they will pass another short term spending measure that will provide funding through March 31, 2017.

➤ **Status of Transfers**
- National Ecological Observatory Network (NEON) - In June 2016, NSB approved an increase in NEON's Total Project Cost from $433.72 million to $469.30 million. This $35.58 million increase is provided through transfers from the Research and Related Activities (R&RA) account to the Major Research Equipment and Facility Construction (MREFC) account: $20.0 million from FY 2016 funds (completed) and $15.58 million from FY 2017 funds (expected).
- Relocation - $27 million was transferred from R&RA to the Agency Operations & Award Management (AOAM) account in FY 2016. For FY 2017, any potential transfer for relocation depends on the final appropriation. House and Senate marks for AOAM are below NSF's Request by $43 million and $33 million, respectively.

➤ **FY 2018 Budget Planning**

We have not yet received formal guidance on FY 2018. We expect to find out more in the next few weeks.