

CFO Update
B&O Advisory Committee Meeting Fall 2018
(November 30, 2018)

Topics:

- BFA Senior Staff Changes
 - Financial Statement Audit
 - Digital Accountability and Transparency Act
 - Government Accountability Office Review of NSF Major Projects
 - Evaluation of NSF's Enhanced Cost Surveillance Policies and Procedures via a Subcommittee of BOAC
 - Enterprise Risk Management
 - Centralized Receivables Service
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 - Proposal & Award Policies & Procedures Guide 2019 Revision
 - Performance
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BFA Senior Staff Changes

- *BFA leadership*
 - Janis Coughlin-Piester began as the BFA Deputy Office Head in July 2018. Janis joined NSF from the Department of Health and Human Services where she was the Director for Budget Policy, Execution, and Review.
- *Budget Division*
 - Beth Blue has been selected as the new Program Analysis Branch Chief, replacing Janice Hagginbothom who retired from NSF in June 2018. Ms. Blue has been acting in the Branch Chief role since Janice's retirement.

➤ **Financial Statement Audit**

FY 2018 Financial Statement Audit

On November 14, 2018, the OIG audit contractor Kearney & Company (Kearney) issued its Independent Auditor's Report on NSF's FY 2018 financial statements. For the 21st consecutive year NSF achieved an unmodified (clean) audit opinion on its financial statements. This accomplishment includes the continuation of no material weaknesses or significant deficiencies in NSF's internal control over financial reporting. The Independent Auditor's Report is in [Chapter 2 of NSF's FY 2018 Agency Financial Report](#).

FY 2019 Financial Statement Audit

As part of the FY 2019 Financial Statement audit and Federal Information Security Act review, Kearney and the OIG traveled to McMurdo and South Pole Stations November 19 - 26.

➤ **Digital Accountability and Transparency Act (DATA Act)**

NSF is currently developing its own financial assistance data quality plan, to be completed in the first quarter of FY 2019. This plan will provide a foundation on which the agency and OIG will be able to verify and validate the completeness, timeliness, quality, and accuracy of NSF data. NSF is continuing to support cross-governmental efforts to develop government-wide DATA Act guidance via a Data Quality Playbook. The OIG plans to review NSF-certified FY 2019 first quarter data. The OIG review will likely begin around April 2019.

➤ **Government Accountability Office (GAO) Review of NSF Major Projects**

In June 2018, GAO issued its final report, entitled, "[Revised Policies on Developing Costs and Schedules Could Improve Estimates for Large Facilities](#)" (GAO-18-370) as a result of the GAO review of the Major Research Equipment and Facilities Construction (MREFC) account started in September 2017. BFA developed a corrective action plan to address the report's recommendations and provided this to Congress in July 2018. GAO engagement with NSF following the issuance of the report is ongoing, based on Congressional direction.

Also, in June 2018, GAO initiated a new engagement with NSF, in conjunction with direction it received ([Senate Report 114-239](#) and [House Report 114-605](#)) to annually report on major research equipment and facilities construction at NSF. Information is being provided to GAO and briefings with NSF and project staff are being conducted. An exit conference with GAO is scheduled for December 5th with the draft report anticipated in January 2019. The final report is targeted for release in March 2019.

➤ **Evaluation of NSF's Enhanced Cost Surveillance Policies and Procedures via a Subcommittee of BOAC**

The subcommittee will present its findings at December's BOAC Meeting.

Background: This BOAC subcommittee was formed to independently evaluate the effectiveness of NSF's current cost surveillance policies and procedures in providing sound oversight of all NSF major facility construction and operations awards.

➤ **Enterprise Risk Management (ERM)**

NSF completed its second year of implementing an ERM program that will effectively identify risks; assess and evaluate those risks; and address and monitor the risks. In FY 2018, NSF expanded its risk reporting to include management challenges from across the Foundation. NSF also improved its communication process by reaching out to more staff about the importance of ERM and involving other stakeholders such as the OIG. As a result, an ERM community of practice has started to emerge within the agency. Going forward, NSF will continue to expand its discussions about risk across the agency with the goal of fully integrating ERM into its strategic planning, budget formulation, performance assessment, and quality control improvements.

➤ **Centralized Receivables Service (CRS)**

NSF transferred the collection of all new non-federal debt to Treasury's CRS program in the second quarter of FY 2018. CRS manages all aspects of debt collection using an automated system from issuing the initial invoice to the payment or the transfer of delinquent debts to the Treasury Cross-Servicing system. The payment methods are configured so that CRS tracks payments, but NSF receives payments directly from debtors. By participating in the CRS program, the agency has increased the amount of debt collected, while decreasing the average time to collect a debt, risk of non-compliance with regulations, risk of errors, costs and employee workload.

➤ **Issuance of FY 2018 Agency Financial Report (AFR)**

NSF's [FY 2018 Agency Financial Report](#), focuses on financial management and accountability and was published on November 15, 2018.

➤ **Proposal & Award Policies & Procedures Guide 2019 Revision**

NSF has released the 2019 revision of the [Proposal & Award Policies & Procedures Guide \(PAPPG\)](#). The new PAPPG will be effective for proposals submitted, or due, on or after January 28, 2019. Among the significant changes are: implementation of NSF's policy on sexual and other forms of harassment or sexual assault as well as emphasis on the importance of training faculty in the responsible and ethical conduct of research. A webinar to brief the community on these and other changes was held on November 27, 2018.

➤ **Performance**

OMB Annual Management Meeting

In July, NSF's Chief Operating Officer, Dr. Fleming Crim, met with OMB to discuss a range of management issues in a required annual meeting about Strategic Reviews and related topics. He was supported by Chief Financial Officer and Performance Improvement Officer Ms. Teresa Grancorvitz, Chief Information Officer Ms. Dorothy Aronson, and Drs. Anand Desai, Erwin Gianchandani, and Amber Baum. The agenda covered NSF's management model and described how NSF supports relationships between domains such as Performance and Strategic Reviews, ERM, *Renewing NSF*, the Big Ideas, Learning Agendas, the President's Management Agenda, and the [Program Management Improvement and Accountability Act](#) (PMIAA). After the meeting, OMB engaged NSF for its partnerships management expertise to advise in conceptualizing OMB's forthcoming GEAR (Government Effectiveness Advanced Research) Center.

NSF submitted its PMIAA Implementation Plan to OMB on November 30, 2018.

Strategic Reviews

In August, the results from four Strategic Reviews supporting *Renewing NSF* were presented to NSF senior leadership. The Strategic Review process provides an opportunity to use data and evidence to inform strategy, planning, decision making, and improvement. *Renewing NSF* is the Foundation's agency-wide process that responds to the Administration's government-wide Agency Reform efforts.

Priority Goal

NSF identified one Priority Goal for the current cycle (FY 2018-2019): "Expand public and private partnerships to enhance the impact of NSF's investments and contribute to American economic competitiveness and security. By September 30, 2019, NSF's number of partnerships and award actions with other federal agencies, private industry, and foundations/philanthropies will grow by 5 percent, relative to the FY 2017 baseline, to make available infrastructure, expertise, and financial resources to the US scientific and engineering research and education enterprise." This goal is in alignment with the *Renewing NSF* activity.

➤ **FY 2019 Appropriations**

The House and Senate have both marked up their versions of the Commerce, Justice, Science and Related Agencies (CJS) Appropriations Bills.

- The CJS Appropriation Bill passed the full House of Representatives on May 17, 2018.
- The CJS Appropriation Bill passed the Senate on June 14, 2018.
- Details on each with comparisons to the FY 2019 Request and the FY 2018 Enacted are in the table below.
- Noteworthy items:
 - Supports NSF's overall investment

- Preserves flexibility in directorate allocations
- \$405 million - \$500 million in R&RA over FY 2019 Request
- \$222 million - \$317 million in R&RA above FY 2018 Current Plan
- Strong support for Major Research Equipment & Facilities Construction (MREFC)
 - House forward funds Large Synoptic Survey Telescope
 - Senate funds Antarctic Infrastructure Modernization for Science (AIMS) in MREFC rather than R&RA
 - Includes support for 3 Regional Class Research Vessels
- Tools to “drive NSF’s long-term research agenda and investment in fundamental research” in Senate language
 - Ten Big Ideas
 - Two convergence accelerators
- Continued emphasis on broadening participation in EHR.
- Support for STEM Education pre-K through grade 12.
- Support education, teacher development, and undergraduate instruction.

**National Science Foundation
Summary Table**
(Dollars in Millions)

NSF by Account	FY 2018 Enacted	FY 2019 Request	FY 2019 House Mark	FY 2019 Senate Mark
Research & Related Activities	\$6,334	\$6,151	\$6,652	\$6,556
Education & Human Resources	\$902	\$873	\$902	\$915
Major Research Equipment & Facilities Construction	\$183	\$95	\$268	\$249
Agency Operations & Award Management	\$329	\$334	\$334	\$329
National Science Board	\$4	\$4	\$4	\$4
Office of Inspector General	\$15	\$15	\$15	\$15
Total, NSF	\$7,767	\$7,472	\$8,175	\$8,069

- The current FY 2019 Continuing Resolution goes through December 7, 2018.

➤ **FY 2020 Budget Request to Congress**

- NSF submitted the FY 2020 Budget Submission to OMB in September. NSF is working with the Administration to prepare the President’s FY 2020 Budget which is due to Congress on February 4, 2019.