




National Science Foundation • Office of Inspector General
4201 Wilson Boulevard, Suite I-1135, Arlington, Virginia 22230

MEMORANDUM

DATE: JUL 8 - 2016

TO: Suzanne Plimpton
Reports Clearance Officer, OGC

FROM: 
Marie A. Maguire
Assistant Inspector General for Audit (Acting)

SUBJECT: Comments on the National Science Foundation's Large Facilities Financial Data Collection Tool

We are submitting the following comments on the National Science Foundation's (NSF) draft Large Facilities Financial Data Collection Tool (reporting tool) for NSF's consideration. We understand that the overall purpose of the reporting tool is to provide for the collection of cost data from each awardee for each large facility, to increase NSF's management and financial oversight of its large research facilities. Collection of this information will provide NSF valuable budget and expenditure information needed for NSF's oversight purposes. However, we note overall that the reporting tool is not the equivalent of an incurred cost submission (which, among other things, reports total recipient direct costs for all of a recipient's awards and calculates and proposes indirect cost rates subject to negotiation). Therefore, in terms of facilitating an incurred cost audit, it seems that the reporting tool, at best, could only facilitate a direct cost audit with a review of the application of indirect cost rates of the award being reported. NSF would have to further coordinate with the awardee for an indirect cost rate audit for an NSF cognizant awardee.

Nevertheless, we are offering comments to help ensure that NSF's policies and procedures will provide reasonable assurance that the controls in place, both during construction and operations, will strengthen NSF's and its awardees' ability to exercise proper stewardship of large facility funds. Our comments are provided below by section. We hope you find them useful.

Federal Register Notice Vol. 81, No. 89, dated May 9, 2016, Comment Request

The Comment Request Summary states that NSF will be "requesting OMB clearance of this collection for no longer than 3 years." We suggest that NSF also state its intentions after that time period (in a later version of the reporting tool), especially since the subsequent charge statement is more focused on determining and assessing awardee burden, rather than on emphasizing NSF's need to improve its, and the awardee's, financial management of large facility awards. The instructions should explain that the reporting tool was instituted to ensure that funds for large

facility awards. The instructions should explain that the reporting tool was instituted to ensure that funds for large facilities are properly expended and managed. This message was verbally conveyed during NSF's recent Large Facility Workshop, but was not communicated as well in the written request for comments from the community.

Instructions and Instruction Overview:

Overall, the reporting tool collects budgeted and actual costs for individual Cooperative Agreements (CA)/Cooperative Support Agreements (CSA). However, NSF does not clearly explain that the reporting tool also provides for budget to actual comparison/reconciliation at the total project level, which is the level cumulative proposed budgets are made and National Science Board approval is obtained. Therefore, the instructions should be clarified to explain that NSF intends to fully account for all of the awards made for each NSF large facility that are in total valued at \$100 million or greater and may be comprised of several different CSA and CA awards, funded by multiple NSF appropriations.

Additionally, the reporting tool does not collect "Contingencies" or "Fee" data (either in budget or in expenditures to date). The tool also does not collect drawdown data or cash on hand data that could be reconciling items when comparing budget and actual costs and costs claimed to the general ledger. Without this information it will not be possible to adequately reconcile and compare actual to budgeted costs to determine how funds are being spent in comparison to how they were planned.

In the Overview Section, specific criteria for applicability of the reporting tool should be clarified, i.e. the tool is required for each CSA and CA for a facility or project that has a total awarded amount of \$100 million or more. It should explain that NSF will identify all the awards that comprise each project and modify the award agreements to identify each CSA and CA that require completion of the reporting tool. This section should state that one other purpose of the tool is to provide for a comparison of expenditures to budget amounts for each award and the total of the project's awards, to the maximum extent practicable.

Also, the Instruction Overview states, "Only this NSF-approved tool should be used to submit incurred cost data." This statement should be clarified because it could create confusion if a full incurred cost submission is required from an awardee for which NSF is cognizant for the purposes of negotiating the awardee's indirect cost rate.

CSA Budget Worksheet, CSA Cost Worksheet, and Program Expenditures Worksheet: Under major costs elements, the tool does not provide lines for "Contingencies" or "Fee" (either in budget or in expenditures to date), although these may be significant items included in some CAs. Contingencies are required budget information for construction awards specifically listed on Form SF 424C (line 13), which NSF has agreed to use and should be collected by this tool. Fee should also be included in the tool if a recipient proposes fee, since this is also a cost to NSF. Additionally, we note that the tool does not provide for cost drawdowns (ACM\$), which should be collected for comparison to costs claimed.

The instructions for worksheet preparation for the CSA Cost Worksheet state that the Program Charges Worksheet consolidates this data for all CSAs. There is no *Program Charges Worksheet*, so the instructions should be clarified (perhaps the *Program Expenditures Worksheet*).

It appears, based on the color coding legend provided, that the current expenditure information in the CSA Budget Worksheet is linked from other report tabs and the current claimed amount on the CSA Cost Worksheet is auto-calculated. The tool should explain this and caution the awardee to ensure that the calculated expenditure amount agrees with the amounts claimed. Also, the reporting tool should provide for an explanation in the event there is a difference between the General Ledger and Job Cost Ledger on the CSA Cost Worksheet.

It would also be useful if the tool used consistent terms throughout the different worksheets to identify current costs claimed/expenditures and to ensure that the title of the worksheet tab matches the title on the worksheet.

Subcontracts and Consultants Worksheet: We note that worksheet does not require a specific classification of subcontracts vs. consultants. This distinction is important and needs to be made for indirect rate application purposes because modified total direct costs (MTDC) include the first \$25,000 of sub grants/Subcontracts, while the remaining portion of Subgrants/Subcontracts over \$25,000 is excluded. Additionally, the worksheet does not request the type of subcontract (CPFF, firm fixed-price, etc.). It appears the worksheet only provides for cost reimbursement subcontracts, but there is no place for profit which should be collected because it is part of total cost. There should also be a place on the worksheet for firm fixed-price subcontracts. Finally, the worksheet should also include a checkbox to document whether the Uniform Guidance required cost/price analyses in excess of the Simplified Acquisition Threshold (currently \$150,000) are maintained in the file and are available upon request.

Subawards Worksheet: This worksheet should also include a checkbox to document whether the Uniform Guidance required cost/price analyses in excess of the Simplified Acquisition Threshold (currently \$150,000) are maintained in the file and are available upon request.

Indirect Cost Rate Worksheet: We note that worksheet provides “rate applied” and “total expended,” but does not request the type of rate applied (e.g., provisional, predetermined fixed, carry forward, etc.), which should be requested. Also, the worksheet only addresses three types of indirect rates (classified as F&A, G&A and ID other). Some organizations may have additional indirect rates that should be disclosed, so the tool should be modified accordingly.

Certification of Costs: Suggest expanding certification to include award terms and conditions, NSF policies and recipient policies.

If you have any questions or wish to discuss our comments, please contact Jannifer Jenkins, at 703-292-4996.