

Office of Budget, Finance, and Award Management

Updates to the Business & Operations Advisory Committee

Tom Cooley
NSF CFO and BFA Director
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Update Topics

- NSF FY 2010 Budget Request
- American Recovery and Reinvestment Act
- Policy Updates
- BFA Human Capital Plan Implementation
- FY 2009 Financial Statement Audit
- A-123 Internal Controls Update
- Government-wide Grants Policy Themes



FY 2010 Budget Request

Appropriations Account	FY 2009 Appropriation	FY 2010 Request	Percent Change over FY09
Research & Related Activities	\$5,183	\$5,773	10.6%
Education & Human Resources	\$845	\$857	1.5%
Major Research Equipment & Facilities Construction	\$152	\$117	-22.8%
Agency Operations & Award Management	\$294	\$318	8.3%
National Science Board	\$4	\$4	-
Inspector General	\$12	\$14	16.7%
TOTAL	\$6,490	\$7,045	8.5%



American Recovery and Reinvestment Act of 2009 - NSF

- Recovery Act funds were to be awarded in a timely manner. NSF made 4,677 awards for \$2.48B by September 30.
- All grants were issued as standard grants with durations of up to five years.
- Funding of new PIs and high-risk, high-return research were top priorities.
- The majority of eligible proposals were already in-house.
- Only four ARRA-specific solicitations were released.
- NSF considered proposals declined on or after October 1, 2008, and made 318 awards from this pool.



Policy Updates

New Proposal and Award Policies and Procedures Guide (PAPPG) issued
October 1, 2009

- New guidance added on complying with the America COMPETES Act (ACA)
- Changes reflect implementation of Responsible Conduct of Research and Reporting of Research Results



NSB Cost Sharing Report

Issued August 2009

- ACA directed NSB to evaluate decision to eliminate cost sharing
- This is a second comprehensive report and recommendations
- NSF will be reviewing the recommendations over the coming weeks and developing an appropriate implementation strategy



Telework and Workplace Flexibility Pilot

- Increased workplace flexibility played key role in managing heavy workloads during end of FY09
- MOU negotiated between NSF and AFGE to permit flexibility in response to ARRA
- MOU addressed increased flexibility for telework, core hours, and overtime



Keeping our Edge (KOE): The BFA Human Capital Strategic Plan, FY 2009-2014

- Both the *KOE* and the *Implementation Outline* were released
- BFA SharePoint Site released along with *BFA SharePoint Guidance*
- Developing program for enhanced Individual Development Plans (IDP)
- BFA Peer Award



FY 2009 Audit Results

- ❖ 12th Clean Opinion
- ❖ New Significant Deficiency on Contract Monitoring of Cost Reimbursement Contracts
- ❖ Next Steps:
 - Develop Corrective Action Plan by December 7th
 - Management Letter Report



INDEPENDENT AUDITOR'S REPORT

Inspector General, National Science Foundation
Director, National Science Foundation
Chair of National Science Board

In our audit of the National Science Foundation (NSF) for fiscal year (FY) 2009 we found:

- The balance sheets of NSF as of September 30, 2009 and 2008, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended (hereinafter referred to as "consolidated financial statements") are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America;
- No material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations, however we did note a significant deficiency;
- No reportable instances of noncompliance with laws and regulations we tested, including the Federal Financial Management Improvement Act of 1996 (FFMIA).

The following sections discuss in more detail: (1) these conclusions, (2) our conclusions on Management's Discussion and Analysis (MD&A) and other supplementary information, (3) our audit objectives, scope and methodology, and (4) agency comments and our evaluation.

OPINION ON FINANCIAL STATEMENTS

In our opinion, the accompanying financial statements including the accompanying notes present fairly, in all material respects, in conformity with accounting principles generally accepted in the United States, NSF's assets, liabilities, and net position as of September 30, 2009 and 2008; and net costs; changes in net position; and budgetary resources for the years then ended.

CONSIDERATION OF INTERNAL CONTROL

In planning and performing our audit, we considered NSF's internal control over financial reporting as a basis for designing our auditing procedures and to comply with the Office of Management and Budget (OMB) audit guidance for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting or on management's assertion on internal control included in the MD&A.



FY 2009 Audit Results, *continued*

❖ Corrective Action Plan – Key Elements

- Workforce analysis of Division of Acquisition and Cooperative Support to assess staffing needs, roles and responsibilities
- Audits of NSF's cost reimbursement contracts, which have a higher risk of susceptibility to waste and abuse are scheduled to commence in fiscal year 2010
- Improvements to Contracting Manual
- Evaluating relevant issues in OIG's written reports and memos



A-123 “Management’s Responsibility for Internal Control”

- ❖ The NSF has Completed its Four-Year Phased-in Implementation
- ❖ The NSF is Issuing an Unqualified Assurance Statement
- ❖ The Assurance Statement Asserts NSF’s Compliance with:
 - ❖ The Federal Managers’ Financial Integrity Act of 1982
 - ❖ The Office of Management & Budget Circular A-123, Appendix A, *Internal Control over Financial Reporting*
 - ❖ The Office of Management & Budget Circular A-127, *Financial Management Systems*



A-127 “Financial Management Systems”

❖ FY 2009 Compliance

- ❖ Conducted Interviews
- ❖ No Changes from FY 2008 Results/Guidance
- ❖ Complied with Applicable Federal Laws
- ❖ Complied with U.S. Government General Ledger Standards

❖ FY 2010 New Requirements

- ❖ Conducting Interviews based on the New Requirements
- ❖ Obtaining Supporting Documentation
- ❖ Identifying Gaps



America Recovery & Reinvestment Act “Risk Management Plan”

- ❖ **The NSF is Leveraging its Overall A-123 Program for the Risk Management Framework**
- ❖ **The NSF is Assessing Current Compliant Environment**
- ❖ **The NSF is Assessing Enterprise Risks**
- ❖ **The NSF will Monitor Compliance Risk of the Recovery Act**
- ❖ **The NSF will Coordinate Compliance-Related Activities to Support & Facilitate Management & the Independent Audit of Projects Funded**



Obama Administration

Key Themes for Government-wide Grants Policy

❖ Transparency & Accountability

- Increased engagement by OMB and Congress
- ARRA
- Grants Executive Board, Grants Policy Committee & GMLoB coordination (IT/Policy: Integration)
- Professionalizing Grants management series (GPC Training & Certification Workgroup)

❖ Stakeholder involvement

- FDP, NGP (AGA Partnership)





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