

CFO Update
B&O Advisory Committee Meeting (Spring 2017)

➤ **BFA Senior Staff Changes**

- Division of Acquisitions and Contract Support (DACS): In October 2016, Ms. Theresa Garnes joined the Foundation as the Contracts Branch Chief, DACS, replacing Greg Steigerwald. Prior to arriving at NSF, Theresa was the Assistant Director in the Office of the Undersecretary of the Navy and comes to us with over 23 years of Federal contracting experience. She holds a Bachelor's degree in Business Administration and a Master's degree in Public Administration. Ms. Garnes is also a graduate of the Federal Executive Institute, and is a Level III certified acquisition professional in Contracting and Level I in Program Management.
- DACS: In December 2016, Keith Boyea replaced Greg Smith as the Deputy Contract Branch Chief. Keith joined the Contracts Branch from the Federal Railroad Administration. He has served as a supervisory contracting officer and has a number of years leading/motivating team members.
- Division of Grants and Agreements (DGA): Denise Martin and Joe Kittle became DGA Branch Chiefs in January, 2017. Denise has a thirty-year career at NSF in positions of increasing responsibility. She has most recently served as a Team Lead in DGA for nine years. Joe has held several positions in DGA during his tenure at NSF. He was most recently a Staff Associate, and also served as a Grant Management Specialist and Administrative Officer.
- Division of Institution and Award Support: The Deputy Division Director became vacant in February and will remain so until we have clearance to fill the position. Ms. Erica Rissi, the former Deputy Division Director, moved to the Division of Human Resource Management/OIRM as an advisor.

➤ **American Innovation and Competitiveness Act (AICA) of 2017 (P.L. 114-329)**

- Signed into law on January 6, 2017, AICA replaces the America COMPETES Act and is a policy bill; it does not authorize funding levels or have an authorization period. The bill is an affirmation of NSF's long-standing peer review process, and addresses the Foundation's implementation of particular issues of importance like increased transparency and accountability, and management of multi-user facilities, among other things. While maximizing research and education opportunities that help create the innovations that fuel our economy and create jobs, AICA also promotes NSF's commitment to diversity in STEM fields, and incentivizes NSF programs which encourage private-sector involvement, while re-affirming NSF's continued commitment to entrepreneurship and commercialization. The full text is available [here](#), and an OLPA presentation with highlights from the bill is [here](#).
- Section 201 of the AICA establishes an interagency working group for the purpose of reducing administrative burdens on federally funded researchers. This could impact NSF operations. There is a similar provision in the [21st Century Cures Act](#) that calls for a Research Policy Board; the Director of NSF would be a member.

➤ **NSF Financial Statement Audit**

- The Office of Inspector General (OIG) issued the [FY 2016 Financial Statement Audit Report](#) on January 13, 2017. The OIG's audit contractor, Kearney & Company (Kearney), issued an unmodified opinion on the agency's FY 2016 financial statements. The auditors did not identify any material weaknesses. The significant deficiency on construction-type cooperative

agreements that the auditors had reported in prior years' audit reports was closed. The auditors included a related lower level finding in their Management Letter.

- The auditors reported a new significant deficiency related to information technology access control and monitoring processes. Although management does not agree with the severity of this finding, on March 8, 2017, NSF issued a Corrective Action Plan to the OIG that addressed the findings and recommendations of the significant deficiency. The OIG agreed that NSF's actions resolved the findings and recommendations. NSF is working with the auditors to implement all the agreed upon corrective actions with the goal of closing the significant deficiency.
- On April 26, 2017, Kearney held an entrance conference to kick-off the FY 2017 financial statement audit. Management is working with Kearney to develop an audit timeline that will culminate with the projected issuance of the final audit report by November 15, 2017.

➤ **FY 2016 Improper Payments Elimination and Recovery Act of 2010 (IPERA) Compliance**

- On May 16, 2017 the OIG released the final report for the [Inspection of National Science Foundation's Compliance with the Improper Payments Elimination and Recovery Act of 2010](#). The OIG determined that NSF complied with IPERA reporting requirements for FY 2016 and that NSF has demonstrated strong progress in working toward its next full IPERA risk assessment in FY 2018. There were no findings nor recommendations. Management emphasized its commitment to continue to collaborate with the OIG to implement and document a strong risk assessment in FY 2018.

➤ **Enterprise Risk Management (ERM)**

- In response to the updated [Circular A-123](#), Management's Responsibility for Enterprise Risk Management and Internal Control, NSF has developed a preliminary risk profile.
- NSF's goal is to have meaningful discussions about risk topics that are important to leadership. During March and April 2017, BFA facilitated initial discussions to identify specific risks and group them by risk categories, such as strategic, operational, compliance, and reporting. NSF senior leadership, including the NSF Director, met on April 20th to discuss NSF's ERM efforts and their perspectives on ERM priorities. Going forward, NSF will continue to expand its discussions about risk across the agency with the goal of making ERM part of our strategic planning, budget formulation, performance assessment, and quality control improvements.

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

- On Friday, April 28, 2017, NSF certified data required by the DATA Act, culminating a two-year coordinated government-wide implementation initiative. Certification kicks off a new era of access to government-wide award and financial data for which NSF and other agencies are in the earliest of stages of imagining a use case. Though NSF successfully met the DATA Act's implementation deadline of May 2017, outstanding work and challenges remain. The DATA Act team is actively working with the NSF Internal Controls team to finalize SOPs, which is a key priority now that the DATA Act audit has formally commenced.
- On Thursday, May 25, 2017 the OIG's audit contractor, Kearney, held an entrance conference to kick-off the FY 2017 DATA Act audit. The [DATA Act](#) statute requires the Inspector General of each federal agency to review a sample of the financial data submitted by the agency and report on the completeness, timeliness, quality, and accuracy, as well as the implementation and use of consistent data standards by each agency. The review must be completed by November 2017 and will be published as part of the Agency Financial Report.

➤ **Budget Update: FY 2017 Appropriation**

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 (Discretionary)	\$7,564	\$101	1.3%	-	-
FY 2017 Enacted	\$7,472	\$9	0.1%	-\$92	-1.2%

National Science Foundation

by Account

Account	FY 2016 Enacted	FY 2017 Enacted	Change over FY 2016 Enacted
R&RA	\$6,034	\$6,034	-
EHR	880	880	-
MREFC	200	209	9
AOAM	330	330	-
NSB	4	4	-
OIG	15	15	0
TOTAL	\$7,463	\$7,472	\$9

Totals may not add due to rounding.

- On May 5, 2017, the President signed the [Consolidated Appropriations Act 2017](#) including FY 2017 appropriations for NSF of \$7.47 billion. This is the latest NSF has ever received its appropriation. It has created workload pressures given the accelerated critical dates associated with the move.
- Of note, within the MREFC account, the construction of three Regional Class Research Vessels are funded. NSF had requested funds to build two ships.
- As we faced last year, the appropriation for AOAM was less than requested. That means that the agency will, again, utilize its transfer authority to fully cover the costs associated with the relocation to Alexandria.

➤ **FY 2018 Budget Request to Congress**

National Science Foundation
 FY 2018 Request by Account
 (Dollars in Millions)

Account	FY 2017 Enacted	FY 2018 Request	Change over FY 2017 Enacted	Percent Change
R&RA	\$6,034	\$5,362	-\$672	-11%
EHR	880	761	-119	-14%
MREFC	209	183	-26	-13%
AOAM	330	329	-1	0%
NSB	4	4	-	-
OIG	15	15	-	-
TOTAL	\$7,472	\$6,653	-\$819	-11%

Totals may not add due to rounding.

- On May 23rd, the President’s FY 2018 budget request was delivered to Congress. This budget included \$6.65 billion for NSF, which is an 11 percent decrease from the FY 2017 Enacted funding level. With this proposal, NSF expects to evaluate about 42,100 research grant proposals through a competitive merit review process and make approximately 8,000 research grant awards, with a funding rate of 19 percent.
- While tough choices had to be made, funding will continue to allow NSF to selectively invest in fundamental research and bring together researchers who make the innovative discoveries that will transform our future.
- [NSF's budget proposal](#) supports underlying investments in basic research and education in areas of national priority, such as cybersecurity and advanced manufacturing. It fully funds construction of three major research equipment and facilities projects (Daniel K. Inouye Solar Telescope, Large Synoptic Survey Telescope, and Regional Class Research Vessels). It also funds a variety of activities related to the Big Ideas that (1) continue the investment in developing the research foundations, including piloting select new programs; (2) build capacity in the research community, and (3) support the community-wide visioning and planning that will be crucial for effective implementation in the future.
- NSF’s budget hearing before the House Appropriations Subcommittee took place on Capitol Hill on June 7th.

➤ **Issuance of NSF’s FY 2016 Accountability Reports**

- The [FY 2016 Agency Financial Report \(AFR\)](#), focuses on financial management and accountability and was published in January 2017.
- The [FY 2016 Annual Performance Report \(APR\)](#) provides information on the progress NSF has made toward achieving its goals and objectives as described in the agency’s strategic plan and Annual Performance Plan, including the strategic objectives, performance goals, and Agency Priority Goals. The APR was published in May 2017 and is part of NSF’s *FY 2018 Budget Request to Congress*.
- NSF’s [FY 2016 Performance and Financial Highlights](#) report was published in May 2016 and summarizes key financial and performance information from the AFR and APR.