

**CFO Update**  
**B&O Advisory Committee Meeting Spring 2018**  
(June 5, 2018)

**Topics:**

- BFA Senior Staff Changes
  - FY 2018 Financial Statement Audit
  - FY 2017 Financial Statement Audit
  - Enterprise Risk Management
  - 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
  - Shared Services
  - Robotic Process Automation
  - SmartPay 3 Program
  - Increased Purchase Card Threshold
  - Final FY 2018 Appropriation
  - FY 2019 Congressional Action
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➤ **BFA Senior Staff Changes**

- *BFA leadership*
  - Teresa Grancorvitz became NSF's CFO and BFA Office Head in February.
  - Bill Miller is Acting BFA Deputy Office Head. Bill is on detail from the Directorate for Computer and Information Science and Engineering.
  - Michael Sieverts, previously Acting BFA Deputy Office Head, retired in May.
  - The selection process for the BFA Deputy Office Head has been underway for several months, and an announcement will be made in the coming weeks.
- *Budget Division*
  - Caitlyn Fife has been hired as the new Division Director for Budget. Caitlyn joins NSF from the Department of Health and Human Services where she was the Director of Discretionary Programs, Office of Budget
  - Janice Hagginbothom, Branch Chief, Program Analysis Branch has announced her planned retirement in June 2018. Beth Blue will be Acting Branch Chief.
- *Division of Acquisitions and Contract Support:* Keith Boyea was reassigned to the Contracts Branch Chief position in April.

➤ **FY 2018 Financial Statement Audit**

On March 28<sup>th</sup>, the Office of Inspector General (OIG) held an entrance conference with its contractor Kearney & Company to commence the audit of NSF's FY 2018 financial statements. Management has been exchanging information with the auditors and the audit is progressing as expected. During the upcoming weeks, NSF staff will work with the auditors to develop a schedule for meeting the audit and year-end reporting requirements. We are looking forward to another successful audit year.

➤ **FY 2017 NSF Financial Statement Audit**

NSF continued to build on its ‘clean’ audit opinion by developing a Corrective Action Plan (CAP) to address lower-level observations and related suggestions that the auditors did not consider to be significant deficiencies. NSF’s planned actions are designed to resolve the auditors’ concerns before they rise to a significant level in future audits. Management is providing documentation to the auditors as NSF completes its actions.

➤ **Enterprise Risk Management (ERM)**

In 2016, the Office of the Chief Financial Officer facilitated the preparation of NSF’s initial risk profile by collaborating with stakeholders from across the agency. Since then, NSF has made significant progress by (1) completing its first risk profile, (2) securing strong leadership support from the Director and engaging the National Science Board, (3) implementing a five step ERM framework, (4) incorporating the Harvard Business Review framework for communicating risks, (5) integrating internal control risk assessments, and (6) incorporating ERM into NSF’s strategic plan.

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

NSF recently successfully completed its FY 2018 Quarter 2 DATA Act submission. NSF continues to actively work to reduce the operational and audit risks associated with the DATA Act. NSF submitted a CAP to the OIG on January 16, 2018, which was amended on March 13<sup>th</sup>. On March 30<sup>th</sup>, the OIG notified NSF that it had resolved all four of the recommendations it had issued as a result of the DATA Act audit. The amended CAP addressed all of the OIG’s concerns and referenced NSF’s ongoing work with the joint working group of the CFO Council and the Council of Inspectors General on Integrity and Efficiency (CIGIE) to clarify relevant Office of Management and Budget (OMB) policy. NSF has been working very closely with the joint working group, which will recommend the next iteration of DATA Act policies, internal control, and audit guidance to OMB, Treasury, and CIGIE. Additionally, the DATA Act team recently completed a risk assessment in connection with NSF management challenges progress reporting activities. The assessment showed that NSF has an effective mitigation plan in place for known risks.

*Background:* The DATA Act requires each agency’s OIG to conduct biennial DATA Act audits. The [NSF DATA Act audit report](#), published on November 17, 2017, reviewed a sample of FY 2017 Quarter 2 data for completeness, timeliness, quality, and accuracy. The report found that NSF spending data did not meet the quality requirements as outlined by OMB. While NSF generally agreed with the auditors’ recommendations, we identified a number of key areas of difference with the auditors’ report. NSF can confidently state that its submission substantially complies with all required data elements and presents NSF data in all material respects, thus meeting the transparency goals of the DATA Act.

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

[Senate Report 114-239](#), which was part of the Consolidated Appropriations Act of 2017, directed GAO to review programs funded within NSF’s Major Research Equipment and Facilities Construction account, including identifying technical risks and cost overruns over the construction life of projects, and explaining any tradeoffs NSF intends to execute to meet its no cost overrun policy. An entrance conference was held with GAO on September 26, 2017. Throughout the process, NSF responded to numerous data requests from GAO and provided technical comment as they reviewed the major projects and associated NSF policies and practices. GAO’s final report was published on June 1<sup>st</sup>; [https://www.gao.gov/products/GAO-18-370?utm\\_campaign=usgao\\_email&utm\\_content=daybook&utm\\_medium=email&utm\\_source=gov\\_delivery](https://www.gao.gov/products/GAO-18-370?utm_campaign=usgao_email&utm_content=daybook&utm_medium=email&utm_source=gov_delivery)

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

Interviews with NSF staff who administer large facility projects began in May 2018. The subcommittee is expected to deliver a final report to BOAC in the late summer or early fall of 2018.

*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.

➤ **Shared Services**

Since the fall 2017 NSF obtained cost estimates from shared service providers and determined services were cost prohibitive, in addition capability risks were identified related to grants systems. As a result, shared services efforts are on hold pending discussions between NSF and shared service provider leadership.

➤ **Robotic Process Automation (RPA)**

NSF is exploring different ways to uphold its strong commitment to excellence in financial management. In 2018, the agency is piloting the use of RPA that can enhance operational efficiency and productivity. RPA is a form of intelligent automation using automation tools (“bots”) which can be deployed and configured to execute tasks across applications and systems. RPA is an alternative to shared services and outsourcing. Many government agencies are beginning to use automation technologies to enhance business functions, such as financial management.

➤ **SmartPay 3 Program**

On April 10, 2018, NSF awarded a new task order to Citibank for card services under the General Services Administration's SmartPay 3 program. The competitive award was the result of a joint effort by Division of Financial Management (DFM) and DACS, and the evaluation of offers included representatives from NSF's program offices. The task order with options could have a term of thirteen years. DFM and DACS, who manage the travel and purchase card programs, are now engaged with Citibank in transition activities leading to the change to the new bank on November 30, 2018. NSF expects to receive substantial benefits from the new arrangement, including improved data mining capability and higher rebates.

➤ **Increased Purchase Card Threshold**

On March 8, 2018, NSF increased the micro-purchase threshold on its purchase cards from \$3,500 to \$10,000 in accordance with the National Defense Authorization Act for Fiscal Year 2018 (Pub. L. 115-91). This increase will allow NSF to complete more purchase actions through the purchase card, thereby reducing the administrative burden associated with purchases that are uncomplicated and often repetitive. NSF will continue to maintain its rigorous oversight program to ensure that micro-purchases conform to applicable rules and regulations.

➤ **Final FY 2018 Appropriation**

- Congress passed the FY 2018 Consolidated Appropriations Act (P.L. 115-141) on March 23, 2018.
- In P.L. 115-141, NSF was appropriated \$7.8 billion. This is \$295 million, or 4 percent, over the FY 2017 Enacted level, and \$1.1 billion, or 17 percent, over the FY 2018 Request. Account level details are in Table 1, below.
- Noteworthy items in the appropriation:
  - Demonstrates strong support for NSF research and other activities
  - Support for three Regional Class Research Vessels

- Continued emphasis on broadening participation programs, including increased support for Hispanic Serving Institutions.
- The current plan letter was submitted to Congress on May 11.
- Rescission:
  - The President submitted a \$15 billion rescission package to Congress on May 8. NSF is not included in this package.

**Table 1. FY 2018 Appropriation by Account**  
(Dollars in Millions)

Account	FY 2017 Actual	FY 2018 Request	FY 2018 Enacted
Research & Related Activities	\$6,007	\$5,362	\$6,334
Education & Human Resources	873	761	902
Major Research Equipment & Facilities Construction	223	183	183
Agency Operations & Award Mgmt	382	329	329
National Science Board	4	4	4
Office of Inspector General	15	15	15
<b>Total, NSF</b>	<b>\$7,504</b>	<b>\$6,653</b>	<b>\$7,767</b>

➤ **FY 2019 Congressional Action**

- The House marked up their version of the Commerce, Justice, Science, and Related Agencies (CJS) Appropriation Bill, H.R. 5952 on May 16.
- The House report recommends \$8.2 billion for NSF. This is \$408 million, or 5 percent, over FY 2018 Enacted, and \$703 million, or 9 percent, above the FY 2019 Request. Account level details are in Table 2, below.
- Noteworthy items in House mark:
  - Support for NSF’s basic research that improves lives of Americans and expands human understanding.
  - Continued support for research infrastructure, including the Antarctic Infrastructure Modernization for Science program, existing astronomy assets, and high-performance computing.
  - Recommends MREFC funding for three Regional Class Research Vessels.
  - Increased support for Hispanic Serving Institutions, and continues support for other broadening participation programs.
- Senate markup is expected the week of June 11.

**Table 2. FY 2019 House CJS Mark**  
(Dollars in Millions)

NSF by Account	FY 2018 Enacted	FY 2019 Request	FY 2019 House CJS Mark	FY 2019 Mark change over:			
				FY 2018 Enacted		FY 2019 Request	
				Amount	Percent	Amount	Percent
Research & Related Activities	\$6,334	\$6,151	\$6,652	\$317	5%	\$501	8%
Education & Human Resources	902	873	902	-	0%	29	3%
Major Research Equipment & Facilities Construction	183	95	268	85	47%	173	183%
Agency Operations & Award Management	329	334	334	5	2%	-	0%
National Science Board	4	4	4	-	0%	0	1%
Office of Inspector General	15	15	15	0	1%	0	0%
<b>Total, NSF</b>	<b>\$7,767</b>	<b>\$7,472</b>	<b>\$8,175</b>	<b>\$408</b>	<b>5%</b>	<b>\$703</b>	<b>9%</b>

➤ **FY 2019 Budget Request to Congress**

- The President’s Budget Request, “An American Budget,” was released on February 12, 2018. It included the “Addendum to the President’s FY 2019 Budget to Account for the Bipartisan Budget Act of 2018.”
- The Addendum included an additional \$2.2 billion for NSF. NSF’s request totals \$7.5 billion.
- NSF submitted the FY 2019 Budget Request to Congress at the level provided in the Addendum on February 28.

➤ **Performance**

*FY 2017 Performance and Financial Highlights Report*

NSF’s [FY 2017 Performance and Financial Highlights](#) report was issued in February 2018. This report summarizes key financial and performance information from the [FY 2017 Agency Financial Report](#) and the [Annual Performance Report](#).

*FY 2019 Annual Performance Plan*

Federal agencies are required by the Government Performance and Results Modernization Act of 2010 (GPRA Modernization) to set annual performance goals. NSF’s FY 2019 Annual Performance Plan (APP) was published in the Performance Chapter of NSF’s FY 2019 Budget Request to Congress. Four goals, including NSF’s new Agency Priority Goal (APG) (see below), were formulated to measure implementation of the four pillars of Renewing NSF. The APP also includes longstanding performance goals that monitor key program investments’ implementation progress, timely customer service, construction project cost and schedule variance, and internal diversity and inclusion efforts.

*FY 2018 – 2019 Agency Priority Goal*

GPRA Modernization requires that federal agencies set two-year APGs as part of their APP. APGs reflect near-term priorities within NSF that have the potential to impact the Nation. NSF’s new FY 2018 - FY 2019 APG is to “Expand public and private partnerships to enhance the impact of NSF’s investments and contribute to American economic competitiveness and security.” This APG addresses the Partnerships pillar of the Renewing NSF activity. It is being co-led by the Directorates for Computer

and Information Science and Engineering and Biological Sciences and engages the entire agency. The APG is in the third quarter of implementation and is making good progress. Progress is updated quarterly and published on [performance.gov](http://performance.gov).

*FY 2018 Strategic Reviews*

Annually, OMB requires that federal agencies assess their progress in achieving the strategic objectives set forth in the agency's [strategic plan](#). The Strategic Review Process provides an opportunity to use data and evidence to inform strategy, planning, decision making, and improvement. NSF is in the process of conducting FY 2018 Strategic Reviews. This year, the Strategic Reviews are being coordinated with and are supporting Renewing NSF.