



Business Systems Review Update

Mark Coles

Deputy Director, Large Facility Projects
Office of Budget, Finance, and Award Management, NSF

Dick Seligman

Director, Office of Sponsored Research
Caltech



Overview

- Recap history of the BSR process
 - Motivation
 - Scope
 - B&O Committee involvement
 - Next steps
- Dick and I will give separate perspectives from inside and outside NSF on Outstanding Issues remaining



BSR Background History

- Developed in response to 2004 NSF audit
- Way to strengthen the capabilities of awardees hosting major facilities to strengthen their business processes
- Compliance assistance to help meet 2 CFR Part 215 business standards
- Conduct at least once at each Awardee hosting a large facility per 5-year award cycle
- A relatively new process for NSF, although some related activities had occurred earlier, but not routinely



Purpose

- Align the business practices of awardee institutions with NSF expectations for best practices
- Make sure there are no surprises should an audit be conducted
- Applies to awardee institutions that provide the business framework for NSF-funded large facilities



BSR History

- FY 2005
 - NAIC
 - First attempts at a process guide, drawing on some earlier materials and checklists
- FY 2006
 - NOAO, NEES
 - First revision of BSR Guide – broad scope and broad guidance
 - Breadth needed to be narrowed to specifics
 - Requested B&O Advisory Committee authorization to organize an ad hoc subcommittee to assist with narrowing focus and dealing with how best to add value to BSR process for NSF and awardee institution



BSR History (continued)

- **FY 2007**
 - Subcommittee organized, following approval by B&O Adv. Comm.:
 - **Tom Kirk** – **BSR Subcommittee Chair**, Assoc. Lab. Director of High Energy and Nuclear Physics, BNL, (retired)
 - **Chuck Paoletti** - Executive Director for Acquisition Management, Office of Naval Research
 - **Bob Killoren** - Associate VP for Research and Executive Director of the OSU Research Foundation, The Ohio State University
 - **Katie Schmoll** - Vice President – Finance and Administration, UCAR
 - **Dick Seligman** – Director, Office of Sponsored Research, Caltech
 - **Jerry Fife** - Assistant Vice Chancellor, Research Finance, Vanderbilt University



TBSR *ad hoc* Review Subcommittee

- BSR Subcommittee charge from BFA:
 - Does BSR Guide focus on the most important topics?
 - Does the review process ask the right questions?
 - Is the follow-up to the review effective?
- TBSR subcommittee convened March 28-29
- Provided written report included in supporting materials for this meeting
- BSR Guide revised in response, and employed concurrently in BSR reviews with further revision
 - Most recent BSR Guide version also in B&O notebook



Recent History

- FY 2007 BSR reviews:
 - NSCL (Michigan State Univ.)
 - NRAO
 - LIGO (Caltech)
- It would be valuable for the BSR subcommittee to review an example BSR report now that we have a completed example with the most recent BSR Guide revision



NSF 2007 Audit

- BSR reports were part of scope of NSF financial audit
- Looked at working files
- Examined whether methods supported conclusions
- Did not challenge BSR objectives and scope
- Expert external assessment and validation of BSR scope is valuable assurance that the process and goals are best possible efforts



Outstanding BSR Issues

- Relation to role of Cognizant Agency responsibilities
- Character of BSR and perceptions of awardee
- Workload impacts
 - On NSF
 - On Awardee
- Further refinement of the BSR scope to sharpen the focus (requested material, timing, etc.)
- Other possible efficiencies to result in greatest possible value added



Relation to role of Cognizant Agency responsibilities

- How should the BSR scope account for the responsibilities of the Awardee's cognizant agency when this is not NSF?
- Should NSF accept cognizant agency reports?
 - When should NSF see for themselves?
- Example: LIGO BSR
 - ONR is cognizant agency for setting indirect rate, procurement and property systems
 - LIGO BSR looked at both procurement and property
 - BSR added value in some overlap areas, but not all



Character of BSR and perceptions of awardee

- BSR defined as “compliance assistance” to help awardee institutions meet the requirements of *2 CFR Part 215*
- Intention is not an audit, but procedures are “audit like”
 - *Looks like an audit*
 - *Feels like an audit*
- Are there ways to refine BSR practice to gain broader acceptance and recognition of BSR value?



Workload Impact on NSF

- Intend to carry out at least once per 5-year award cycle for all institutions hosting large facilities (as defined by GPRAs reporting requirements)
- → 4 per year (minimum)
- There is one person in BFA with primary responsibility for BSR, but bulk of work is a shared NSF responsibility
- Requires substantial labor (and ~7 staff) for:
 - Desk review prior to visit
 - Intensive effort during 4 days on-site that conclude with a written summary of findings
 - Further efforts to write a finished report – typically requires 90 days to complete, interleaved with other responsibilities
 - Includes time for the reviewed institution to review for factual correctness
 - Delay detracts from value, impedes implementing remedial actions if necessary



Further Refinement of the BSR Scope

- BSR Guide defines materials to be reviewed, and provides checklists of items to examine:
 - Award Management
 - General Management
 - Planning and Budget
 - Financial Management
 - Financial Reporting
 - Procurement
 - Property and Equipment
 - Human Resources
- Assembly of materials by Awardee is a big job, as are the desk and on-site reviews by NSF staff
- Can we narrow the focus or streamline the process further?
- Can we improve the coordination of the activity between NSF and Awardee to avoid last-minute scheduling problems?
- Are there other efficiencies that could be implemented without detracting from the value of the BSR process>



Timing of the BSR

- Timing for scheduling the BSR is complex
 - For new awardees:
 - Should it be before award? After?, If so, how long after?
 - For existing awardees:
 - Competes with other reviews: science reviews, annual reviews, etc.
 - Timing related to recompetition strategy:
 - If it informs NSF decision to re compete it truly becomes a high stakes audit and is not compliance assistance



Scope of Additional Subcommittee Meeting

- Review BSR example report
- Review and make recommendations to NSF regarding the detailed procedures for examining the core business functional areas



Requested B&O Advisory Committee Actions

- Accept report of BSR subcommittee and approve posting on B&O Advisory Committee web site
- Authorize one additional meeting of the BSR Subcommittee to review and comment on the next revision of the BSR Guide and examine one completed BSR report