

2018 LARGE FACILITIES WORKSHOP

**Incurred Cost Audits and Accounting System Audits
and
Facilities Financial Data Collection Tool**

Bill Kinser, Branch Chief, Cooperative Support Branch

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Background

■ NSF Office of Inspector General (OIG) Findings and Recommendations with respect to Large Facilities.

- Need for Recipients to regularly and accurately capture incurred costs to ensure audit readiness.
- Agency commitment through its audit resolution follow-up process to obtain incurred cost and accounting system audits.

■ Requirements of the American Innovation and Competitiveness Act (AICA).

■ NSF Objective

- Balance audit requirements to accomplish the objective in order to manage and mitigate risk.
- Minimize Recipient burden as well as duplication of Agency / OIG audit efforts.

NSF Large Facility Financial Data Collection Tool

■ What is the Large Facility Financial Data Collection Tool?

- In short, it is an **audit readiness tool**, designed by NSF to assist recipients in submitting substantiated program expenditures for construction and operations and management costs for its large facility cooperative agreements (CAs) and cooperative support agreements (CSAs) over \$70 million.
- Reporting using the tool may encompass several different CSAs funded by multiple appropriations.
- The user-friendly reporting tool is comprised of several worksheets that enable recipients to submit adequate incurred program expenditures in accordance with NSF terms and conditions and the Large Facilities Manual.

NSF Large Facility Financial Data Collection Tool

■ When must the Large Facility Financial Data Collection Tool be completed and submitted?

- The tool is required to be submitted **annually**, or as otherwise indicated in the terms and conditions of the NSF award.
- In general, the tool is to be submitted **within 120 days after the end of the funding year**. (For example, if an award's period of performance runs from October 1, through September 30, it will be submitted by the following January 31, for the 12-month funding year ended September 30.)
- Information provided in the tool will be used by NSF's independent Certified Public Accounting (CPA) firm in conducting incurred cost and accounting system audits.

■ Where can the Large Facility Financial Data Collection Tool be accessed?

- See the "Large Facilities Documents" page on the NSF.gov website: https://www.nsf.gov/bfa/lfo/lfo_documents.jsp
- Access the latest version of the tool at the above site as the spreadsheet's functionality was recently improved.

NSF Large Facility Financial Data Collection Tool

- **Whom should be contacted with questions with respect to populating the tool with incurred cost data?**
 - We are working on establishing (1) an e-mail “alias” account for directing user questions and (2) a Frequently Asked Questions (FAQs) repository for Large Facility Cooperative Agreement Recipients.
 - Questions may be directed to Bill Kinser (contact information on last slide) or to NSF’s independent CPA firm’s staff during the course of an audit.

Incurring Cost Audits

■ What is the purpose of an incurred cost audit?

- Primarily, to enhance NSF's oversight capability by auditing compliance with the applicable cost principles, applicable terms and conditions, the NSF Large Facilities Manual, etc.

■ When are incurred cost audits conducted?

- Accomplished for major facility construction agreements with a Total Project Cost of \$70 million or greater (total cost of the award).
 - Accomplished within three years after the final end date of a major facilities construction or operations award.
 - An audit may also be identified as appropriate in conjunction with NSF's annual review process as one of several available monitoring tools.
 - For major facility construction awards, completed at least once during construction at a time determined based on risk analysis and the length of the award. *The length of time between audits may not exceed three years.*
- Notwithstanding the \$70 million threshold, the Grants Officer may determine, with approval of the CSB Branch Chief, the need for incurred cost audits under individual major facility construction awards valued at less than \$70 million, when considered to be appropriate based on the risk associated with the award.

Accounting System Audits

■ What is the purpose of an accounting system audit?

- Primarily, to enhance NSF's oversight capability by auditing compliance with 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Federal Financial Management System Requirements).

■ When will NSF obtain an accounting system audit?

- NSF will obtain audits of awardees' accounting systems / practices prior to entering into any large facility construction or operations cooperative agreement, in those cases where NSF is the cognizant agency for audit and where such an audit has not been performed within the past two years.

Resolution of Audit Findings

■ How will findings identified under an NSF-obtained audit be resolved?

- The Recipient has the opportunity to provide a written response to each finding and recommendation in response to the draft audit report.
- The final audit report will include the Recipient's full response to the draft report, as well as the auditors' perspective on the response.
- NSF will consider both the auditors' findings and the Recipient's response in determining the action it believes appropriate in order to consider each finding and recommendation resolved.
- Any corrective actions necessary will be resolved in the course of NSF's cooperative agreement administration procedures and the Recipient will receive written notification when an audit is considered resolved.

Accounting System Audits

■ Contact Information:

Bill Kinser, Branch Chief, Cooperative Support Branch (CSB)
Division of Acquisition and Cooperative Support (DACS)
National Science Foundation (NSF)
2415 Eisenhower Avenue
Alexandria, Virginia 22314

Telephone: (703) 292-4593

E-mail: wkinser@nsf.gov