National Science Foundation
Office of Budget, Finance and Award Management

BUSINESS SYSTEMS REVIEW (BSR) GUIDE

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PURPOSE OF THIS GUIDE

The National Science Foundation (NSF) *Business Systems Review Guide,* hereafter referred to as the "BSR Guide," establishes and defines the overall framework and structure for conducting a BSR. The guide defines the roles and responsibilities of individuals assigned to BSR activities and provides information that the BSR team can use to conduct the review. The guide offers general management principles, practices and observations in each core functional area that may be used to determine whether sound business practices are being employed at a large facility. The guide also sets expectations for the awardee and the facility under review and provides details regarding the review process. The guide is divided into three parts:

- **Part I—BSR Process Overview.** This part, which covers Chapters 1 through 6, presents the roles and responsibilities of individuals assigned to each BSR and information about activities related to planning, executing, and following up on a BSR.

- **Part II—Core Functional Areas and Review Guidelines.** Chapters 7 through 15 provide guidance as to how to use the stand-alone review modules to conduct a review of a facility's business systems. The review modules for each core functional area provide a framework and general characteristics of business systems under review.

- **Part III—Appendices and Templates.** The remaining sections of the guide contain Appendix A, templates associated with the BSR process, and Appendix B, checklists for each core functional area. These checklists are intended as a sample method of testing the observations presented in the previous modules.

The guide should be used in conjunction with other relevant NSF policy and procedural documents, such as the *Proposal and Award Policies and Procedures Guide (PAPP)* found at http://www.nsf.gov/pubs/policydocs/papp/index.jsp and the terms and conditions of cooperative agreements, which include the financial and administrative, programmatic, and other award conditions and requirements. Specific terms and conditions affecting the administration and stewardship of NSF funds awarded for all cooperative agreements, including large facilities, are located on NSF's external website at http://www.nsf.gov/awards/managing/co-op_conditions.jsp?org=NSF. Other NSF related policy documents can be found at http://www.nsf.gov/bfa/dias/policy/index.jsp and Office of Management Budget (OMB) circulars can be found at http://www.whitehouse.gov/omb/circulars/index.html.

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PART I–BUSINESS SYSTEMS REVIEW (BSR) PROCESS OVERVIEW

1.0   PURPOSE OF BSR

The Business Systems Review (BSR) program provides compliance assistance to awardees so that they are better able to satisfy the portfolio of administrative standards set forth in 2 CFR 215.[1] The BSR process provides mentoring assistance where necessary. The BSR Guide documents the procedures NSF follows as it provides this assistance. The BSR program was developed as part of an NSF corrective action plan for addressing the high-risks associated with funding Federally Funded Research and Development Centers (FFRDCs). FFRDCs are considered "high-risk" by definition due to the relationship that exists between the FFRDC and its sponsoring federal organization and the magnitude and complexity of the programs funded through their cooperative agreements. Similarly, agreements for other large research facilities are defined as "high risk" in recognition of the magnitude, complexity, and long-term duration of these projects.

A BSR is not a financial audit and is not performed in accordance with US Government auditing standards. It is NSF's advanced monitoring and oversight program for large facilities funded through complex awards managed by the Office of Budget, Finance and Award Management (BFA) Large Facilities Office (LFO). The BSR includes an assessment of business systems at large facilities through desk and onsite reviews to determine whether they are being operated in accordance with NSF's expectations for business and administrative management. For the purposes of this guide, *business systems* refer to the people, processes, and technology that support the operations of the facilities.

The business systems of a facility are reviewed in eight core functional areas below. The number and type of core functional areas to be included in the review is adjusted according to the organization of the facility.

- Award Management
- General Management
- Planning and Budget
- Financial Management
- Financial Reporting
- Procurement
- Property and Equipment
- Human Resources

1.1   BSR BENEFITS

The BSR program enables NSF to focus awardees on the importance of administrative quality by facilitating a two-way exchange of information and promoting cross-fertilization of ideas between NSF and its awardees. This effort is achieved by identifying areas of strength, offering recommendations for improvement, and sharing best business practices for managing major facilities. This collaborative process strengthens the relationship between NSF and its awardees and supports awardees' efforts to comply with NSF and applicable federal regulations.

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[1] Code of Federal Regulations, Title 2 – Grants and Agreements, Part 215 – Uniform Administrative Requirements for Grants and Agreement with Institutional of Higher Education, Hospitals, and Other Non-Profit Organizations (OMB Circular A-110)

Although NSF conducts numerous kinds of oversight and review functions, the BSR is unique. For example, the BSR differs from a program review in that it examines the institutional infrastructure used to support the daily operations of the facilities rather than its technical and scientific activity. Because the BSR is not an audit, it reviews the capability, performance, and compliance for the benefit of NSF, its awardees, and the large facilities. Thus, the review focuses on the existence of policies and procedures and the adherence to those policies. The BSR examines whether—

- the awardee has established written policies and procedures for its facility in each core functional area
- the facility adheres to those written policies and procedures
- the policies and procedures meet NSF expectations for the stewardship of Federal funds, as well as OMB guidance.

1.2 WHO IS SUBJECT TO A BSR

The BSR program is applied to large facility projects that meet one of the following criteria:

- NSF facilities classified as FFRDCs
- large facilities that are undergoing construction, or will be constructed and/or acquired with funds from the Major Research Equipment and Facilities Construction (MREFC) appropriation
- existing large facilities for which operations and/or replacement costs would be similar in size to an MREFC-funded or MREFC-eligible projects (generally threshold is $8 million annual support)
- large facilities currently in operations that were previously funded through an MREFC account

1.2.1 BSR Terminology

The following terminology, as it relates to BSRs of large facility projects is used throughout the guide.

"Award"— the financial assistance mechanism and agreement between NSF and an eligible recipients (i.e. awardees) that provides monetary support for large facility projects. Generally, awards from NSF that fund such projects are cooperative agreements.

"Awardee"— the legal entity, generally a university or a non-profit organization, that receives funding under an NSF award to carry out a large facility project. Although the awardee is legally responsible for the management and oversight of the award and therefore of the large facility, it may set up an implementing unit to execute (i.e. manage and operate) the large facility project described under the award.

"Implementing unit" — an entity that may be set up by the awardee to manage and operate the large facility project under the NSF award. The implementing unit may be set up under various management structure models (discussed further in section 4.4). Often, the implementing unit will encompass the large facility or will be set up in such a way that it is considered the large facility itself.

"Large facility project" — activities outlined in the NSF award related to construction, maintenance, and operation of a large facility.

"Large facility"— the totality of shared-use infrastructure, instrumentation, and equipment that are accessible to a broad community of researchers and/or educators. A large facility may be centralized or have distributed installations at various locations, but is integrated in nature. It may be a large-scale networking or computational infrastructure, multi-user instruments or network of multi-user instruments, or other infrastructure, instrumentation, and equipment having a major impact on a broad segment of a scientific discipline.[2]

 "Organization"—a term used in the core functional area modules in Part II of the guide to recognize the unique management structure and complex relationship of a large facility, the implementing unit and the awardee.

1.3   FREQUENCY OF BSRs

BSRs are conducted at least once every five years at each large facility. Reviews may be conducted more frequently based on certain factors. These include, but are not limited to:

- significant changes in funding levels, management, scope, or mission of the large facility project
- change in the facility's life-cycle stage (e.g. transition from construction and/or acquisition to facility operations and maintenance)
- evidence that the facility has not addressed significant concerns identified in past BSRs or other NSF reviews
- other NSF raised concerns that are not listed above.

2.0   PROCESS OVERVIEW

The BSR process begins with the selection of a large facility for review and ends with the issuance of a final report. Figure 1 illustrates the complete BSR process and its three primary stages: pre-site visit activities, site-visit activities, and post-site visit activities. The individual activities within each stage are depicted in Figure 1 followed by a short narrative . More in-depth discussions are presented in Chapters 4-6.

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[2] Definition adapted from the NSF Facilities Management and Oversight Guide, July 31, 2003 and the NSF Large Facilities Manual, May 2007, NSF 07-38.

Figure 1: Annual BSR Life Cycle
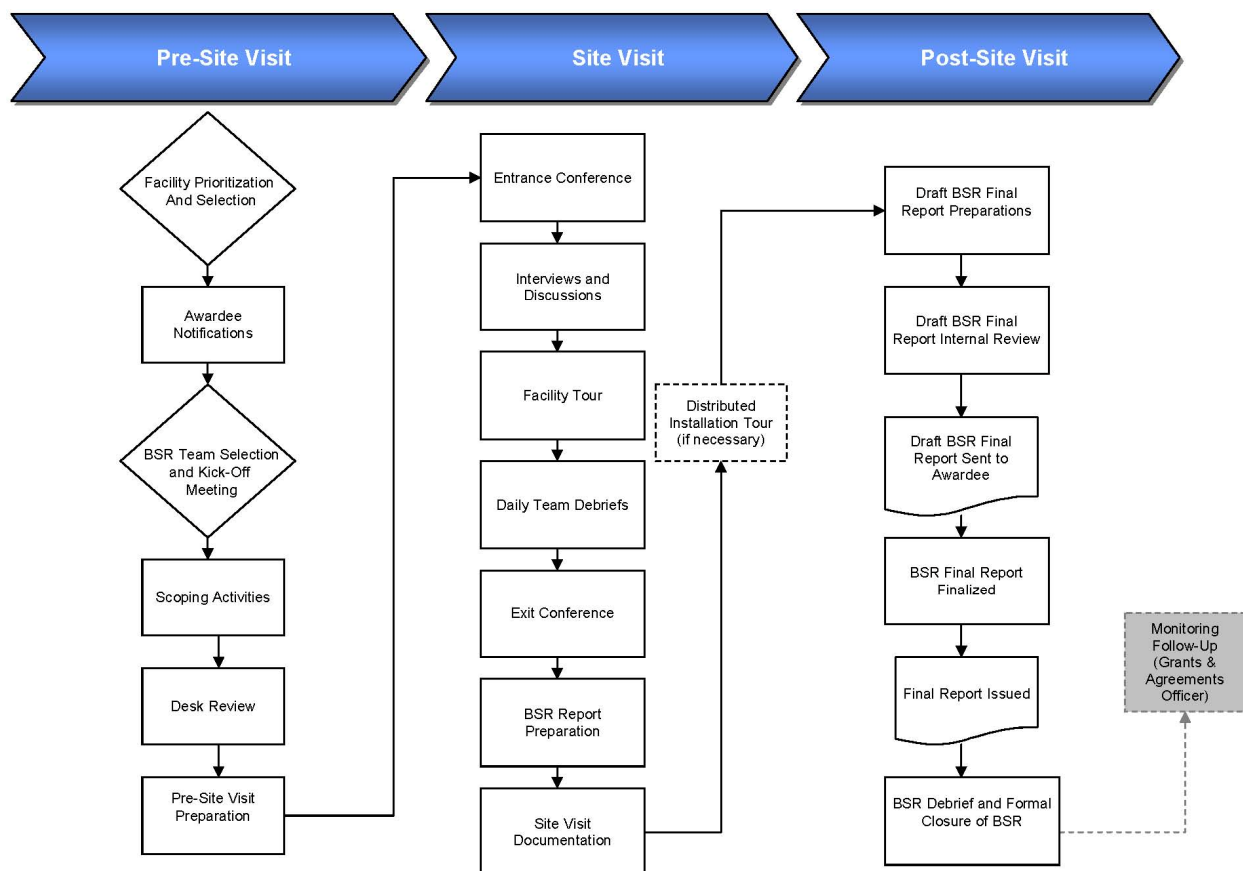
2.1 PRE-SITE VISIT ACTIVITIES

The BSR process begins by prioritizing eligible large facility projects and making a selection based on various criteria (further outlined in Chapter 4). After notifying NSF stakeholders and the awardee of the projected site and visit dates, subject matter experts (SMEs) are selected for each of the anticipated core functional area.

Following a BSR team kick-off meeting, the scoping process is initiated to refine the scope and focus of the BSR activities. The scoping process includes consultations with the cognizant program staff and other NSF staff to collect background information, team meetings, and a preliminary review of available awardee file documentation (e.g., other prior reviews, A-133 audits, award terms and conditions etc). Early in the scoping process, the BSR team leader and a subset of SMEs meet with the authorized organizational representative to discuss the anticipated BSR focus, purpose, onsite visit details, and other information that may be useful in refining the scope of the review.

After the scoping visit, a desk review is conducted by SMEs. During this stage, SMEs analyze the facility documentation available at NSF and documentation provided by the awardee (e.g. policies and procedures, and chart of accounts). The desk review is a mechanism by which SMEs gain an understanding of their respective core functional review areas and identify any potential concerns that may require follow-up during the onsite review. The information

gathered in this stage of the review is compiled as supporting documentation for SMEs' observations, analyses and conclusions in the final report.

2.2 SITE VISIT ACTIVITIES

The onsite review is the opportunity for SMEs to interact with their counterparts in order to discuss their respective core functional areas and clarify issues that may have been identified during the desk review. Discussions also provide an opportunity for the awardee staff to share their concerns with the SMEs as part of the BSR business assistance activity. If the large facility has remote sites or business functions that are distributed in other locations, additional onsite reviews may be conducted.

SMEs are expected to maintain written documentation of their onsite interactions and observations and to collect relevant materials that were obtained while onsite including data sample (e.g., file contents, screen shots etc.).

2.3 POST-SITE VISIT ACTIVITIES

At the conclusion of the onsite visit, SMEs document their observations, recommendations, and conclusions for consolidation into the facility draft report. The draft report is circulated internally to the cognizant NSF stakeholders and subsequently shared with the awardee for validation. A final review by NSF is conducted and then the final BSR report is issued and disseminated to the awardee and NSF stakeholders. Following the issuance of the final report, the BSR Team Leader debriefs the NSF Grants & Agreements (G&A) officer who is responsible for follow-up with the awardee.

A timeline of the overall BSR process is shown in Figre 2 below. A successful BSR depends on careful and extensive long-range planning and coordination. Generally, the BSR process requires 4 to 6 months from awardee notification to issuance of the final report. This extended period enables participants on both sides of the review to have adequate time for preparation to ensure a meaningful BSR.

Figure 2: Overall BSR Review Process Timeline
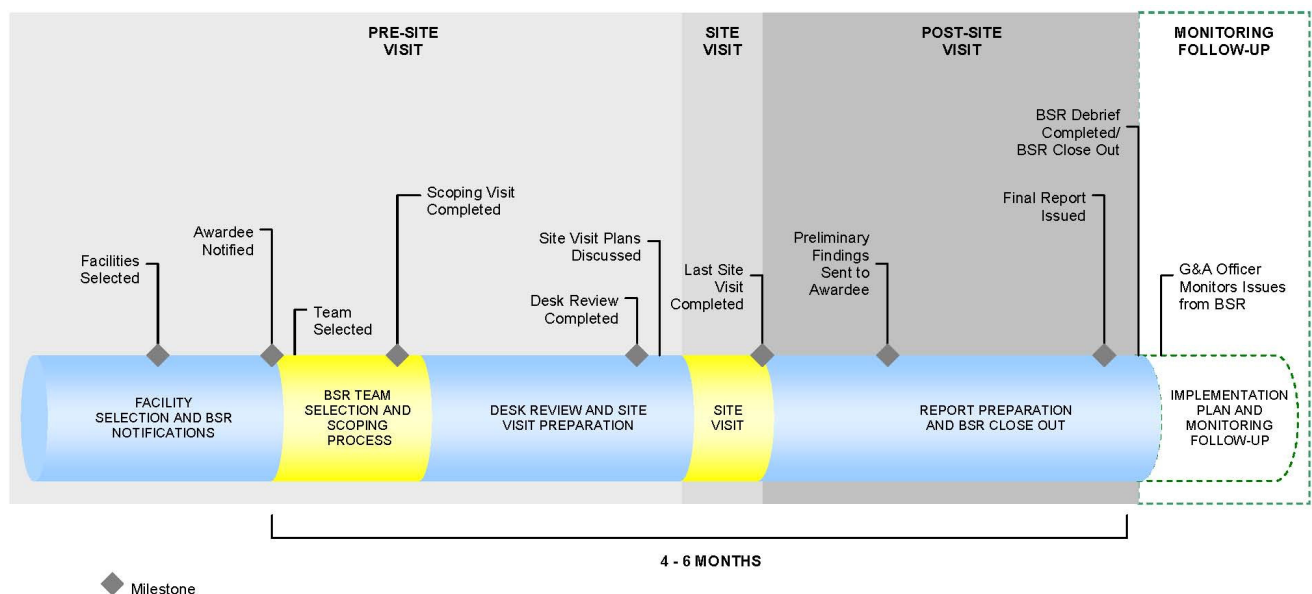
3.0   ROLES AND RESPONSIBILITIES

This section summarizes the roles and responsibilities of the BSR team leader, reviewers/SMEs, relevant NSF stakeholders, and the awardee.

3.1   NSF PERSONNEL

Figure 3 illustrates a typical organizational structure of NSF stakeholders involved in BSR activities. The roles and responsibilities are described in the sections that follow.

Figure 3: BSR NSF Stakeholders
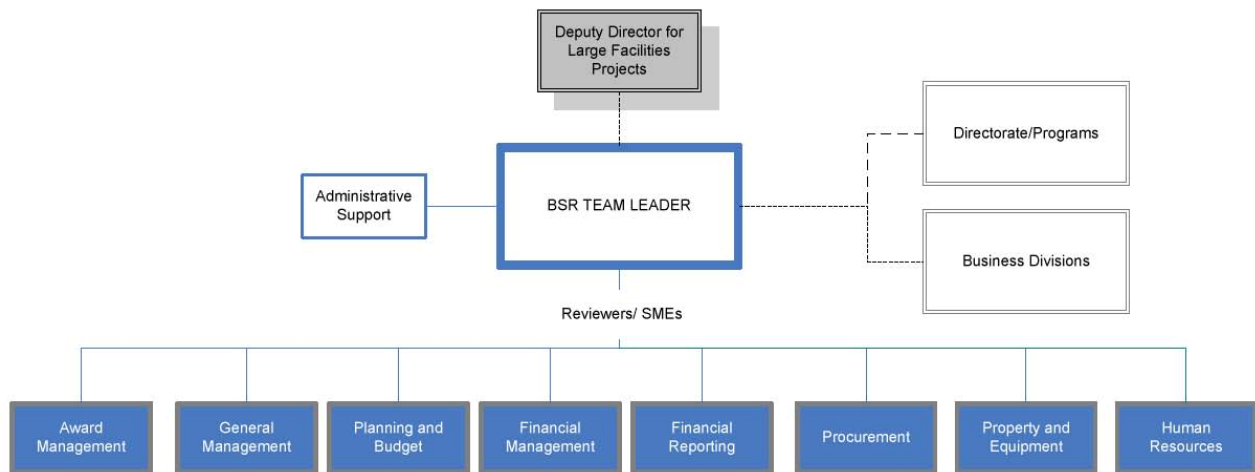
3.1.1   The LFO and BSR Team Leader

Within BFA, LFO has primary responsibility for managing and overseeing the BSR process. The BSR Team Leader, who coordinates and plans each BSR, is the single point of contact (POC) for overseeing all aspects of the review. The BSR Team Leader is also the liaison between NSF and the awardee.

3.1.2   BSR Reviewers/SMEs

BSR reviewers/SMEs have primary responsibility for conducting reviews of business systems in each core functional area. Generally, one SME is assigned to a core functional area. However, in some cases a SME may be tasked to assess multiple core functional areas. SMEs are required to possess the knowledge and experience necessary to conduct a comprehensive desk and onsite review and to report their observations on the facility's core functional area to which they are assigned.

3.1.3   NSF Stakeholders

Business Divisions and Scientific Directorates also participate in the BSR process in various ways. For example, the Business Divisions work with the BSR Team Leader to identify SMEs and provide general guidance.   The Scientific Directorate staff provide information including a presentation to the BSR team and input on the BSR final report.

3.2   AWARDEE PERSONNEL

Awardee personnel are critical to the success of a BSR and typically involve staff who are responsible for each of the core functional areas identified as part of the BSR. The awardee's authorized organizational representative (AOR) is the awardee's primary POC who interacts with the BSR Team Leader. In this guide, the *PAPP Guide* definition of the AOR is used, which defines the AOR as the *administrative official who is empowered to make certifications and assurances on behalf of the awardee*[3]. The AOR is expected to provide appropriate support to coordinate the activities necessary for conducting a successful BSR review (e.g., forwarding requested documents, coordinating logistical support, and providing awardee and facility personnel support). The AOR identifies the awardee's core functional area representatives who serve as the principal POCs for BSR team members and provide insight during the onsite portion of the BSR.

Table 1 summarizes the roles and responsibilities of the stakeholders involved in the BSR process.

Table 1: BSR Team's Roles and Responsibilities

Role	Responsibility
Deputy Director for Large Facilities Projects (DDLFP)	▪ Reviews and approves the facilities subject to a BSR in consultation with the BSR Team Leader ▪ Approves updates to the *BSR Guide* ▪ Coordinates with other NSF monitoring activities that may affect the conduct of a BSR
BSR Team Leader	▪ Oversees all activities required to conduct a successful BSR ▪ Determines the facilities subject to a BSR in conjunction with the Deputy Director for Large Facility Projects (DDLFP) ▪ Serves as the principal resource for NSF staff for advice and guidance in the performance of a BSR and any required follow-up ▪ Nominates BSR team members ▪ Maintains the following: a. A database indicating the status of each BSR, BSR team members, status of the reports and correspondence, initial follow-up, and other supporting documentation b. A database and archive of BSR reports and post-review letters issued annually c. A file for each BSR review performed that includes supporting documentation ▪ Coordinates and plans each BSR ▪ Serves as the primary NSF POC responsible for BSR team development ▪ Leads the preparation of preliminary, draft, and final BSR reports ▪ Acts as liaison between NSF and the awardee ▪ Briefs the G&A officer and any other appropriate NSF stakeholders on the review and any issues identified as needing follow-up

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[3] http://www.nsf.gov/pubs/policydocs/papp/index.jsp#definitions

Role	Responsibility
BSR Reviewers/SMEs	- Actively participate on a BSR team based on business system expertise, availability, and previous BSR experience - Understand relevant rules and regulations governing the award as well as specific NSF and federal regulations applicable in their core functional area - Understand the BSR process and follow established BSR procedures - Attend pre and post-site visit meetings - Perform desk review of assigned core functional area - Perform onsite review and conduct interviews of awardee (or facility where appropriate) representatives of assigned core functional area - Maintain supporting documentation on BSR-related observations, analyses, and recommendations - Present findings to a varied audience - Write the report on the core functional area for inclusion in the comprehensive BSR final report
Directorate/Programs	- Provide input regarding need and content of BSRs - Advise BSR team on programmatic aspects of the facility under review - Offer consultation as needed - Participate in BSR debriefs - Provide feedback regarding draft final reports - Assist in resolving issues raised in reports in conjunction with business officials from BFA and other NSF administrative offices - Monitor, as appropriate, awardee progress toward implementing recommendations in administrative practices - Ccoordinate monitoring activities, as needed, with the awardee, BFA, and other NSF administrative offices
Awardee Authorized Organizational Representative (AOR)	- Acts as the awardee POC and works with the BSR team leader throughout the BSR process - Commits the awardee to adhere to various NSF policies and grant requirements - Designates personnel to act as core functional area representatives - Ensures that requested documentation for desk reviews is provided - Ensures that onsite review logistics are arranged
Awardee Core Functional Area Representatives	- Provide documentation requested for desk reviews to BSR team members - Participate in onsite interviews with assigned BSR team members - Respond to requests for additional information

4.0   PRE-SITE VISIT ACTIVITIES

This chapter expands on the previous summary of the pre-site visit activities, including facility selection, pre-review discussions, facility notification, scoping activities, desk review, team preparation, and other pre-site-visit activities that are critical to a successful BSR.

4.1   BSR FACILITY SELECTION

The selection of facilities for a BSR is based on several factors, including input from program and administrative officials, as well as other objective and subjective criteria. Instances may occur in which a BSR may be deferred based on Inspector General reviews, other substantive business reviews, or pending re-competitions.

4.1.1   BSR Scheduling and Facility Prioritization

Large facilities that meet the criteria described in Section 1.2 are all eligible for a BSR. They are considered "high risk" projects due to the significant annual investment of federal funds with them.

On an annual basis, the cognizant LFO staff analyze the portfolio of large facilities that are eligible for a BSR. As part of this analysis, the LFO considers factors affecting the frequency of BSRs being conducted at each facility (see Section 1.3). The facilities are then prioritized to determine the ordering (i.e. which ones should be reviewed in the upcoming fiscal year and which in subsequent years). When determining the BSR schedule and the review priority of facilities within a specific year the LFO considers the following:

- The award cycle:
    - FFRDCs are normally reviewed during the third year of the award cycle
    - Other non-FFRDCs facilities are normally reviewed early in the award cycle so that any issues of concern can be corrected
- Facility life-cycle stage:
    - MREFCs are reviewed during the construction phase and again during the operation phase
- Prior recent reviews (e.g., desk review, BSRs) and/or risk assessments conducted by the Cost Analysis and Audit Resolution (CAAR) branch
- Program and administrative analysis – input from program staff and/or administration officials, and LFO staff
- Other relevant factors.

4.1.2   Final Selection

Final selection occurs after the facilities have been prioritized. To determine the final list of the facilities that will undergo a BSR in the upcoming fiscal year, the BSR Team Leader consults with the cognizant program officer and any other administrative officials. As part of the consultation, the BSR Team Leader determines if the program officer has any concerns regarding the proposed BSR activity, including the timing. If there are concerns, the BSR Team Leader works with the cognizant staff to reconcile the issue(s). The Program Office Consultation worksheet provided in Appendix A, Template 1 is provided as a tool for the consultation discussion with the program officer. Issues raised during the discussions are likely to contribute to the scoping process considerations (see Section 4.4 below).

The final selection of the facilities, including justification for selection, are documented as part of the BSR review documentation. For the selected sites, the BSR Team Leader begins planning the BSR activities in accordance with the instructions provided in this guide. For all other facilities, the LFO relies, short-term, on the baseline monitoring and other oversight th provided by the cognizant program and staff within the business divisions.

4.2 NOTIFICATIONS

4.2.1 Internal Notifications

Once the final selection of facilities to be reviewed has been made, the BSR Team Leader alerts NSF program and business division staff of the decision. The notification includes an overview of the BSR process and the tentative fiscal year schedule, as well as the ordering of each review in the year.

Once the initial notifications are made, the BSR Team Leader typically meets with the cognizant NSF staff to further refine the schedule and avoid any overlap with other facility internal or external reviews.

4.2.2 Awardee Notification

The BSR Team Leader normally contacts the AOR before commencement of the onsite review. This written notification (by e-mail, letter, or fax) informs the awardee of the site selection and provides basic background regarding the BSR process. The notification should be followed up with a telephone conversation to provide a more in-depth explanation of the upcoming scoping visit, as discussed below, and to answer question raised by the awardee.

4.3 BSR TEAM SELECTION

Once BSR notifications are made, the BSR Team Leader initiates communications to assemble SMEs for each review. This task is done in consultation with the NSF business divisions senior management. Designating team members early in the process not only enables members to plan in advance to minimize the impact on SMEs' regularly assigned workload but also presents an opportunity to address potential budgetary impacts on their respective divisions (e.g., travel expenses).

4.3.1 Team Kick-Off Meeting

The BSR Team Leader organizes a team kick-off meeting to provide members with a detailed review of the BSR process and to encourage discussions about the near-term activities such as the scoping visit. The kick-off meeting also provides a forum for the team members to meet each other, and to review their respective roles and responsibilities in the BSR process. If time permits, a short brief on the facility under review is provided along with the applicable background information about the awardee.

4.4   SCOPING PROCESS

4.4.1   Overview

Activities during the scoping process are designed to assist the BSR team with tailoring the BSR to the large facility project being examined. Figure 4, presented below, illustrates the scoping process and the refinement of the BSR focus.

Figure 4: Scoping Process
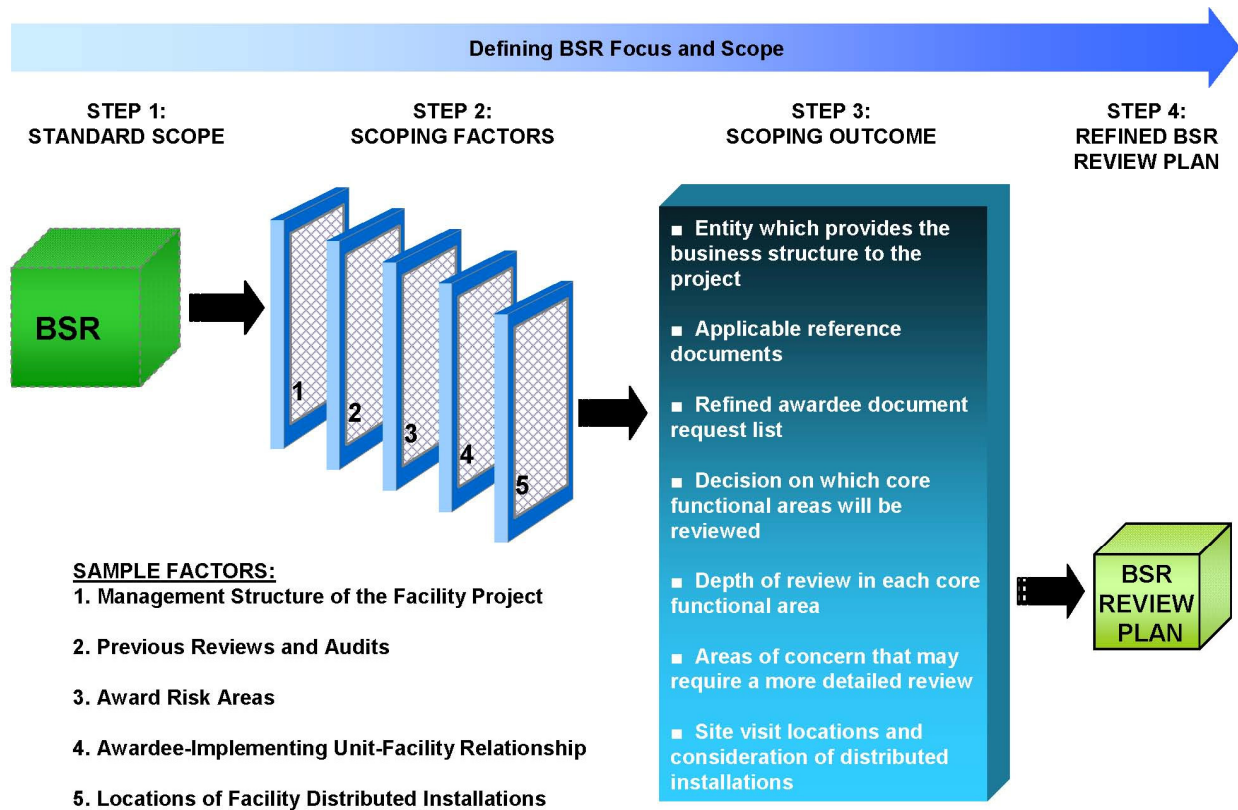
More specifically, the objectives of the scoping process are to:

- Assess the risks associated with the facility under review
- Obtain a firm understanding of the organizational structure of the awardee as it relates to the management and operation of the facility
- Clarify the extent and type of integration between the awardee and the facility
- Understand basic facility management and operations
- Narrow the documentation provided by the awardee for the desk review, as well as the number and type of core functional areas to be included in the onsite visit
- Identify awardee counterparts to SMEs
- Understand the physical nature of the facility, including remote installations and how it will affect the planned BSR visit.

4.4.2   Scoping Factors

A significant outcome of the scoping process is understanding the relationship and management structure between the awardee and the large facility. This will assist SMEs in understanding and refining the scope of the BSR such as the policies and procedures to be reviewed and the points of integration to be assessed.

As presented in section 1.2.1, the facility may be organized as a stand-alone unit embedded within the awardee's structure. In this case, the facility follows the awardee's policies and procedures; relying on the awardee's business functions, such as payroll and legal affiars, to manage the project.

In other cases, the facility may be governed by a unit, such as a non-profit organization) that creates and manages its own policies and procedures in support of the facility.   Figure 5 outlines several common types of management structures between awardee and management units of a large facility project.

Figure 5: Awardee-Implementing Unit-Facility Management Structures
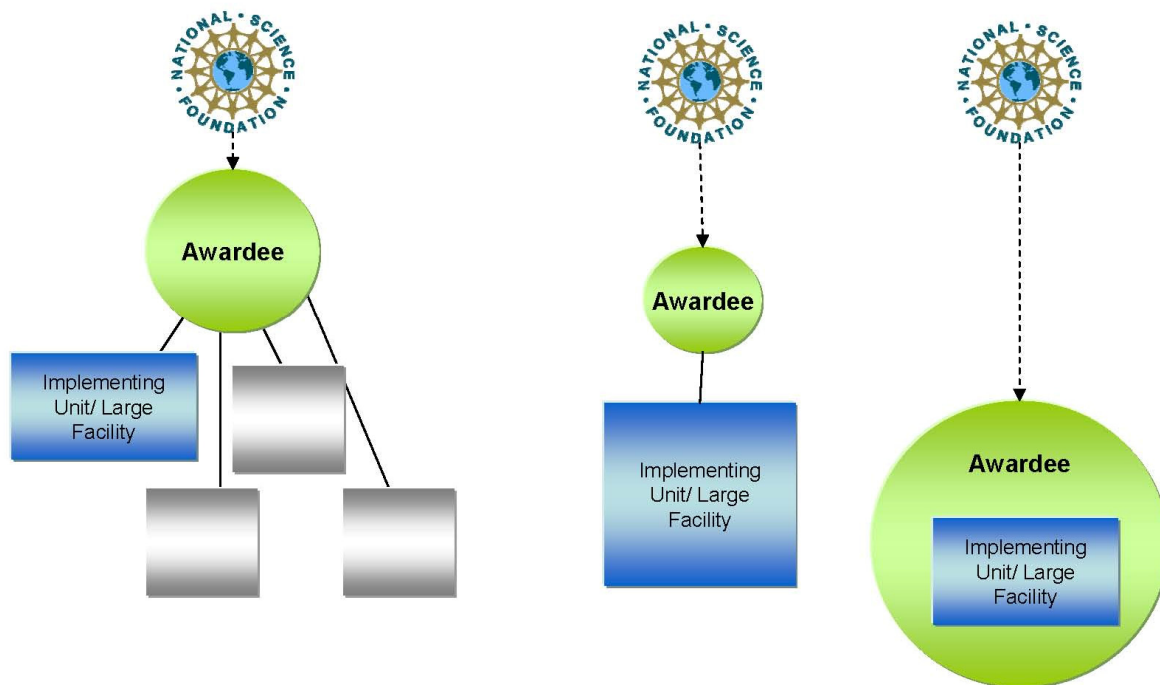
4.4.3   Scoping Team Meetings

After the initial BSR team kick-off meeting, the BSR team meets again to map out its strategy to conduct the scoping analysis, discuss the available awardee and facility information, and set out expectations and responsibilities of each member during the scoping process.   The team meets as needed during the scoping phase to share findings and analysis based on their preliminary review of facility and awardee information (see Section 4.4.4) and to provide the BSR Team Leader information for the scoping visit (see Section 4.4.5). At the completion of the scoping

visit, the Team Leader reconvenes the BSR team to discuss the scoping meeting with the awardee and any issues that require additional examination during the desk and onsite reviews.

4.4.4   Preliminary Review and Analysis

Once the scoping strategy is determined, the BSR team conducts a preliminary general review of the business systems employed at the large facility. This may be accomplished through further discussions with the cognizant program officer as well as review of basic awardee and facility information, including, but not limited to:

- Description of the facility in the current NSF budget request
- Copy of the award (cooperative agreement and amendments)
- Special terms and conditions of the award
- Most recent annual work plan
- Most recent facility report
- A-133 and any other available audits on file at NSF.

By conducting the preliminary review and analysis, the BSR team gains a better understanding of the organizational structure of the awardee and large facility as well as other factors that will help refine the focus of the BSR.

4.4.5   Scoping Visit and BSR Confirmation

The BSR Team Leader organizes a scoping visit with the awardee to discuss basic information about the award and management and other considerations relevant to the BSR. More specifically, the BSR Team Leader and awardee:

- Discuss factors affecting the projected focus and scope of the BSR
- Address follow-up issues identified during the preliminary review of awardee information
- Discuss core functional areas in detail and determine which modules and aspects of each should be included in the review
- Discuss the facility and remote sites, where applicable, to be included in the BSR
- Discuss the suggested documentation request list
- Discuss other NSF BSR team member or awardee questions concerning the review.

After the scoping visit, the BSR Team Leader confirms the dates of the onsite visit with the AOR (Appendix A, Template 3.) Contact information of BSR team members, core functional areas, preliminary schedule for onsite activities, and a list of documentation required for the desk review (see Section 4.4.6) are also addressed in the communication. A copy of the written confirmation communication is also shared with relevant NSF stakeholders.

4.4.6   Awardee Documentation Request

Given that the BSR scope has been refined, the BSR Team Leader confirms the documentation necessary to conduct the desk review in each of the identified core functional areas. Efforts are made to ensure a streamlined document request process by avoiding duplication of requests. The awardee is asked for the most crucial documents for the upcoming review and most essential for the scope of that particular BSR.

Documents are requested in an electronic format when possible so that the BSR team can access and use the documents as needed. In most cases, the awardee sets up a secure website and posts the documentation requested for review. This action allows SMEs to access the needed documentation themselves and minimizes the potential of multiple requests for the same documents, particularly when it can be applied to more than one core functional area.

It is feasible that the awardee may not have some of the requested documentation. In such cases, the awardee is not expected to create the documents from scratch. Rather, the AOR would be asked to provide the SMEs existing documentation, in whole or in part, that provides an understanding of the business system being examined.   If for some reason, a large portion of the documentation is not in place, SMEs would alert the BSR Team Leader so that an alternative assessment approach could be considered. The primary goal is to ensure that SMEs have all the necessary information for conducting the core functional area reviews and to not set unrealistic expectations for the awardee.

4.5   DESK REVIEW

The BSR desk review is a critical component of the overall BSR and focuses on the pre-site visit analysis of business systems. Figure 6 below, illustrates the desk review process and the individual activities.

Figure 6: Desk Review Process
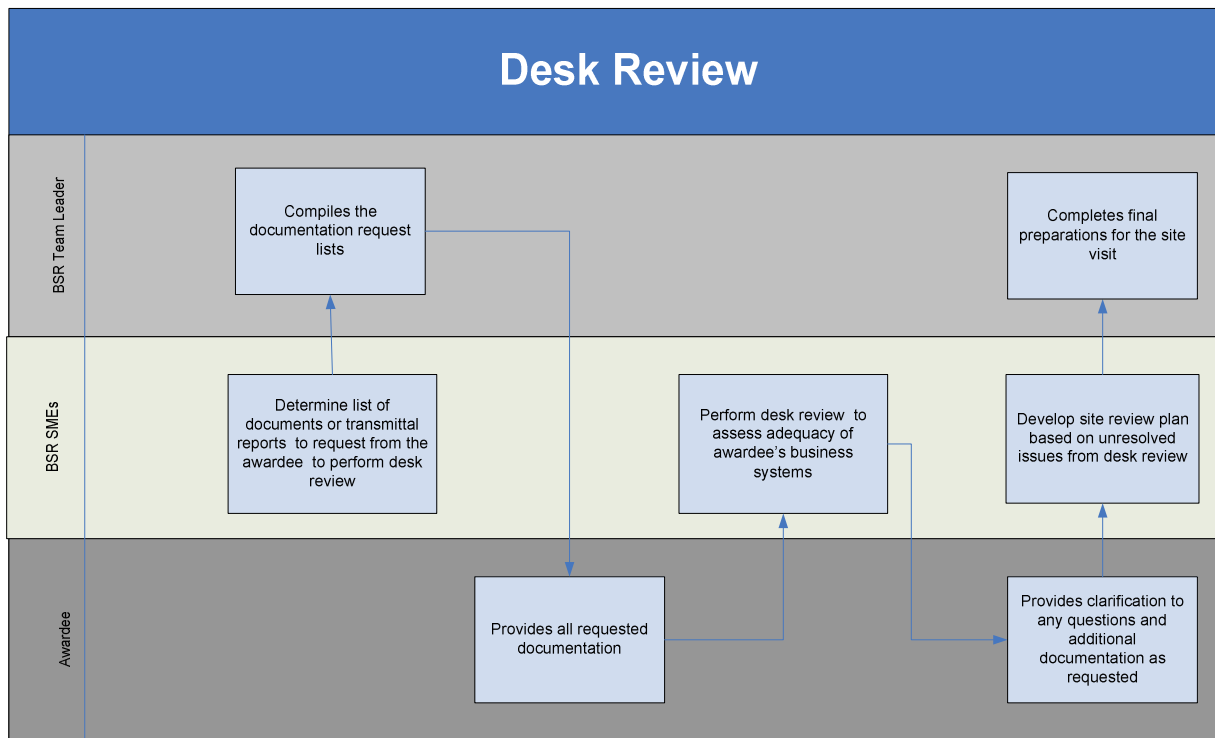
Each SME conducts a detailed review of the documentation in his or her assigned core functional area. The purpose of the desk review is to ensure that SME understand the facility and the business systems supporting the organization. The desk review also helps the BSR team members to identify potential concerns and issues that need further examination on site.

While conducting the desk review and if a need arises, individual SMEs are expected to work with the BSR Team Leader to obtain additional documentation from the awardee, if the need arises. The BSR Team Leader subsequently works with the AOR. Often there is overlap between the different core functional areas and for this reason, SMEs are encouraged to share the results of their desk review with each other.

While performing the desk review, SMEs may complete the supplemental checklist worksheets (see Appendix B, Module Worksheets) to record the responses for the data-gathering effort. These checklists can be used as a tool to record responses to questions or issues and capture information to support the observations of the facility's business systems. Any questions that cannot be addressed by reviewing the documentation should be presented at BSR team meetings. The BSR team determines how these unresolved issues could be explored during the onsite review.

4.6   FINAL PREPARATIONS AND LOGISTICS

At the final BSR team meeting before departing for the onsite review, the team confirms the main issues and concerns for exploration while on site. The BSR Team Leader also contacts the AOR to ensure that the logistics of the meeting are in order such as the awardee personnel being available through the duration of the BSR visit and that the specifics of the site meeting agenda (e.g. time, and place) are still valid.

The AOR ensures that a conference room is available for the BSR team to meet privately throughout the week. A separate "quiet" room should also be made available for the BSR team's use for interviews and other assessment activities. Telephone and internet access should be available, along with print, copy, and fax capabilities.

5.0   SITE VISIT ACTIVITIES

This section provides an overview of the onsite review procedures for BSRs, focusing on the entrance and exit conferences, one-on-one interviews with awardee core functional area representatives, and other activities that support the onsite BSR review process. The onsite review provides an opportunity for BSR team members to assess the facility's business systems and resolve questions or issues that could not be addressed during the pre-onsite review stage.

The onsite review activity usually takes one week to complete. It generally includes an entrance conference, facility tour, as applicable, individual and/or small group discussions, additional business systems analyses and transaction testing, where appropriate, preliminary report preparation, and an exit conference. If remote facilities exist, the BSR team may also discuss the additional visits.

5.1   SITE-VISIT ACTIVITIES

5.1.1   Entrance Conference

During the entrance conference, which is normally held on the day the BSR team arrives, the BSR Team Leader provides facility and awardee staff with a short presentation. It typically includes an introduction of the BSR Team, a description of the BSR's broad objectives, and an overview of the core functional areas to be examined (see sample Entrance Conference Agenda in Appendix B, Template 4). Conversely, the AOR also makes a brief presentation that includes an introduction of the staff along with an overview of the facility and operations. The AOR also outlines logistical arrangements for the team. In both cases, conference attendees are provided with an opportunity to ask questions and discuss the schedule for the upcoming week.

5.1.2   Facility Tour

The AOR arranges a tour of the facility for the BSR team. The tour highlights the operational characteristics of the facility and provides SMEs with the opportunity to observe physical aspects or logistics of the facility that are relevant to the business systems under review.

5.1.3   Individual and Group Discussions

During individual or group discussions BSR team members have the opportunity to discuss with their counterparts the setup of the facility's business systems and explore issues that the SME may anticipate being a compliance concern. As part of this activity, SMEs may ask the awardee POC to demonstrate a business system's functionality and to provide additional documentation to support the activity.

The awardee core functional area representatives should prepare for the interviews and discussions by reviewing the BSR guide and the relevant review module. The interview schedule for the onsite review is coordinated in advance as much as possible. At facilities in which a single staff member is responsible for representing multiple areas, the AOR should ensure that each NSF team member has ample time to spend with the individual to discuss their respective business system.

5.1.4   Daily Debriefs

At the end of each business day, the BSR team meets privately on the facility site to discuss the day's activities, including information learned during interviews, new documentation received, and systems testing. This debrief, led by the BSR Team Leader, allows the team members to discuss emerging issues not originally planned for and to develop plans for addressing those issues. The BSR team members should also use the opportunity to organize meeting notes and identify areas to be addressed or clarified during the next day's interviews. Information discussed at the daily debriefs is also shared with the AOR via the BSR Team Leader.

5.1.5   Additional Awardee Documentation Requirements

The awardee may be asked to provide the team members with additional documentation while onsite to aid in gaining a better understanding of the business system and the facility's current operating environment.

5.1.6   Report Preparation

The onsite schedule includes time for the SMEs to begin preparing their reports for their core functional area. The final onsite team meeting will be held in the afternoon before the exit conference to discuss observations and any questions, issues, or concerns that need to be addressed.

5.1.7   Exit Conference

The BSR Team Leader leads an exit conference on the final day of the onsite visit. During the exit conference, BSR team members debrief the awardee on the observations, including an overview of the areas of concern, recommendations for improvement, and best practices identified for each area reviewed. The awardee is also provided with an opportunity to comment on and ask questions regarding issues raised during the conference. A sample exit conference agenda is provided in Appendix A, Template 5.

Upon returning from the onsite review, the BSR Team Leader sends a thank-you letter to the awardee (see Appendix A, Template 7).

5.1.8   BSR Supporting Documentation

SMEs are responsible for documenting the review process for their core functional areas. Although a good portion of documentation may be accomplished during the desk review by completing the supplemental checklist worksheets or other work papers, BSR team members should also document interviews with awardee core functional area representatives, including issues discussed and resolved by using the supplemental checklist worksheets. This information is important for providing support to observations made by the BSR team members and in drafting of the BSR Report (see Section 6.1). Each SME is responsible for compiling the supporting documentation for his or her core functional area and for providing a copy to the BSR Team Leader with the report sections.

6.0   POST-SITE VISIT ACTIVITIES

The BSR team develops a report that documents the overall observations and recommendations of the BSR. This section outlines the process by which review findings are communicated to the awardee, the final report is generated, and how the BSR process transitions to potential monitoring follow-up activities.

6.1   BSR REPORT

Using information (e.g., supplemental checklist worksheets, interview notes, and other working papers) compiled from the desk and onsite reviews, BSR team members prepare a written report of their observations, including identification of areas of concern, recommendations for improvement, and best practices. The BSR Team Leader is responsible for consolidating input from all BSR team members into a complete BSR report.

6.1.1   Report Format

The BSR report consists of six key sections: Executive Summary, Background, Objectives and Scope, Core Functional Area Reviews, Summary and Conclusions, and Follow-up Activities.

- **Executive Summary** — provides a high level overview of business systems reviewed, including potential corrective actions.

- **Background** — provides a brief history of the facility's research and awardee's background with NSF. This section includes information about the period of performance of the award, type of research, milestones, and other relevant details.

- **Objectives and Scope** — describes the BSR's goals and scope of the review. The BSR Team Leader should detail the objectives that NSF hopes to attain from the BSR and the methods used to gather necessary information and documentation. This section should include a discussion of the desk and onsite review components.

- **Core Functional Area Review** — compiles the scope, sources and methods, observations, corrective actions, recommendations, and best practices across all core functional areas (see Chapters 8 through 15). BSR team members draft subsections of their assigned functional area based on their observations and supporting documentation from the desk and onsite reviews. BSR team members should consider the following when developing these subsections:
  - **Scope** — details the purview and subject matter of the relevant business system under review.
  - **Sources and Methods** — describes the sources as well as data-gathering methods used to review the business system, including information on who was interviewed, a brief description of what documents were reviewed, and where documentation was analyzed (desk or onsite review).
  - **Observations** — summarizes the facility's policies, procedures and practices, and an overall impression of the awardee's administrative and financial capabilities and performance with respect to each functional area at its facilities. Observations subsection also should indicate how the policies, procedures, and practices differ from those required by federal regulations.
  - **Corrective Actions** — describes activities the awardee must implement to correct any deficiencies noted during the review. Corrective actions state what the awardee

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must do to comply with an NSF or federal regulations and requirements and indicate how the deviation from the required policies and procedures may impact the overall award.

- **Recommendations** — actions that the BSR team member believes, based on his or her experience and best practices, would improve operation of a specific business system. Implementation of recommendations by the awardee is not mandatory.
- **Best Practices** — identifies facility business practices, procedures, and policies that fulfill the expectations of a proficient business system. These practices may be shared with other NSF awardees. Permission to share these practices is obtained from the awardee and noted in the BSR Final Report.

- **Summary and Conclusions** — describes a BSR's overall observations, including impressions of the review and compliance of the facility's business systems.

- **Follow-up Activities** — lists actions that are necessary for NSF and the awardee to take to ensure proper stewardship of NSF funds through improvements to business systems at the awardee facility. This section includes recommendations and corrective actions. It may also describe ways in which NSF can help provide suggestions for implementation.

6.2 BSR REPORT PROCESS

Figure 7 below illustrates the final BSR report process.

Figure 7: BSR Report Process

OFFICE OF BUDGET, FINANCE AND AWARD MANAGEMENT 19
DRAFT 10/16/07 (V2.0)
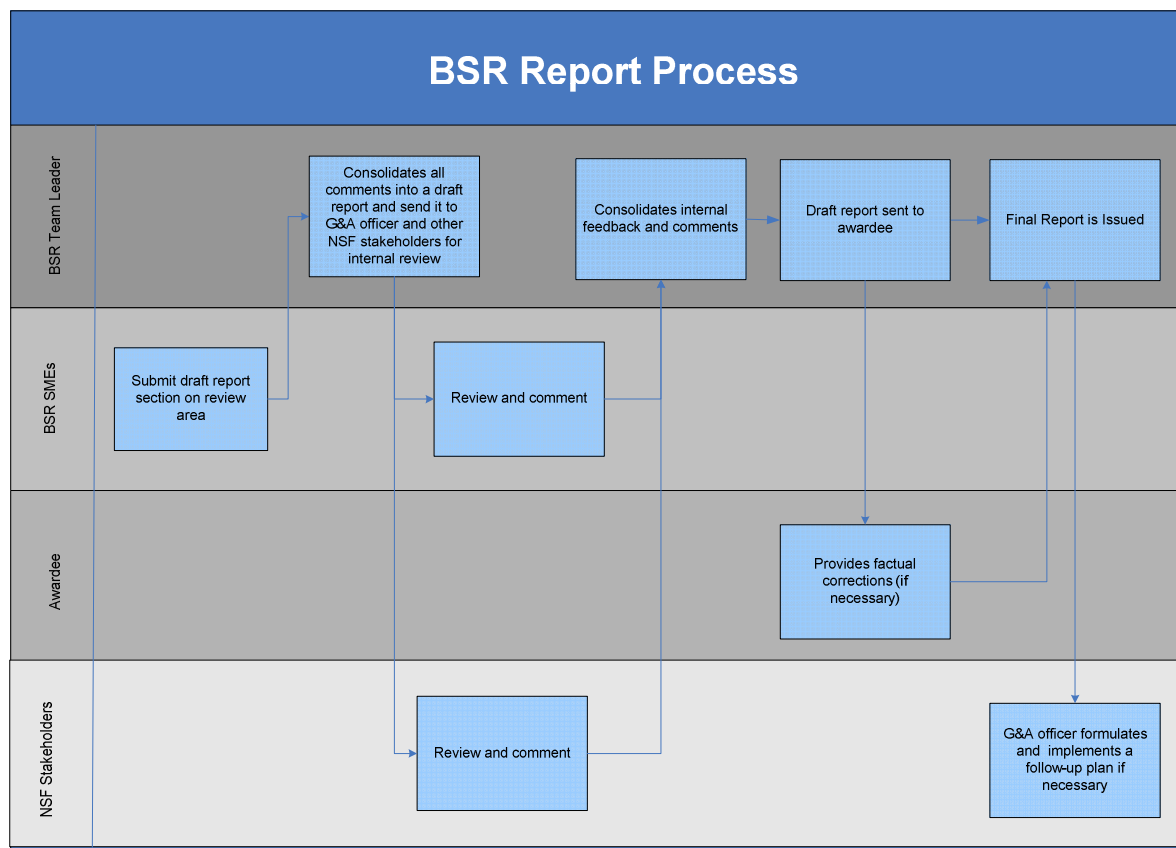
SMEs should complete their respective sections of the draft BSR Report and submit them to the BSR Team Leader as soon as possible after returning from the onsite visit. The BSR Team Leader compiles the individual sections into a draft report that is sent to the various NSF stakeholders such as the program officer, SMEs, and the DDLFP.

Within 60 days of the last site visit, including the remote locations where applicable, the draft report, accompanied by the Draft Report Transmittal Letter (see Appendix A, Template 8) is sent to the awardee. The awardee has 10 days to review the report and to provide factual corrections to the report, resolve misunderstandings or provide missing documentation. Within 90 days of the last site visit, the BSR Team Leader finalizes the report and sends it to the awardee accompanied by the Final Report Transmittal Letter (see Appendix A, Template 9) . Copies of the final report are provided to the DDLFP, NSF program officer, and G&A officer. Other NSF stakeholders are provided with copies as appropriate.

6.3 MONITORING FOLLOW-UP

The BSR Final Report identifies areas of concern that require corrective action and resolution. The cognizant G&A officer is responsible for the follow-up and for making initial contact with the awardee. As the official POC between NSF and the awardee he or she is also responsible for ensuring that the awardee develops a follow-up and implementation plan. The details of the plan are coordinated with the awardee by the G&A officer.

6.3.1 Implementation Plan

The awardee is required to submit a written implementation plan to the G&A officer stating the approach to resolving the identified compliance issues. The G&A officer is responsible for monitoring the awardee's progress in completing the plan in the designated time frame. The G&A officer is also responsible for sharing all associated documentation with the BSR Team Leader and in a timely fashion.

The G&A officer initiates the appropriate action to ensure the issues are addressed promptly. The scope of additional activities varies depending on the nature of the unresolved issues and may require additional monitoring through documentation requested from the awardee or follow-up site visits from NSF administrative staff. The G&A officer may also add suitable provisions addressing the unresolved issues in an amendment to the existing Cooperative Agreement. If proposed or implemented changes prove to be ineffective or inadequate to address the concerns identified during the BSR, additional external reviews or audits may be requested by NSF.

PART II–CORE FUNCTIONAL AREA REVIEW MODULES

7.0   MODULE OVERVIEW

7.1   OVERVIEW

This chapter outlines guidance on how a BSR is conducted and provides a framework for evaluating the business systems in the core functional area reviews that are presented in Chapters 8 through 15. Although business systems have many possible characteristics, the modules focus on the most critical aspects of each area and are designed to provide reviewers with broad guidelines on assessing the business systems. Each module consists of the following sections:

- Introduction
- Reference Documents
- Objective of Review
- Desk Review Documentation
- Observations of Management Practices

7.2   MODULE GUIDANCE

The sections below present general guidance for how the information in each module should be used for the desk and onsite reviews.

7.2.1   Reference Documents

Each module contains a list of NSF reference documents, including NSF policies and procedures and applicable federal regulations that provide a benchmark for the analyses of each core functional area. It is recognized that not all reference documents will apply to every review. Table 2 provides a list of abbreviations for the more common and reoccurring reference documents. Many reference documents can be accessed using the links provided in the modules.

Table 2: Reference Document Abbreviations

Abbreviation Used in Modules	Full Name of Reference Document
41 CFR Ch 101 § 101-39	*Code of Federal Regulations, Title 41-Public Contracts and Property Management, Chapter 101-Federal Property Management Regulations, Part 101-39-Interagency Fleet Management Systems*
2 CFR Ch 2 § 215	*Code of Federal Regulations, Title 2-Grants and Agreements, Chapter 2-Office of Management and Budget Circulars and Guidance, Part 215-Uniform Administrative Requirements for Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.*
45 CFR Ch 6 § 602	*Code of Federal Regulations, Title 45-Public Welfare, Chapter 6-National Science Foundation, Part 602-Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.*
Executive Order 12674	Executive Order 12674, *Principles of Ethical Conduct for Government Officers and Employees*
FAR, Part 31	*Federal Acquisition Regulation, Contracts Cost Principles and Procedures*
NSF AAG	*National Science Foundation Proposal and Award Policies and Procedures Guide, Part II, Award and Administration Guide*

Abbreviation Used in Modules	Full Name of Reference Document
NSF CA Conditions	*National Science Foundation Cooperative Agreement Conditions*
NSF CA Financial and Administrative Terms and Conditions	*National Science Foundation Cooperative Agreement Financial and Administrative Terms and Conditions*
OMB Circular No. A-21 2 CFR Ch 2 § 220	*Office of Management and Budget, Circular No. A-21, Cost Principles for Educational Institutions*
OMB Circular No. A-87 2 CFR Ch 2 § 225	*Office of Management and Budget, Circular No. A-87, Cost Principles for State, Local, and Tribal Government*
OMB Circular No. A-110 2 CFR Ch 2 § 215	*Office of Management and Budget, Circular No. A-110, Uniform Administrative Requirements for Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*
OMB Circular No. A-122 2 CFR Ch 2 § 230	*Office of Management and Budget, Circular No. A-122, Cost Principles for Non-Profit Organizations*
OMB Circular No. A-133	*Office of Management and Budget, Circular No. A-133, Audit of States, Local Governments and Non-Profit Organizations.*

7.2.2   Objective of Review

The review section in each module outlines the general scope of the review and the areas that are assessed for the particular core functional area. Typically, each review objective presented in the modules is broad in scope, and may be refined as needed through the earlier scoping process. The objectives may remain broad as they are currently presented in the modules, or may hone in on particular areas of the business system if a more in-depth analysis is deemed necessary.

7.2.3   Desk Review Documentation

The desk review documentation list in each module outlines the list of documents required for the review. The list is refined as part of the scoping process and then requested from the awardee. Once the documentation is available, SMEs use it as a source and supporting documentation for their observations and recommendations on the business systems being reviewed. Table 3 at the end of this section consolidates the desk review documentation lists from each module and shows possible overlap between the core functional areas.

7.2.4   Observations of Management Practices[4]

Information in the observations of management practices section provides guidance to SMEs in assessing business systems of the organization by breaking down broad objectives into clearly defined principles, practices, and observations. The "principles" provide general characteristics of sound management practices in that particular area. The "practices" highlight the important components in attaining those principles and the "observations" provide a validation of the business system (i.e. the system is performing properly). The information in this section aids SMEs in understanding how the listed observations can support conclusions about of the organization's business systems. It is expected that SMEs use their expertise and professional

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[4] The structure of this section has been adapted from the Council on Governmental Relations' 2005 document, *Managing Externally Funded Research Programs: A Guide to Effective Management Practices.* This guide provides well established guidance on how research institutions can meet obligations associated with accepting funding to conduct scientific projects proposed to their sponsor.

judgment to assess business systems.   It should be noted that not all presented observations must be present to support the reviewer's assessment

The term "organization" is used in this section of the modules (as presented in Section 1.2.1). When making observations, SME determine whether that particular management practice applies to the implementing unit for the large facility project or the awardee.

7.3   SOURCES AND DATA COLLECTION METHODS

SMEs draw on various sources of information and documentation to understand the business systems at the facility. These include reference documents, existing NSF documentation on the awardee or the large facility project, documents provided by the awardee for the desk review, notes from interviews or facility tour, and awardee core area representatives.

The reviewer may also use various data collection methods and tools to gather information to support his or her analysis. This effort might include conducting onsite interviews and discussions and using the observations checklists (Appendix B.)

Table 3: Document Request Matrix

Review Documentation Request	Description or Details	Award Management	General Management	Planning and Budget	Financial Management	Financial Reporting	Procurement	Property and Equipment	Human Resources
Authorization matrix	Dollar thresholds for procurement						X		
	General		X						
Award documentation	Financial transaction authorizations			X	X	X	X		
	Cooperative Agreement, SPOs, all amendments	X		X	X	X	X	X	X
Background investigations (explanation)									X
Capitalized assets									
Capitalized property inventory report	Awardee and facility (if different)					X	X	X	
Chart of accounts	Budgeting process			X					
Communications and guidance to employees	Retirement and benefit programs								X
Compensation an benefits information	Compensation structure								X
	Most recent analysis								X
Costs (summary)	Costs claimed by expense category			X	X				
Flowcharts, maps and materials	Manual and computerized processing of transactions				X				
	Strategic planning		X						
External and internal review reports	A-133 audit	X	X		X				
	Certifications of approval for business systems		X			X	X	X	
	Cognizant audit agency report		X				X		
	Financial statement audit		X			X		X	
	General Services Administration (GSA) report		X						
	Government Accountability Office (GAO) report		X						
	Internal audit reports		X						
	Site visit reports		X						
Forms	Form 5500 filing								X

Review Documentation Request	Description or Details	Award Management	General Management	Planning and Budget	Financial Management	Financial Reporting	Procurement	Property and Equipment	Human Resources
General ledger	Accounting transactions		X		X	X			
Governance model	Business offices		X						
Hiring matrix and timeline									X
Information on recent system changes	Business office		X						
Advisory body information	Description, charter, controls, frequency of meetings, list of members	X	X	X	X	X	X	X	X
Inventory dispositions								X	
Inventory reports								X	
Job descriptions (names, titles, responsibilities)	Senior-level personnel								X
Line items (list)	Used in budget development			X					
H-1 and J-1 visa holder (list)									X
Lost, damaged, destroyed (LDD) property report								X	
Non-expendable property (list)								X	
Organizational charts (names, titles)	Awardee structure, Facility structure	X							
Personnel security designations	Performance appraisal								X
Plan descriptions	Business plan, Disability insurance benefit, Health insurance benefit, Human capital plan, Life insurance benefit, Other benefits, Operational plan, Pension Benefit Guaranty Corporation (PBGC-1), Retention plan		X						X

Review Documentation Request	Description or Details	Award Management	General Management	Planning and Budget	Financial Management	Financial Reporting	Procurement	Property and Equipment	Human Resources
	Retirement benefit								X
	Strategic plan		X						X
	Succession management plan								X
	Award management function	X							
	Budgeting function			X					
	Compliance function	X							
	Exempt and non-exempt determination								X
	Federal property management							X	
	Finance functions				X	X	X		X
	Internal controls				X	X	X		X
	Immigration compliance								
	Performance appraisal								
	Procurement and acquisitions functions						X		
	Program functions	X							
	Technical and leadership skill development and competencies								X
	Schema for monetary recognition								X
	Statement of purpose for organization		X						
	Statutory or regulatory information						X		
Policies, procedures, handbooks, manuals, etc	Subawards, subcontracts, purchase orders						X		
	Budgeting process			X					
	Templates								
	Test results								X
	Costs for retirement and other benefits								X
	Evidence that benefit plans are qualified								X
	Vacancy information								X
	Workforce demographic and trends								X

8.0   AWARD MANAGEMENT SYSTEMS REVIEW

8.1   INTRODUCTION

This module provides a framework for understanding activities related to award management and the policies and procedures in place to ensure compliance with the terms and condition of a large facility award.

8.2   REFERENCE DOCUMENTS

- NSF CA Conditions
- NSF CA Financial and Administrative Terms and Conditions
- NSF AAG
- OMB Circular No. A-110
- OMB Circular No. A-102
- OMB Circular No. A-133

8.3   OBJECTIVE OF REVIEW

The general objective of this review is to assess the systems in place for sound award management. The review will evaluate the existence of policies and procedures and their implementation by the awardee to ensure that large facility projects are managed in accordance with the terms and conditions of the existing NSF award.

8.4   DESK REVIEW DOCUMENTATION

- Award documents issues by NSF for the support of the large facility: Cooperative Agreement (CA) or grant, related Scientific Program Orders (SPO), all amendments.
- Policies and procedures, handbooks, manuals, and other documents employed by the organization describing the staff's award management functions, roles, and responsibilities for ensuring that award terms and conditions are adhered to (e.g., program staff manual describing the programmatic reporting requirements and procedures to submit progress reports to NSF, compliance unit responsibilities).
- Organizational chart of the awardee that reflects which business offices are responsible for award management. The chart should include names, titles, duties, and responsibilities of personnel responsible for award administration.

8.5   OBSERVATIONS OF MANAGEMENT PRACTICES

PRINCIPLE 1. The organization has a management structure in place and trained personnel who are knowledgeable about the award provisions and general NSF requirements.

Practice 1.1. Responsibility for reviewing NSF requirements is clearly defined.

> **Observation 1.1.1** The organization has staff who are responsible for reviewing NSF websites, publications, or policy issuances affecting the conduct of their large facility project.

Observation 1.1.2 The organization has staff who are responsible for reviewing specific provisions of the award, including general and special terms and conditions.

Practice 1.2. The organization has assigned management responsibilities at all levels of the NSF-funded project.

Observation 1.2.1 Staff of the recipient organization and the NSF-funded facility are cognizant of and exercise their appropriate responsibilities for the management of the NSF award.

Practice 1.3. Responsible personnel acquire requisite knowledge of award provisions and NSF requirements.

Observation 1.3.1 The organization sponsors internal and external training for staff in the management of federal grants and cooperative agreements, with particular emphasis on changing regulatory requirements.

PRINCIPLE 2. The organization has a system in place to ensure compliance with the terms and conditions of the award.

Practice 2.1. The organization has developed procedures to monitor compliance with the requirements of the NSF award (e.g., changes to award provisions or applicable federal regulations) and to inform appropriate staff of award requirements in a timely manner.

Observation 2.1.1 Procedures are in place to flag special terms and conditions for future action.

Observation 2.1.2 Procedures are in place to disseminate information on terms and conditions of the award, as well as award updates and other award actions is disseminated to relevant administrative and programmatic staff and to other personnel.

Practice 2.2. Adequate coordination exists between offices responsible for various aspects of award management.

Observation 2.2.1 Timely notification is provided in advance to appropriate personnel regarding when reports and other deliverables are due and when they are to be submitted.

Observation 2.2.2 Appropriate notification is provided to all offices affected by a new sponsor policy affecting award management.

Observation 2.2.3 A system is in place to coordinate responses to the sponsor on award management issues.

Practice 2.3. The organization has a system for seeking NSF prior approvals, and documenting actions taken under institutional authority delegated by the terms of the NSF award.

Observation 2.3.1 The organization has policies and procedures for obtaining written prior approvals from NSF.

Observation 2.3.2 The organization has policies and procedures for documenting actions taken under the federal expanded authorities (e.g., pre-award costs, no-cost extensions).

Observation 2.3.3 The organization has a record management system in place for maintaining documentation of obtained approvals from NSF.

Practice 2.4. The organization has policies and procedures in place for providing notification to NSF as required by the award.

Observation 2.4.1 The organization has a system in place to ensure that notifications are submitted to NSF in a timely manner.

Practice 2.5. The organization has policies and procedures regarding the responsibility for preparation and for submission of required reports and other deliverables.

Observation 2.5.1 The organization has a system in place for tracking award reporting and deliverable requirements.

Observation 2.5.2 The organization has a system that allows for electronic reporting of technical and administrative data as required by the award terms.

Observation 2.5.3 Procedures are in place for confirming NSF acceptance of reports and other deliverables.

Observation 2.5.4 The organization has a record management system in place for reports and deliverables for its award.

9.0   GENERAL MANAGEMENT SYSTEMS REVIEW

9.1   INTRODUCTION

This module provides a framework for understanding the activities related to the overall systems used for general management of the large facility.

9.2   REFERENCE DOCUMENTS

- Executive Order 12674
- NSF AAG, Chapter IV, Grantee Standards
- OMB Circular No. A-110
- OMB Circular No. A-102
- OMB Circular No. A-133

9.3   OBJECTIVE OF REVIEW

The general objective of this review is to assess the business management systems in place to operate and run a large facility. It focuses on issues related to general management and on the existence of structures to support key business processes. The review evaluates the organizational structure of the awardee and facility, internal controls and audit functions, strategic planning process, performance measurement practices, business oversight by senior management or other body, ethical compliance procedures, communication mechanisms, and other management issues. Some review areas may overlap with other modules (e.g. systems for reporting and record management). However, areas in this module are reviewed as they apply to general management of the facility, where other modules review them as they specifically apply to that core functional area (e.g. records management specifically for property records).

9.4   DESK REVIEW DOCUMENTATION

- Official or published statement of the purpose of the awardee, and of the powers that have been granted to it to enter into contractual relationships and or accept awards (e.g., articles of incorporation, by-laws)
- Organizational charts
  - Organizational chart reflecting the structure of the awardee
  - Organizational chart reflecting the structure of the large facility.
- Job descriptions of awardee and facility senior-level personnel functional areas
- Governance model and authorization matrix
- Strategic planning process maps and other materials
- External reviews
  - Reports that external auditors issued during the last 3 years that affect project and management.
  - Site-visit reports from external reviews, including copies of issues provided to management in separate correspondence)
  - Status of last report completed by the cognizant audit agency and any certification for the approval of their business systems.
- Internal audit reports
- Reports that the General Services Administration (GSA) or Government Accountability Office (GAO) issued if the organization is currently part of a federal supply schedule that must comply with GAO regulations

- Copies of performance reports used by each core review area
- Strategic and operational plans
- Performance management system documentation
- Advisory board information
  - Description of advisory boards or committees that the awardee used for advisement or oversight, including a description of their charter, controls, and frequency of meetings and a list of members and their affiliations
  - Summaries of any advisory boards or committees meetings to determine if they are taking an active role in significant management decisions.
- Policies and procedures related to
  - Ethics program (e.g., standards of conduct, conflict of interest (COI))
  - IT security
- Awardee's communications plan and list of its communications channels (for communication with the facility and for communication within the facility).

9.5   OBSERVATIONS OF MANAGEMENT PRACTICES

PRINCIPLE 1. The organization has a structure in place to ensure sound performance of the business systems to manage a facility project.

Practice 1.1 Appropriate segregation of duties and responsibilities exists between management structures.

> **Observation 1.1.1**   Proper assignment of authority and responsibility exists among offices, departments, individual officers, and employees.
>
> **Observation 1.1.2**   Management duties are allocated so that the responsibilities for operations, custodianship, and reporting are separated and distinct.
>
> **Observation 1.1.3**   A clear management structure exists between the awardee and large facility.

Practice 1.2. Sound communications systems are in place for the general management of the large facility project.

> **Observation 1.2.1**   Lines of authority are delineated to facilitate communications between the awardee and large facility management.
>
> **Observation 1.2.2**   The organization has a mechanism in place to disseminate and update its communication materials.
>
> **Observation 1.2.3** Clear channels for communication exist between the organization and sponsor.
>
> **Observation 1.2.4** A system is in place for emergency communication.

PRINCIPLE 2. A strategic planning system is in place to set long-terms goals, as well as systems to measure, evaluate, and improve overall performance.

Practice 2.1. A system is in place for long-term planning activities for the large facility project.

> **Observation 2.1.1** The organization has a unit or individual staff responsible for managing the strategic planning process.
>
> **Observation 2.1.2** A mechanism is in place to communicate the planning process, policies, and overall business environment across the organization.
>
> **Observation 2.1.3** A process is in place for linking the strategic planning function with other business and program divisions and for allowing relevant stakeholders the opportunity for input into strategic planning.
>
> **Observation 2.1.4** A mechanism is in place that provides linkage of the strategic planning process to the overall mission and objectives for the project.

Practice 2.2. The organization has procedures for measuring the performance of various business systems.

> **Observation 2.2.1** A mechanism is in place to measure progress against the organization's mission and strategic goals.
>
> **Observation 2.2.2** The performance is measured by defined methods (e.g., source, formula, owner, measurement tool).
>
> **Observation 2.2.3** A mechanism in place for the organization to modify its procedures after evaluating existing systems and performance.

PRINCIPLE 3. The organization has a system for compliance assessment and audit to ensure compliance with sponsor and organizational requirements.

Practice 3.1. The organization has policies and procedures that describe the compliance system within the organization.

> **Observation 3.1.1** The organization has a compliance matrix in place to ensure policies and procedures are in place.
>
> **Observation 3.1.2** The organization disseminates and makes known its policies and procedures at all levels.
>
> **Observation 3.1.3** The organization has a mechanism in place for addressing and implementing corrective actions for noncompliance, questioned costs, fraud, abuse, or illegal acts or other noncompliance issues.
>
> **Observation 3.1.4** The organization has mechanisms in place to train its staff on externally mandated and institutionally-determined compliance requirements and to provide updates concerning regulations, when necessary.

Practice 3.2. The organization has policies and procedures for external and internal audit responsibilities.

Observation 3.2.1 The organization conducts audits of internal systems and operations and disseminates the findings to management.

Observation 3.2.2 A system is in place to coordinate the activities of external and internal auditors.

Observation 3.2.3 Policies and procedures for the organization's audit system are distributed to its responsible individuals.

PRINCIPLE 4. Policies and procedures are in place that address ethical and regulatory compliance.

Practice 4.1. The organization has a system in place to comply with ethical standards.

Observation 4.1.1 The organization has established policies and procedures that not only prohibit the solicitation and acceptance of gratuities, favors, or anything of monetary value from contractors or parties to subagreements but also provide for disciplinary actions for violations.

Observation 4.1.2 The organization communicates its ethics policies and procedures to staff.

Observation 4.1.3 The organization's staff formally acknowledges receipts of ethics policies and procedures.

Practice 4.2. The organization has policies and procedures in place concerning COI.

Observation 4.2.1 The policies and procedures include direction on reviewing financial disclosure and determining whether a COI exists.

Observation 4.2.2 The organization communicates its COI policies to staff and informs the sponsor of COI issues when appropriate.

Observation 4.2.3 The organization's staff formally acknowledge receipts of COI policies and procedures.

Observation 4.2.4 The organization has enforcement mechanisms in place to impose conditions or restrictions to manage, reduce, or eliminate the COI, if applicable.

Observation 4.2.5 The organization has a system for retaining records related to conflict of interest issues.

Practice 4.3. The organization has a process to address regulatory and legal issues.

Observation 4.3.1 The organization does not have any outstanding, unresolved regulatory issues.

PRINCIPLE 5. An established system for oversight exists, which is composed of senior-level management and/or advisory boards or committees.

Practice 5.1. The organization has a system of oversight to provide guidelines and direction for the progress and continual fulfillment of its mission and of the project.

Observation 5.1.1 A charter exists for the oversight or advisory body.

Observation 5.1.2 Mechanisms are in place to ensure independence of the oversight body from management to constructively challenge management's decisions.

PRINCIPLE 6. Systems are in place for business reporting and records retention.

Practice 6.1. The organization has systems in place to develop appropriate management reports.

Observation 6.1.1 A mechanism exists to produce management reports on a regular basis.

Observation 6.1.2 Reporting mechanisms assist leadership in decision making.

Observation 6.1.3 A system is in place to avoid duplication among various management reports.

Practice 6.2. The organization has a system for records management.

Observation 6.2.1 The organization has policies and procedures with respect to record retention schedules that adhere to the sponsor requirements.

Observation 6.2.2 Responsibilities are assigned for retention, management, and disposition of records.

Observation 6.2.3 Controls are in place to ensure that only authorized personnel can retrieve records.

PRINCIPLE 7. The organization has systems in place to address other general management issues.

Practice 7.1. Policies and procedures are in place for addressing the organization's IT and security needs.

Practice 7.2. Policies and procedures are in place regarding labor relations.

Observation 7.2.1 The organization has mechanisms in place to resolve conflict.

Practice 7.3. The organization has policies and procedures in place to address cybersecurity issues.

10.0 PLANNING AND BUDGET SYSTEMS REVIEW

10.1 INTRODUCTION

This module provides a framework for understanding processes related to planning and budget preparation and topics to be covered during a review. This includes how monetary needs are identified, how budgets plans are formulated, how these are adjusted to changing realities, and finally how they reconcile with actual expenditures.

10.2 REFERENCE DOCUMENTS

- 45 CFR Ch 6 § 602.20
- FAR, Part 31.205, Selected Costs
- NSF AAG, Chapter IV, Grantee Standards
- NSF AAG, Chapter III, Financial Requirements and Payments
- NSF AAG, Chapter V, Section B6, Consultant Services
- NSF AAG, Chapter V, Section D, Indirect Costs
- NSF CA Conditions
- NSF CA Financial and Administrative Terms and Conditions
- OMB Circular No. A-21, Paragraphs A through H
- OMB Circular No. A-21, Subpart J.8, Compensation for Personal Services
- OMB Circular No. A-21, Subpart J.32, Professional Service Costs
- OMB Circular No. A-87Attachment B, Item 8, Compensation for Personal Services
- OMB Circular No. A-87, Attachment B, Item 32, Professional Service Costs
- OMB Circular No. A-87, Attachment A, C, D and E
- OMB Circular No. A-102
- OMB Circular No. A-110, Subpart C, Section .21, Standards for Financial Management Systems, OMB Circular No. A-122, Attachment A, General Principles
- OMB Circular No. A-122, Attachment B, Item 7, Compensation for Personal Services
- OMB Circular No. A-122, Attachment B, Item 39, Professional Service Costs

10.3 OBJECTIVE OF REVIEW

The objective of the planning and budget systems review is to examine the policies and procedures by which the organization plans for and develops its budgets. The review examines the management structure in place to facilitate the budgeting process and whether budgets are tied to programmatic plans of the facility. The review examines the process for determining realistic costs and how budgets are monitored and adjusted when necessary.

10.4 DESK REVIEW DOCUMENTATION

- Policies and procedures to formulate, develop, and track realistic budgets and estimates. If no written policies and procedures exist, the organization should write a narrative description explaining how the facility develops realistic budgets and estimates.
- Timeline of budget exercises performed throughout the fiscal year (e.g., development, periodic review, closeout) and, if feasible, a list of line items used in budget development.
- Most recent guidance from senior management to program and budget directors in formulating base operating budgets, including templates.

- Policies and procedures, handbooks, manuals, and other documents employed to manage the budget function.
- Chart of accounts that the large facility uses and a summary of costs claimed, by expense category, expended for the selected sample NSF grant or cooperative agreement for the selected time period.

10.5   OBSERVATIONS OF MANAGEMENT PRACTICES

PRINCIPLE 1. The reviewed organization has a systematic process in place for formulating its budgets for the facility.

Practice 1.1. The organization has policies, procedures, and guidance on the budgeting process.

> **Observation 1.1.1** Policies and procedures regarding the budgeting process are disseminated across the organization.

Practice 1.2 The appropriate management structure and knowledgeable staff are in place to facilitate formulation of budgets.

> **Observation 1.2.1.** There is a unit that is responsible for performing work required for planning and formulating the budget.

> **Observation 1.2.2** It is clear what each position related to the budgeting process does and the need for the position.

> **Observation 1.2.3** Lines of authority and staff responsible for budget formulation are clearly delineated and duties are properly separated.

> **Observation 1.2.4** Individuals involved with budget planning have enough authority to accomplish their duties.

Practice 1.3. A formal system exists for ensuring that budgets tie in with the programmatic plans of the facility.

> **Observation 1.3.1.** Program managers and directors are involved with formulating budgets and providing substantial input.

> **Observation 1.3.2.** The organization has developed templates or other documentation used as guidance to its program management for formulating a budget.

> **Observation 1.3.3** The organization has a system in place for coordinating input from program managers into the overall budget.

PRINCIPLE 2. The organization has an established process in place to ensure that budgets are accurate and reflective of actual expenditures.

Practice 2.1. The organization has a process in place to determine realistic costs for budgeting.

Observation 2.1.1 The organization uses actual costs, historical data, standard rates (e.g., MEANS for estimating construction, and EPS for estimating maintenance, repair, and alteration), and surveys for determining budget costs.

Practice 2.2. The organization has a system in place to routinely review budgets against actual expenses and make revisions when appropriate.

Observation 2.2.1 Program management periodically tracks their budgets, making adjustments when necessary.

Observation 2.2.2 The organization regularly reviews budgets to assess possible delays, their cause, and their impact.

Observation 2.2.3 The organization reconciles obligations and makes appropriate downward adjustments when necessary.

Practice 2.3. The organization has a system in place to generate reports used for budget formulation and reconciliation.

Observation 2.3.1 The system accurately reports budgeted versus actual costs.

11.0   FINANCIAL MANAGEMENT SYSTEMS REVIEW

11.1   INTRODUCTION

This module provides a framework for understanding the processes related to the financial management of federal funds and practices affecting the incurrence and control of costs.

11.2   REFERENCE DOCUMENTS

- 45 CFR Chapter 6 § 602.20, Standards for Financial Management Systems
- FAR, Part 31.205, Selected Costs
- FAR, Part 31.205, Professional and Consultant Service Costs
- NSF AAG, Chapter III, Financial Requirements and Payments
- NSF AAG, Chapter IV, Grantee Standards
- NSF AAG, Chapter V, Section B, Direct Costs
- NSF AAG, Chapter V, Section D, Indirect Costs
- OMB Circular No. A-21, Paragraphs A through H
- OMB Circular No. A-21, Subpart J.8, Compensation for Personal Services
- OMB Circular No. A-21, Subpart J.32, Professional Service Costs
- OMB Circular No. A-87, Attachment B, Item 8, Compensation for Personal Services
- OMB Circular No. A-87, Attachment B, Item 32, Professional Service Costs
- OMB Circular No. A-87, Attachment A, C, D, and E
- OMB Circular No. A-110, Subpart C, Section .21, Standards for Financial Management Systems
- OMB Circular No. A-122, Attachment A, General Principles
- OMB Circular No. A-122, Attachment B, Item 7, Compensation for Personal Services
- OMB Circular No. A-122, Attachment B, Item 39, Professional Service Costs

11.3   OBJECTIVE OF REVIEW

The objectives of this review is to assess the business systems in place for financial management. The review examines whether systems exist to identify whether costs are allowable, reasonable, allocable, and consistent. For example, the review assesses whether the system can identify direct and indirect costs and whether procedures are in place to accurately record time and effort costs. The review also examines whether the accounting system is robust enough to manage the volume of activity and provides enough access for management to provide appropriate oversight.

11.4   DESK REVIEW DOCUMENTATION

- Organization-wide flowchart summarizing the manual and computerized processing of transactions from origination through payment, ultimately ending in charges to the various government projects.
- Names and titles of the personnel who are responsible for authorizing the transactions.
- If applicable, information about any recently implemented changes in the systems or processing.
- Policies and procedures, handbooks, manuals, and other documents that the organization employed to manage the finance function, including a description of the internal control policies and procedures.

- Chart of accounts used by the organization and a summary of costs claimed, by expense category, expended for the selected sample NSF grant or cooperative agreement for the selected time period.
- List of accounting transactions from the general ledger related to the NSF award for a one month period. Supporting documentation for a sample of transaction may be requested for onsite review.
- Copy of the most recent audited financial statement.
- List of capitalized personal property inventory.

11.5 OBSERVATIONS OF MANAGEMENT PRACTICES

PRINCIPLE 1. A system is in place to carry out the organization's financial management responsibilities.

Practice 1.1. A structure is in place to carry out the functions related to the organization's financial management systems.

> **Observation 1.1.1** A unit is responsible for performing work required for planning and formulating the budget.

> **Observation 1.1.2** It is clear what each position related to financial management does.

> **Observation 1.1.3** Lines of authority and staff responsibility for financial management are clearly delineated and duties are property separated.

Practice 1.2. The organization has systems in place to ensure compliance with mandated cost accounting standards and other federal regulations.

> **Observation 1.2.1** The organization has policies and procedures that describe its financial management systems.

> **Observation 1.2.2** Personnel involved in administering projects are knowledgeable about and follow accounting policies and procedures.

> **Observation 1.2.3** The organization makes guidance and assistance for financial policies and procedures available to its staff.

> **Observation 1.2.4** The organization has procedures in place to periodically review and update accounting policies, as needed.

> **Observation 1.2.5** When required, the organization has filed with the cognizant audit agency a disclosure statement (i.e., DS-2) for cost accounting practice.

PRINCIPLE 2. The organization has an adequate operational accounting system that is compliant with generally accepted accounting principles and federal and internal policies.

Practice 2.1. The organization has a system in place for consistent treatment of costs and for ensuring fair burden of costs to each project.

Observation 2.1.1 The organization has written policies and procedures in place regarding its accounting system.

Observation 2.1.2 The organization has systems in place for consistent treatment of costs such as travel, consultants, accrued liabilities (e.g., post-retirement benefit, accrued vacation).

Observation 2.1.3 The organization's accounting system is capable of accumulating, recording, and reporting costs that the project incurred.

Observation 2.1.4 A mechanism is in place for authorization to incur costs to a project.

Practice 2.2. The organization has policies and procedures to determine allowable and unallowable costs.

Observation 2.2.1 The organization's accounting system records unallowable costs with its prescribed accounting methodology.

Observation 2.2.2 Mechanisms exist to exclude unallowable costs from recording and claiming such costs under federal awards.

Practice 2.3. The organization has a system in place that identifies direct and indirect costs and how these are allocated to the federal award.

Observation 2.3.1 The organization is accounting for indirect costs in accordance with established rate and accounting methodology.

Observation 2.3.2 The organization has procedures in place for ensuring that it is billing claiming of indirect costs to the sponsor.

Observation 2.3.3 The organization consistently applies indirect costs.

Practice 2.4. The organization has a system in place for accurate and consistent recording and reporting of time and effort costs charged to federal awards.

Observation 2.4.1 The organization has mechanisms in place for determining whether labor charges are allowable, allocable, and reasonable.

Observation 2.4.2 The organization has a payroll and labor reporting system to document and support labor charges.

Observation 2.4.3 Time and effort report includes the employee's name and/or identification number, project number or account code, hours or percentage of effort charged to each project, total effort for a particular pay period, employee's signature, and supervisor's signature (with knowledge about the employee's activities).

PRINCIPLE 3. Systems are in place to ensure proper support for costs incurred under federal awards.

Practice 3.1. Systems are in place for maintaining the general ledger and other financial records.

>   **Observation 3.1.1** A process is in place to ensure that accounting records are supported by source documentation.

12.0   FINANCIAL REPORTING SYSTEMS REVIEW

12.1   INTRODUCTION

This module provides a framework for understanding the processes related to handling payment requests and preparing the Federal Cash Transaction Report (FCTR).

12.2   REFERENCE DOCUMENTS

- NSF AAG, Chapter III, Financial Requirements and Payments
- OMB Circular No. A-110, Subpart C, Section .21, Standards for Financial Management Systems

12.3   OBJECTIVE OF REVIEW

This review assesses the business systems, including policies and procedures used for recording expenses and program revenues in relation to payment requests and preparing the FCTR.

12.4   DESK REVIEW DOCUMENTATION

- Organization-wide flowchart summarizing the manual and computerized processing of transactions from origination through payment, ultimately ending in charges to the different government projects.
- Names and titles of personnel responsible for authorizing the transactions.
- If applicable, information about any recent implemented changes in the systems or processing.
- Policies and procedures, handbooks, manuals, and other documents that the organization uses for managing the finance function, including a description of the internal control policies and procedures.
- Chart of accounts that the organization uses and a summary of costs claimed, by expense category, expended for the selected sample NSF grant or cooperative agreement for the selected time period.
- List of accounting transactions from the general ledger related to the NSF award for a one month period.

12.5   OBSERVATIONS OF MANAGEMENT PRACTICES

PRINCIPLE 1. The organization has systems in place to carry out the functions related to cash management and financial reporting systems.

Practice 1.1. The appropriate management structure and knowledgeable staff are in place to facilitate requests for payment and financial reporting.

> **Observation 1.1.1** A unit is responsible for performing work required for requesting payments from the sponsor and for preparing FCTRs.
>
> **Observation 1.1.2** Each position has been clarified relating to the financial reporting process.

> **Observation 1.1.3** Individuals involved with FCTR and cash management have authority to accomplish their duties.

Practice 1.2. The organization has policies and procedures to document the FCTR and fund request process.

Practice 1.3. Responsibilities for access and permissions to the FastLane Financial Functions for preparing the FCTR and cash request are segregated.

> **Observation 1.3.1** The organization has an up-to-date FastLane Permission Report.

> **Observation 1.3.2** The organization has procedures for administering FastLane function user permissions.

PRINCIPLE 2. The organization has a system in place for accurate and complete payment requests (i.e., advance payment or cost-reimbursable method).

Practice 2.1. The organization has systems in place for safeguarding sponsor funds.

> **Observation 2.1.1** The organization established procedures that minimize the time elapsing between the transfer of funds from the U.S. Treasury and its disbursement by the grantee.

> **Observation 2.1.2** The organization has systems in place to identify the source and application of funds.

> **Observation 2.1.3** The organization has accounting records, including cost accounting records that are supported by source documentation.

> **Observation 2.1.4** If receiving advance payments, the organization has established procedures to ensure that advanced funds are maintained in interest bearing accounts, unless otherwise specified per federal regulations.

> **Observation 2.1.5** The organization has a mechanism in place for ensuring that sponsor-furnished advance payments are not commingled with the organization's personal funds.

Practice 2.2. The organization has a system in place to ensure proper advance payment requests from the sponsor.

> **Observation 2.2.1** The organization has a system in place to request the minimum amount needed and in accordance with the actual, immediate cash requirements to carry out the project.

Practice 2.3. The organization has processes in place for accurate "cash-on-hand" reporting.

> **Observation 2.3.1** The payment requests submitted through FastLane, Treasury Automated Standard Applications of Payments, or by SF-270 can be traced to books and records.

Observation 2.3.2 Cash requests are properly annotated per the organization's established method (advance or reimbursement method).

PRINCIPLE 3. The organization has a system in place for accurate and complete FCTR reporting.

Practice 3.1. The organization has a system in place that identifies the link between the FCTR amounts and the general ledger.

Observation 3.1.1 Amounts on the FCTRs are supported by and can be traced to books and records (project cost ledger or summary).

Observation 3.1.2 All award expense line items are supported by detailed source documentation.

Practice 3.2. The organization has policies and procedures in place to prepare and submit complete FCTRs.

Observation 3.2.1 The organization's FCTR includes information on cash-on-hand and days of cash-on-hand.

Observation 3.2.2 The organization has policies and procedures to identify, record, and report interest and program income.

13.0 PROCUREMENT SYSTEMS REVIEW

13.1 INTRODUCTION

This module provides a framework for understanding the organization's procurement system, whether there is an appropriate separation of duties, and whether the organization carries out necessary functions related to procurement.

13.2 REFERENCE DOCUMENTS

- 2 CFR 215, Section 2, Definition
- 2 CFR 215, Section 40 through 48
- 41 CFR Ch 101 §101–39, Claims, Government Property Management, Motor Vehicles, Reporting and Recordkeeping Requirements, Safety
- 45 CFR Ch 6 § 602.3, Definitions
- 45 CFR Ch 6 § 602.36, Procurement
- OMB Circular A-110, Section 2, Definitions
- OMB Circular A-133, Subpart B, Section 210, Subrecipient and Vendor Determinations,
- OMB Circular A-133, Subpart D, Federal Agencies and Pass-Through Entities, Project Grant Conditions (GC-1)

13.3 OBJECTIVE OF REVIEW

The objective of the review is to assess activities related to the procurement with federal funds of supplies and other expendable property, equipment, and other services. The focus is on whether the organization has a purchasing system that includes prescribed written policies and procedures, makes positive efforts to use businesses led by underrepresented groups, ensures that procurements are conducted competitively, and maintains detailed records documenting the basis of all procurements and purchases.

In addition, prime awardees are responsible for certain pre- and post-award monitoring of their subrecipients. This review also assesses exactly what steps are taken and how closely awards are monitored, depending on the type of subaward, subawardee's organization, dollar value, or complexity of the subaward and other factors.

13.4 DESK REVIEW DOCUMENTATION

- Policies and procedures, handbooks, manuals, and other documents that the organization used for managing procurement and acquisition activities.
- Organizational issuances that describe or document delegations from project management or procurement and acquisitions management to procurement and acquisition staff, the dollar threshold for each delegation, and internal controls in place for ensuring that the delegations are neither exceeded nor used without authority
- List of subawards, subcontracts, and purchase orders awarded for the most recently completed accounting year; a sample of files for review may be requested in advance of the review.
- Statutory or regulatory information such as COI, nondiscrimination, drug-free workplace, animal rights, human subjects, and numerous grant terms and conditions. (See GC-1 Article 8, Significant Project Changes, for a list of GC-1 articles that must be included in subaward instruments.)

13.5   OBSERVATIONS OF SYSTEMS

PRINCIPLE 1. The organization has a procurement system for acquiring goods and services in a fair and competitive manner.

Practice 1.1 The organization has written policies and procedures for purchasing goods and services used in externally funded sponsored programs.

> **Observation 1.1.1** Personnel involved in administering sponsored projects are cognizant of the policies and procedures governing procurement of goods and services.

> **Observation 1.1.2** The organization has a procedure for reviewing vendor relationships, with the organization's employees to prevent COIs in the selection process.

> **Observation 1.1.3** The organization has a program in place for the detection, prevention, and reporting of kickbacks, as required by federal regulations, including programs to monitor employees' purchasing patterns and training programs.

> **Observation 1.1.4** The organization has written policies in place for the issuance and use of procurement cards (P-cards).

Practice 1.2. The organization has a documented procurement system in place that meets the requirements of OMB Circular A-110/2CFR 215 and the Federal Acquisition Regulations (FAR) with agency supplements, as applicable.

> **Observation 1.2.1** A Request for Proposal (RFP), Request for Quotation (RFQ), or other bid system is in place for acquiring goods and services, at levels specified by sponsor and organizational policy, that provides for competitive procurement and justification for accepting other than a low bid.

> **Observation 1.2.2.** Criteria for using sole source acquisitions are available, and written justification is prepared for sole source procurements.

> **Observation 1.2.3** Policies and procedures are in place to preclude purchases from debarred or suspended vendors.

> **Observation 1.2.4** Documentation is maintained regarding vendor acquisitions that comply with federal requirements as applicable for certified cost or pricing data.

> **Observation 1.2.5.** Documentation indicating that cost analysis was performed on procurements, where necessary, is maintained.

> **Observation 1.2.6.** The organization has procedures in place to determine, before acquisition, that no equipment is available to meet project needs that would make a purchase unnecessary.

Practice 1.3. A system for contract administration is in place to ensure contractor conformance with the terms, conditions, and specifications of the contract and to ensure adequate and timely follow-up of all purchases.

> **Observation 1.3.1** All negotiated contracts over the small purchase threshold include a provision to the effect that the recipient, NSF, and Comptroller General of the United States, or any their duly authorized representatives, will have access to any books, documents, papers, and records of the contractor that are directly pertinent to a specific program for making audits, examinations, excerpts, and transcripts.
>
> **Observation 1.3.2** The organization considers integrity, record of past performance, financial and technical resources, or accessibility with every procurement action.

Practice 1.4. The organization's procurement system allows for expedited purchase.

> **Observation 1.4.1** A small and/or micro order purchasing system is available that complies with the dollar thresholds in the federal regulations.
>
> **Observation 1.4.2** A petty cash system is available.
>
> **Observation 1.4.3** Emergency purchase orders are processed, when needed.
>
> **Observation 1.4.4** Blanket purchase orders are used, where appropriate.
>
> **Observation 1.4.5** The use of P-cards is restricted to purchases that comply with sponsor and organizational dollar limits for purchases using those cards.
>
> **Observation 1.4.6** Organization-wide contracts and agreements serving the needs of the most frequently purchased items and services are developed to reduce errors in pricing or lost opportunity costs, improve services and reduce reorder cycle times through better vendor relationships, and provide for automated ordering and billing functions that remove administrative burden and improve efficiencies.

Practice 1.5. Policies and procedures have been established to handle leases and rents.

Practice 1.6. Policies and procedures have been established to handle termination liabilities.

PRINCIPLE 2. Procurement staff are knowledgeable and trained in their roles and responsibilities in the procurement process.

Practice 2.1. Procurement professionals adhere to standards of conduct and avoid COIs.

> **Observation 2.11.** Procurement professionals have written standards of conduct requiring that personnel who are engaged in the award and administration activities do not solicit or accept gratuities, favors employment, or anything of monetary value from vendors or prospective vendors.

Observation 2.1.2 Organizational procedures outline a clear assignment of authority for issuing purchase orders and contracts for goods and services.

Observation 2.1.3 The organization provides for separation of duties between employees responsible for procurement, accounts payable, disbursing, and receiving.

Observation 2.1.4 Internal controls are established to ensure that delegations are not exceeded.

Observation 2.1.5 Individuals involved in procurement adhere to the organizational written standards of conduct for procurement personnel, cost principles governing expenditure of federal funds (i.e., OMB Circular A-21/A-122), and procurement procedures that the federal regulations described (i.e., OMB Circular A-110/2 CFR 215 and FAR with individual agency supplements).

Practice 2.2. Procurement professional receive adequate training to perform the required job functions.

Observation 2.2.1 Individuals in central administrative offices and the organization's operating units receive appropriate training in the organization's procurement policies and in the requirements that external sponsors impose.

PRINCIPLE 3. The organization actively seeks diverse sources for procuring and acquiring goods and services.

Practice 3.1 . Policies and procedures that encourage procurement from small, minority, disadvantaged, and/or woman-owned businesses are available, and the organization has developed appropriate procedures to provide reports to agencies as required.

Observation 3.1.1 The organization's policies and procedures demonstrate that positive efforts are made to use small, minority-owned, and women-owned business enterprises by using such firms to the fullest extent practicable, requesting procurements available, encouraging subcontracting from large vendors, and participating in consortiums that representing potential vendors from these groups.

PRINCIPLE 4. Procurements and acquisitions are processed and received in a timely manner.

Practice 4.1. Procurement staff ensure that requiring officials are aware of requirements to plan the timing of procurements.

Observations 4.1.1 Requiring officials are advised of the lead time necessary to initiate and complete the obligations of funds.

Observation 4.1.2 The organization has documented processes for the receipt and acceptance of new acquisitions.

Practice 4.2. The organization has processes in place to close out purchases in a timely manner, including closeouts within 60 days of the termination date of an award.

Observation 4.2.1 Metrics and goals have been established to monitor the performance of procurement staff

PRINCIPLE 5. The organization's procurement procedures distinguish between acquisition of good and services and subrecipient agreements for sponsored projects.

Practice 5.1. The organization conducts a pre-award review for subrecipient.

Observation 5.1.1 The organization validates that the subrecipient has the technical, administrative, and financial capability to perform the work and has been neither suspended nor debarred from receiving federal grants or contracts.

Observation 5.1.2 The subrecipient has an adequate accounting system in place and has an appropriate indirect cost rate and application base.

Practice 5.2. The organization ensures that compliance regulations related to federal awards apply to subrecipients under the award.

Observation 5.2.1 The organization incorporates "flow through" provisions in its subawards that use federal funds.

Practice 5.3. The organization performs post-award monitoring of its subrecipients.

Observation 5.3.1 The organization has a subrecipient monitoring plan in place.

14.0   PROPERTY AND EQUIPMENT SYSTEMS REVIEW

14.1   INTRODUCTION

This module provides a framework for understanding the processes related to management of property and equipment. Many NSF award budgets provide for the purchasing of equipment to accomplish project objectives. Organizations that purchase equipment with NSF funds should maintain adequate property records; an inventory listing of all property; and safeguards against loss, theft, and damage.

14.2   REFERENCE DOCUMENTS

- 45 CFR Ch 6 § 602.3, Definitions
- 45 CFR Ch 6 § 602.36, Procurement
- NSF AAG, Chapter IV, Section D, Property and Management Standards
- OMB Circular No. A-21, Subpart J.14, Depreciation and Use Allowances
- OMB Circular No. A-21, Subpart J.18, Equipment and Other Capital Expenditures
- OMB Circular No. A-87, Attachment B, Item 11, Depreciations and Use Allowances
- OMB Circular No. A-87, Attachment B, Item 15, Equipment and Other Capital Expenditures
- OMB Circular No. A-110, Section 2, Definitions
- OMB Circular No. A-122, Attachment B, Item 11, Depreciation and Use Allowances
- OMB Circular No. A-122, Attachment B, Item 15, Equipment and Other Capital Expenditures

14.3   OBJECTIVE OF REVIEW

This review assesses business systems related to acquiring property purchased with NSF funds, its management, utilization, physical accounting, and disposal. For example, the review samples the system to determine if equipment (which the U.S. Government defines as nonexpendable property costing more than $5,000 and having a useful life of more than one year) has been purchased for appropriate reasons.

14.4   DESK REVIEW DOCUMENTATION

- Policies and procedures, handbooks, manuals, and other documents used to manage federal property, including information related to acquisition, maintenance and disposition, inventory and recordkeeping, security, and maintenance practices.
- Physical inventory reports reflecting the last fiscal year's closing date.
- Listing of all capitalized assets, all of which are items with an acquisition cost of more than $25,000 and a useful life greater than two years. At a minimum, the listing should include the acquisition document identifier, acquisition date, and cost.
- Lost, damaged, or destroyed (LDD) property reports.
- Listing of nonexpendable property.
- Copy of most recent, audited financial statement.
- Last fiscal year end capitalized property inventory report.

14.5   OBSERVATIONS OF MANAGEMENT PRACTICES

PRINCIPLE 1. The organization has a structure in place to carry out the functions related to the property and equipment management system.

Practice 1.1. Lines of authority for personnel responsible for property management are clearly delineated.

> **Observation 1.1.1** It is clear what each position does and the need for the position.

> **Observation 1.1.2** Individuals involved with property and equipment management have enough authority to accomplish their duties.

> **Observation 1.1.3** The department responsible for property and equipment management has enough personnel to perform the work required.

Practice 1.2. The organization has a mechanism for ensuring separation of duties of the management structure.

> **Observation 1.2.1** Property receipt and disposal functions are properly segregated properly.

PRINCIPLE 2. The organization has policies and procedures that are in compliance with federal regulations for acquisition of property and equipment.

Practice 2.1. Policies and procedures require classification for types of personal property.

> **Observation 2.1.1** An institutional threshold has been established for items to qualify as equipment under the federal threshold.

> **Observation 2.1.2** The threshold is consistent in application.

Practice 2.2. Internal controls are in place to ensure appropriate acquisition of property.

> **Observation 2.2.1** Only authorized personnel are allowed to review, approve, and place purchase orders.

> **Observation 2.2.2** Proposed purchases of equipment are reviewed to avoid acquisition of unnecessary items, along with those that are not otherwise reasonably available and accessible within the institution.

> **Observation 2.2.3** The organization implements procedures to ascertain whether equipment shipped outside the United States is export or embargo controlled and, if so, that the institution has secured appropriate licenses.

> **Observation 2.2.4** Receiving procedures are in place to ensure that all purchases are inspected on receipt for condition and completeness.

> **Observation 2.2.5** A central location exists that receives and tags newly acquired property.

Observation 2.2.6 Systems are in place for acquisition of real property (land) if applicable.

Practice 2.3. The organization has adequate documentation for acquisition of federally funded equipment.

Observation 2.3.1 When equipment is charged to more than one funding source, documentation supports the allocation of costs to each project.

PRINCIPLE 3. The organization has policies and procedures that are in compliance with federal regulations and requirements for the use and disposition of property.

Practice 3.1. The organization adheres to procedures to ensure proper use of federally funded property and equipment.

Observation 3.1.1 Policies and procedures require that equipment be used in the project or program for which it was acquired.

Observation 3.1.2 NSF purchased property is not used to provide services to outside organizations at a fee that is less than private companies charge for equivalent services.

Observation 3.1.3 A system is in place to periodically verify current utilization and continued need for the equipment.

Practice 3.2. The organization properly disposes of federally funded property.

Observation 3.2.1 A procedure is in place for determining the title to equipment.

Observation 3.2.2 A clear policy exists with respect to using equipment purchased after it is no longer needed on the project.

Observation 3.3.3 Disposition of property is documented clearly and adequately.

Observation 3.3.4 A process exists for determining not only the conditions under which equipment can be transferred, sold, and loaned to another institution but also the methods for handling such transactions.

PRINCIPLE 4. The organization has a system in place for securing and maintaining equipment purchased with federal funds and keeping the equipment in good condition.

Practice 4.1. The organization has policies and procedures that offer guidance as to how to prevent loss, damage, or theft of equipment purchased with federal funds and how to keep the equipment in good condition.

Observation 4.1.1 Policies and procedures provide guidance on using property purchased with federal funds to work offsite.

Observation 4.1.2 The system requires that any loss, damage, or theft of federally funded equipment be fully investigated, documented, and reported to the funding agency.

Practice 4.2. Guidance on the security and maintenance of property and equipment is consistently applied between the awardee and any suborganizations or facilities.

PRINCIPLE 5. The organization's inventory and recordkeeping practices are in compliance with federal requirements and are maintained accurately in a property management or inventory system.

Practice 5.1. The organization has an equipment inventory system in place.

Observation 5.1.1 The inventory provides a description of the equipment, serial number or other identifier, acquisition date, unit acquisition cost, current value, location, condition, share of federal funding if other funding sources are used, source of equipment and funding award number, disposition data (if disposed or sold), and title information (federally owned or title vests with awardee).

Observation 5.1.2 The inventory system tracks all accountable property.

Observation 5.1.3 A system is in place to manage inventory for offsite or loaned property.

Observation 5.1.4 Inventory records contain all information or data fields identified within its property management system requirements.

Observation 5.1.5 The system permits only authorized users to enter, modify, or otherwise alter property records.

Observation 5.1.6 Equipment records are updated accurately upon acquisition and deletion of items, or at least every two years.

Observation 5.1.7 An audit trail exists for entries to a property record, including identifying individuals who are entering or approving information or other data.

Observation 5.1.8 The accounting system and property records indicate what equipment was purchased with federal funds, excluded from depreciation, or use allowances claimed in calculating indirect costs.

Practice 5.2. The organization has clear procedures for reconciliation of inventory.

Observation 5.2.1 Equipment inventories are performed at least every two years.

Observation 5.2.2 Reconciliation of inventory records with financial records is performed at least biennially.

Observation 5.2.3 Any discrepancies between the physical inventory and equipment records are investigated to determine the reason for the difference.

15.0   HUMAN RESOURCES SYSTEMS REVIEW

15.1   INTRODUCTION

This module provides a framework for understanding the processes related to management of human resources (HR). Among others, this section reviews systems for succession planning, compensation policies.

15.2   REFERENCE DOCUMENTS

- Age Discrimination in Employment Act of 1967 (29 U.S.C. § 621 et. seq.)
- Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et. seq.)
- Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985
- Davis-Bacon Act of 1931
- Drug-Free Workplace Act
- Employee Polygraph Protection Act
- Employee Retirement Income Security Act (ERISA) of 1974
- Equal Pay Act of 1963 (29 U.S.C. § 206(d) et. seq.)
- Executive Order 11246
- Family and Medical Leave Act (FMLA) of 1993
- Fair Credit Reporting Act
- Fair Labor Standards Act of 1938
- Grants and Conditions Agreements for Organization
- Health Insurance Portability and Accountability Act (HIPAA) of 1996
- Immigration Reform and Control Act (IRCA) Public Law (P.L.) 99–603
- Mental Health Parity Act (MHPA) of 1996
- Rehabilitation Act of 1973, Section 503 (29 U.S.C. § 793)
- Retirement Equity Act of 1984
- Service Contract Act of 1965
- Sarbanes-Oxley Act of 2002
- Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2000(e) et. seq.)
- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.)
- Title IX of the Education Amendments Act of 1972 (20 U.S.C. § 1681 et. seq.)
- Uniformed Guidelines on Employee Selection Procedures
- Uniformed Services Employment and Reemployment Rights Act (USERRA) (38 United States Code (U.S.C.) parts 4301 through 4333)
- Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. § 4212)
- Walsh-Healey Act of 1936

15.3   OBJECTIVE OF REVIEW

The objective of the HR review is to assess systems in place to support recruitment and retention, compensation and benefits, employee development programs, performance evaluation management, succession planning and management, and be compliant with federal laws and regulations on HR issues.

15.4   DESK REVIEW DOCUMENTATION

- HR policies and procedures, handbooks, manuals, including documents related to the following:
    - Applicant screening and selection
    - Compensation
    - Employee benefits and services
    - Performance management
    - Employee recognition
    - Employee training and development
    - Employee relations
    - Employee assistance
    - Job structuring practices
    - Vacation and sick leave
    - Time and attendance
    - Personnel security procedures
    - Conflict of interest
    - Drug-free workplace.
- Form 5500 Filings for the last three years, if applicable.
- Description of the type(s) of retirement plan(s), if any, offered by the organization: Defined Contribution, Defined Benefit, both, or other.
    - If Defined Contribution, payment documentation and proof that payments are current
    - If Defined Benefit, plan valuation and a copy of the Pension Benefit Guaranty Corporation (PBGC-1).
    - Tests that the organization performs to ensure that its retirement plan is qualified
- Benefit plan and summary and descriptions of life insurance, heath insurance, disability, and any other benefits, including eligibility criteria and contribution of employees.
- Evidence of tests performed to ensure that benefit plans are qualified.
- Communications to employees about retirement and benefits programs, including any regarding ERISA, HIPAA, or COBRA.
- Annual agency costs for each benefit offered, including retirement.
- Vacancy information (e.g., vacancy announcement, advertisements, assessment schema, marketing and outreach plan, applications, interview guides) for the last five advertised vacancies.
- Workforce demographics and demographic trends.
- Hiring metrics and timelines.
- H-1 and J-1 visa holders that the organization employed, if any, and copy of procedures to ensure compliance with employer's responsibilities.
- Organizational chart and any supplemental explanatory information, such as mission and functions statements, management structure, employee listing by organizational location, position title, job level, and exempt/nonexempt status and salary\Job descriptions for all key staff.
- Process used and results achieved from the most recent compensation and benefits analysis and/or any other written rationale for the structure of the compensation and benefits systems, including the vacation system.
- Compensation structure, including an explanation of the pay structure and pay levels and minimum/maximum salaries by level.

- Policies addressing how to determine exempt and nonexempt status.
- Retention plans (e.g., raise and bonus structure, promotion requirements).
- Performance appraisal criteria, measures used for determining employee ratings, and a description of feedback mechanisms used to convey appraisal results.
- Performance appraisal forms used for assessing employees.
- Schema for monetary recognition of employees based on performance or tenure.
- Explanation of any background investigation and/or personnel security procedures that the organization uses to prescreen applicants.
- Personnel security designations by position title.
- Succession or succession management plan and results of succession management strategy.
- Strategic plan, business plans, or human capital plan.
- Training materials or procedural guides related to the development of technical and leadership skills or competencies.

15.5   OBSERVATIONS OF MANAGEMENT PRACTICES

PRINCIPLE 1. The organization has a structure in place to carry out functions related to the HR management.

Practice 1.1 The organization has a chart that clearly provides relevant information about the organization.

> **Observation 1.1.1** The reporting and management structure is clearly presented.

Practice 1.2   The organization periodically reviews HR functions to assess the appropriate systems are in place.

> **Observation 1.2.1** Goals and metrics are in place to assess progress and compliance with current laws and policies.

> **Observation 1.2.2** Policies and procedures are reviewed and revised periodically based on regulation changes.

> **Observation 1.2.3** Management has appropriate systems for determining the number and type of personnel who can accomplish the organization's mission.

Practice 1.3 Policies are in place that address relevant federal requirements.

> **Observation 1.3.1** The organization has policies to ensure compliance with ERISA, Drug-Free Workplace Policy, and *Uniformed Guidelines for Employee Selection Procedures*.

> **Observation 1.3.2** Organizations with Defined Contribution or Defined Benefit programs are "qualified" by including all applicable personnel and are current in their payments.

> **Observation 1.3.3** The organization has a mechanism for identifying accidental or systematic discrimination.

Observation 1.3.4 The organization has a procedure for determining the exempt or nonexempt status of employees.

Practice 1.4 The organization has employee relations processes in place that allow employees to air concerns and obtain appropriate redress. The organization also has employee assistance programs in place that allow employees to address proprietary personal or family problems.

Observation 1.4.1 A person or place (either in the organization or through a third-party) is available for employees to air proprietary employment-related matters.

Observation 1.4.2 Confidentiality guarantees are provided for the employee assistance program.

Observation 1.4.3 Procedures are in place for addressing the possibility of violence in the workplace.

PRINCIPLE 2. The organization has succession planning systems in place to ensure continual management of the project.

Practice 2.1 The awardee has processes in place for identifying and developing key people.

Observation 2.1.1 The organization matches available or current workforce with talent needed in the future.

Observation 2.1.2 The organization ensures "bench strength" to fill unexpected or expected vacancies.

Practice 2.2 The organization has a sufficient process for continual leadership in cases of replacement for retirement or attrition.

Observation 2.2.1 The strategic, business, or human capital plan discusses organizational leadership in the context of the overall mission or vision.

Observation 2.2.2 Succession planning is a component of strategic processes.

Practice 2.3 The organization has procedures for documenting the succession planning processes.

Practice 2.4 The organization has a process to review workforce demographic trends.

Observation 2.4.1 Procedures are in place to promote diversity among leadership.

Observation 2.4.2 The organization has a system for analyzing market drivers that could affect employee retention.

Practice 2.5 The organization has procedures for reviewing vacancy statistics.

Observation 2.5.1 The organization has procedures for documenting open vacancies that are considered leadership positions.

Practice 2.6 The organization has a process for managing and retaining position profiles and descriptions.

Observation 2.6.1 Position profiles and/or descriptions include detailed information regarding job responsibilities, reporting structure, processes relevant to responsibilities, and other information that a successor can use.

Observation 2.6.2 Position profiles and/or descriptions are updated regularly.

Practice 2.7 The organization has a recruitment and retention system.

Observation 2.7.1 The organization uses various media for posting openings (e.g., newspaper, internet, industry journals, staffing organizations).

Observation 2.7.2 The awardee has a bonus and raise structure.

Observation 2.7.3 Promotion plans are in place for filling leadership positions from within.

Observation 2.7.4 Other retention mechanisms are in place (e.g., flexible work schedules, vacations).

PRINCIPLE 3. The organization recruits and develops employees based on practices that are designed for ensuring that positions are appropriately filled.

Practice 3.1 The organization employs qualified candidates.

Observation 3.1.1 The organization ensures that any essential competencies and/or knowledge necessary for qualifying for various positions are identified.

Observation 3.1.2 Three are policies and procedures for ensuring a competitive process for selecting individuals for vacancies.

Observation 3.1.3 Policies and procedures address internal advancement into higher level positions within the same discipline or into new disciplines.

Observation 3.1.4 Policies and procedures provide guidance concerning what questions can or cannot be asked of prospective employees.

Practice 3.2 The organization properly screens applicants and provides security for personnel.

Observation 3.2.1 The organization has a process for conducting background screenings on candidates to ensure they are suitable for employment and will not compromise organization endeavors and/or proprietary information.

Observation 3.2.2 The various levels of security investigations are based on the employee's level and access to resources.

Observation 3.2.3 The organization has policies for situations in which it determines that an individual has provided false information, possesses a criminal record, or has engaged in other activities that call into question his or her suitability for a position.

Observation 3.2.4 There is a mechanism to notify applicants and employees of the existence and requirements of the personnel security program, Drug-Free Workplace Act, Fair Credit Reporting Act, and Employee Polygraph Protection Act.

Practice 3.3 The organization has a process for determining compensation structures for personnel.

Observation 3.3.1 Policies and procedures contain guidance related to setting initial compensation, reviewing salaries and making adjustments, and implementing and complying with federal laws (e.g., Equal Pay Act).

Observation 3.3.2 The organization has procedures in place for documenting rationale for pay structures.

Practice 3.4 The organization has a system for informing employees of their benefits.

Observation 3.4.1 The organization distributes employee handbooks, conducts new employee orientations, or uses other instructional materials.

Observation 3.4.2 A procedure is in place for collecting FMLA requests.

Observation 3.4.3 A system is in place for monitoring the amount of leave used for ensuring that the entitlement is not abused.

PRINCIPLE 4. The organization has a performance management process for setting expectations, monitoring performance, providing feedback, and periodically rating overall performance.

Practice 4.1 There are policies and procedures describing the performance appraisal process.

Observation 4.1.1 Performance appraisal criteria focus on leadership skills.

Observation 4.1.2 Appraisals contribute to individual ratings, bonuses, raises, and promotions.

Observation 4.1.3 Guidance on suggested development actions for the next round of appraisals is available.

Observation 4.1.4 The organization has a process in place for soliciting employee input to the performance management process.

Observation 4.1.5 The organization has mechanisms to hold poor performers accountable for their work efforts.

Practice 4.2 The organization has a process for recognizing and rewarding deserving employees.

>**Observation 4.2.1** Policies and procedures are in place for describing the types of recognition programs and qualification.

>**Observation 4.2.2** The organization designates someone with authority to approve and/or provide recognition.

Practice 4.3 The organization has a process for assessing current and long-term training and development needs and plans in place to address skill gaps.

>**Observation 4.3.1** The organization has staff responsible for determining the organization's training and development needs (e.g., a steering committee, stakeholder feedback, other participatory process).

>**Observation 4.3.2** Procedures are in place for employees to set individual learning plans.

>**Observation 4.3.3** The organization has a mechanism for evaluating their training program.

>**Observation 4.3.4** The organization has various training delivery systems in place.

PART III—APPENDICES

APPENDIX A—TEMPLATE SAMPLES

TEMPLATE 1—SAMPLE PROGRAM OFFICE CONSULTATION

Awardee
Large Facility
Location of Large Facility
City, State

Consultation With Program Officials

Program Officer:
Division:

1. Award No.:

2. Who is the cognizant audit agency?

3. When was the last time NSF conducted a review of the awardee?

4. Other Concerns:

TEMPLATE 2—CONFIRMATION TO INITIATE ONSITE REVIEW

National Science Foundation
4201 Wilson Boulevard
Arlington, Virginia 22230

(Date)

(Name)
(Title—Authorized Organizational Representative)
(Name of Organization)
(Street Address)
(City, State, Zip Code)

Dear *(Name)*:

This letter is a confirmation that the Office of Budget, Finance, and Award Management will conduct a review of the systems used by *(Awardee)* to manage the *(Facility)*, funded under NSF award *(Award Number)*. The *(x)*-day site visit is scheduled tentatively to begin on *(date)* and end on *(date)*. I will serve as the Team Leader for the NSF staff and will be the primary point of contact at NSF.

The purpose of this visit is to not only review and evaluate the business systems that *(Awardee)* has in place to manage the federal funds awarded by NSF but also provide your organization with an opportunity to seek advice and business assistance from NSF regarding compliance with NSF and federal regulations and requirements. This review will focus on reviewing the systems in place in the following core functional areas: *(Customize as needed for each BSR)*

    a. Award Management
    b. General Management
    c. Planning and Budget
    d. Financial Management
    e. Financial Reporting
    f. Procurement
    g. Property and Equipment
    h. Human Resources.

In roughly 2 weeks, I will send you a list of the NSF personnel who are expected to participate in this review and a suggested list of documents that we may need for conducting our review, along with the due date to further define the scope and logistical needs for the BSR.

We look forward to meeting with you and your staff and exchanging information and best practices. Please confirm that the preliminary dates selected for the site visit are acceptable to your organization. Please do not hesitate to contact me if you have any questions or concerns regarding our visit.

Sincerely,

(Name, title, phone, e-mail)]

cc: *(Additional Awardee personnel, if needed)*
         (NSF Program Officer)
         (Deputy Director for Large Facilities, BFA)
         (Director, BFA)
         (Review Team Members, NSF)

Enclosure: Tentative Site Review Schedule

Attachment 1

Business Systems Review
Site Review Schedule

(Awardee/Facility, Location)

I.   Entrance Conference– *(Day, Date)*

   a.   Introduction of NSF Team and *(Organization, Time)*
   b.   Overview presentation
   c.   Logistical presentation
   d.   Facility tour

II. Reviews and discussions conducted– *(Dates)*

(Note: This list will vary depending on the scope of the BSR)

   i.   Award Management
   j.   General Management
   k.   Planning and Budget
   l.   Financial Management
   m. Financial Reporting
   n.   Procurement
   o.   Property and Equipment
   p.   Human Resources

III.   Exit Conference– *(Day, Date)*

   a.   NSF Team Debrief
   b.   *(Awardee/Facility)* Comments
   c.   Final Comments and Wrap-up

TEMPLATE 3—CONFIRMATION OF ONSITE REVIEW

National Science Foundation
4201 Wilson Boulevard
Arlington, Virginia 22230

(Date)

(Name)
(Title—Authorized Organizational Representative)
(Name of Organization)
(Street Address)
(City, State, Zip Code)

Dear *(Name)*:

We will be conducting a desk review in preparation of the NSF BSR, which is scheduled for *(date)*. The suggested documents planned for review are outlined in the attached document list. Please provide these documents or any additional documents not listed if you believe their inclusion will assist us in our review on a secure website. Please provide a web address and, if required, a password to access the documents.

This request is for materials that already exist or are easily attainable; do not spend a significant amount of time preparing reports or gathering data that are not readily available. We would like to gain an understanding of your business systems before the onsite review, and we will clarify any open items during the onsite visit.

Please do not hesitate to call me if you have any questions about the request for documentation. We are looking forward to working with *(Awardee)* during this review.

Sincerely,

(Name, title, phone, e-mail)

cc: *(Additional Awardee personnel, if needed)*
        (NSF Program Manager)
        (Deputy Director for Large Facilities, BFA)
        (Director, BFA)
        (Review Team Members, NSF)

Attachments

Attachment 2

National Science Foundation BSR Team Members

Participant	Division/Branch	Functional Review
(Name) (Lead) (e-mail address)	Budget, Finance, and Award Management (BFA)	Award Management
(Name) (Lead) (e-mail address)	Budget, Finance, and Award Management (BFA)	General Management
(Name) (e-mail address)	Budget Division (BD)	Planning and Budget
(Name) (e-mail address)	Cost Analysis and Audit Resolution Branch (CAAR)	Financial Management
(Name) (e-mail address)	Division of Financial Management (DFM)	Financial Reporting
(Name) (e-mail address)	Complex Agreements Office (CAO)	Procurement
(Name) (e-mail address)	Division of Administrative Services (DAS)	Property and Equipment
(Name) (e-mail address)	Division of Human Resources Management (HRM)	Human Resources

Attachment 3

This suggested list of documentation will support each core functional area. A substitution of items on the list for similar items is also permissible if it will provide NSF with background information concerning each business system. Electronic access via a secure website is preferred when possible.

Award Management
(List of requested documents)

General Management
(List of requested documents)

Planning and Budget
(List of requested documents)

Financial Management
(List of requested documents)

Financial Reporting
(List of requested documents)

Procurement
(List of requested documents)

Property and Equipment
(List of requested documents)

Human Resources
(List of requested documents)

TEMPLATE 4—ENTRANCE CONFERENCE AGENDA

Entrance Conference Agenda

[Attendees]

1. Introductions
   a) BSR Team
   b) Awardee/Large Facility Staff

2. Objectives of Review

3. Core Functional Areas

4. Overview of Large Facility

   a) Operations
   b) Management and staff

5. Logistics

TEMPLATE 5—EXIT CONFERENCE AGENDA

Entrance Conference Agenda

[Attendees]

1. Preliminary Observations

2. Preliminary Recommendations

3. Compliance Issues

4. Best Practices

5. Awardee/Facility Comments, Clarifications and Impressions

6. Next Steps

7. Site Visit Closing

TEMPLATE 6—THANK YOU

National Science Foundation
4201 Wilson Boulevard
Arlington, Virginia 22230

(Date)

(Name)
(Title—Authorized Organizational Representative)
(Name of Organization)
(Street Address)
(City, State, Zip Code)

Dear *(Name)*:

I would like to thank you for the time and the obvious effort you and your staff expended during the BSR. Our team members were impressed with the ambitious and successful efforts to institute best practices throughout your organization. It is good to know that we have such talented and dedicated people supporting NSF's research and education goals.

The practices developed by *(Awardee)* for *(Facility)* will assist our efforts to ensure the efficient and effective management of all of NSF awardees. I am certain there will be many more opportunities to share lessons learned and look forward to our continued relationship.

As noted during the exit conference, preliminary findings will be forwarded to you shortly. A more comprehensive final report will follow.

Please contact me if there are any issues you would like to discuss or if I may be of any assistance.

Sincerely,

(Name, title, phone, e-mail)]

        cc: *(Additional Awardee personnel, if needed)*
               (NSF Program Manager)
               (Deputy Director for Large Facilities, BFA)
               (Director, BFA)
               (Review Team Members, NSF)

TEMPLATE 7—REPORT FORMAT

Business Systems Review (BSR) Report Format

1. BSR Date
2. Awardee and Distributed Facilities
3. Awardee Representative(s)
4. BSR Team Members (NSF)
5. Awardee Participants
6. Executive Summary
7. Table of Contents
8. 1.0 Background
9. 2.0 Objectives and Scope
10. 3.0 Core Functional Area Reviews
    - *Scope*
    - *Sources and Methods*
    - *Observations*
    - *Corrective Actions*
    - *Recommendations*
    - *Best Practices*
    - 3.1 Award Management
        - *Scope*
        - *Sources and Methods*
        - *Observations*
        - *Corrective Actions*
        - *Recommendations*
        - *Best Practices*
    - 3.2 General Management
    - 3.3 Planning and Budget
    - 3.4 Financial Management
    - 3.5 Financial Reporting
    - 3.6 Procurement
    - 3.7 Property and Equipment
    - 3.8 Human Resources
11. 4.0 Summary and Conclusions
12. 5.0 Follow-up Activities

TEMPLATE 8—DRAFT REPORT TRANSMITTAL

National Science Foundation
4201 Wilson Boulevard
Arlington, Virginia 22230

(Date)

(Name)
(Title—Authorized Organizational Representative)

(Name of Organization)
(Street Address)
(City, State, Zip Code)

Dear *(Name)*:

Enclosed is a copy of the draft BSR report resulting from the BSR of the *(Facility).*

[We would appreciate receiving any factual corrections for the report within 10 days.]

OR

[A final BSR report will be sent to you in the near future.]

Please do not hesitate to contact me if there are any issues you would like to discuss or if I may be of any assistance. Thank you, once again, for your cooperation throughout this process.

Sincerely,

[name, title, phone, e-mail]

      cc: *(Additional Awardee personnel, if needed)*
            (NSF Program Manager)
            (Deputy Director for Large Facilities, BFA)
            (Director, BFA)
            (Review Team Members, NSF)

TEMPLATE 9—FINAL REPORT TRANSMITTAL

National Science Foundation
4201 Wilson Boulevard
Arlington, Virginia 22230

(Date)

(Name)
(Title—Authorized Organizational Representative)

(Name of Organization)
(Street Address)
(City, State, Zip Code)

Dear *(Name):*

Enclosed is a copy of the final report resulting from the BSR of the *(Facility).*

The Grants and Agreements Officer assigned to your award will be following up with you to coordinate to discuss issues that may have been identified in the report and to coordinate follow-up activities, including a Corrective Action developed by your organization and approved by NSF.

We appreciate the cooperation extended us by *(Awardee)* and your staff throughout this process, and look forward to continuing the productive partnership we have initiated.

Please do not hesitate to contact me if there are any issues you would like to discuss or if I may be of any assistance.

Sincerely,

[name, title, phone, e-mail]

cc: *(Additional Awardee personnel, if needed)*
        (NSF Program Manager)
        (Deputy for Large Facilities, BFA)
        (Director, BFA)
        (Review Team Members, NSF)

APPENDIX B—MODULE WORKSHEETS

WORKSHEET 1 – AWARD MANAGEMENT CHECKLIST

File No.:
Reviewer:

Date Initiated:

#	Questions	Observation References	Comments
	PRINCIPLE 1. The organization has a management structure in place and trained personnel who are knowledgeable about the award provisions and general NSF requirements.		
1.	Is there an award compliance unit responsible for reviewing NSF and federal regulations?	1.1.1	Comments:
2.	Once an award is made or amended, who is responsible for reviewing the terms and conditions of the award?	1.1.1	Comments:
3.	Are there policies and procedures in place that delineate roles of staff responsible for aspects of award compliance?	1.2.1	Comments:
4.	Are staff across levels clear on their management responsibilities?	1.2.1	Comments:
5.	What training is provided for staff responsible for award management and compliance with award terms and conditions?	1.3.1	Comments:
6.	What systems are in place to ensure staff is cognizant of prior approval requirements?	1.3.1	Comments:
	PRINCIPLE 2. The organization has a system in place to ensure compliance with the terms and conditions of the award.		
7.	What systems are in place to track the award requirements?	2.1.1	Comments:
8.	How are requirements of the award incorporated into existing systems? (e.g. requirement for selection justification documentation and receipts of NSF approval is incorporated into the policies and procedures for subawards administration; minimum bidding information is incorporated into the existing procurement processes?)	2.1.1	Comments:
9.	Who is responsible for disseminating information on award requirements throughout the organization?	1.1.1	Comments:
10.	Is there a separate unit responsible for compliance with award terms and conditions?	2.1.1	Comments:
11.	What guidance is distributed to staff regarding specific requirements under the award? Who sends out guidance? Who receives guidance?	2.1.2	Comments:
12.	Is guidance clear on the requirements of the award?	2.1.2	Comments:
13.	How are changes to the award disseminated across the organization? Who receives updated information? How are updates integrated into existing systems?	2.1.2	Comments:
14.	Is notification sent to update staff on award changes that may impact the management of the award?	2.1.2	Comments:

#	Questions	Observation References	Comments
15.	How is guidance regarding reporting and deliverable requirements disseminated? What groups of the organization receive guidance?	2.2.1	Comments:
16.	Are issues related to award management consistently handled? For example, if multiple budget modifications are needed, is the same unit responsible for submitting them to NSF?	2.2.3	Comments:
17.	How does program management communicate with administrative units to coordinate programmatic requirements under the award?	2.2.3, 2.3.1, 2.4.1, 2.5.1	Comments:
18.	What is the coordination for submitting Program Plans?	2.2.3	Comments:
19.	How is approval sought for new key personnel?	2.2.3, 2.3.1	Comments:
20.	Who is responsible for coordinating responses to NSF on any issues related to award management? (e.g. formal budget actions, request for prior approvals, etc)	2.2.3	Comments:
21.	How does the organization track award prior approval requirements?	2.3.1	Comments:
22.	Who is responsible for ensuring that prior approvals are obtained and filed?	2.3.1	Comments:
23.	Are staff given advance notice for items requiring NSF approval?	2.3.1	Comments:
24.	Is staff knowledgeable about which items require approvals?	2.3.1	Comments:
25.	What systems are in place to ensure prior approval is obtained from NSF for the following examples (where applicable): 1) Major changes in research objectives 2) Key personnel selection and their salary 3) Non-NSF funding proposals (if meets dollar threshold and use facility personnel) 4) Reprogramming of funds that exceed a percentage or dollar amount, as per the award 5) Acquisition of real property 6) Foreign activities 7) Disposition of property	2.3.1	Comments:
26.	How are award actions documented?	2.3.2	Comments:
27.	Who is responsible for submitting award actions, such as no-cost extensions?	2.3.2	Comments:
28.	How are award actions communicated to relevant staff?	2.3.2	Comments:
29.	Where are NSF approvals maintained? Who is responsible for records management?	2.3.3	Comments:
30.	What systems are in place to ensure notification is submitted to NSF for the following examples (where applicable): 1) Public information products 2) Subawards that require NSF approval 3) Unavailability of U.S. flag carriers for international travel 4) Loss, theft, or damage to property	2.4.1	Comments:

#	Questions	Observation References	Comments
31.	Is there a tracking system for reports and deliverables due to NSF?	2.5.1	Comments:
32.	Are staff knowledgeable about reporting and deliverable requirements?	2.5.1	Comments:
33.	What systems are in place to ensure submission of following sample reports and deliverables (where applicable)? What coordination is needed between various units to meet the reporting requirements? 1) Quarterly Status Report 2) Monthly Financial Reports and cash outlay reports 3) Budget and Planning Documents 4) Annual Review Presentation 5) Reports related to the GPRA performance goals 6) Property inventories 7) A-133 audit reports 8) Administrative policy manuals and subsequent changes	2.5.1	Comments:
34.	What systems are in place to ensure timely submission of administrative reports (e.g. inventory reports)? What systems are in place to ensure submission of programmatic reports?	2.5.1	Comments:
35.	Who is responsible for submitting reports and deliverables?	2.5.1	Comments:
36.	What is the procedure for ensuring reports and deliverables are in accordance with the required format?	2.5.2	Comments:
37.	Are reports and deliverables submitted electronically to NSF?	2.5.2	Comments:
38.	What system is in place to ensure that reports and deliverables are received by NSF?	2.5.3	Comments:
39.	Where are reports and other award deliverables maintained? Who is responsible for records management?	2.5.4	Comments:

Additional Comments:

WORKSHEET 2 – GENERAL MANAGEMENT CHECKLIST

File No.:
Reviewer:

Date Initiated:

#	Questions	Observation References	Comments
	PRINCIPLE 1. The organization has a structure in place to ensure sound performance of the business systems to manage a facility project.		
2.	Does the organizational chart include all appropriate management functions? What are the functions included?	1.1.1	Comments:
3.	Are all management functions clearly described (e.g., role, responsibilities, outcomes)?	1.1.1	Comments:
4.	Does each job description define its role, responsibilities, accountabilities, and individual performance measures?	1.1.2	Comments:
5.	What is the link between the management structures of the awardee and the facility? How does the reporting structure work for facility personnel?	1.1.3	Comments:
6.	How frequently does the awardee update its communication materials?	1.2.2	Comments:
7.	How does the organization communicate with NSF?	1.2.3	Comments:
8.	What is the process for emergency communication, both within the organization, and between the organization and NSF?	1.2.4	Comments:
	PRINCIPLE 2. There is a strategic planning system in place to set long-terms goals as well as systems to measure, evaluate, and improve overall performance of business goals.		
9.	How does the organizational chart incorporate the appropriate strategic planning functions?	2.1.1	Comments:
10.	Does each job function have clearly defined description, responsibilities, and individual performance measures?	2.1.1	Comments:
11.	Are there new trends that could affect the awardee or new opportunities the awardee can take advantage of? If so, how are these trends taken into account?	2.1.1	Comments:
12.	Are there clear lines of reporting within the unit? How is this achieved?	2.1.1	Comments:
13.	Is the unit closely linked to the other lines of business or programs and, if so, how are they linked?	2.1.3	Comments:
14.	Determine if the strategic planning process provides the relevant stakeholders the opportunity for input.	2.1.3	Comments:
15.	Does the strategic planning process ensure that the awardee takes into consideration inputs such as new research/science trends, research user's needs, and recent innovations?	2.1.3	Comments:

#	Questions	Observation References	Comments
16.	How are the organization's vision, mission, and strategic goals communicated across the organization?	2.4.1	Comments:
17.	Does the awardee have an overall performance management system (strategic direction, planning and assessment, balanced measures, reporting mechanism, IT systems, accountability) to measure and assess its performance?	2.2.1	Comments:
18.	Are the performance measures balanced by focusing on the business results and satisfaction of employees and the user community?	2.2.1	Comments:
19.	Are the measures tightly linked to the awardee's mission and strategic goals?	2.2.1	Comments:
20.	Do performance measures focus the awardee's attention on the critical issues? How?	2.2.1	Comments:
21.	How do the performance measures address the strategic, operational, and individual levels of the awardee?	2.2.3	Comments:
22.	Verify whether the awardee updates its strategic analysis as appropriate.	2.2.3	Comments:
23.	Did the awardee develop new strengths or weaknesses? What advantages have accrued as a result of these newly-developed strengths? What strategies are in place to mitigate weaknesses?	2.2.3	Comments:
PRINCIPLE 3. The organization has a system for compliance assessment and audit to ensure compliance with sponsor and organizational requirements.			
24.	How are the policies and procedures communicated to employees?	3.1.2, 3.2.3	Comments:
25.	Were any adverse working conditions reported during site visits or internal audits? If so, what did they involve?	3.1.3	Comments:
26.	Are there any unresolved recommendations? If so, what are they?	3.1.3	Comments:
27.	Were any adverse working conditions reported during site visits or internal audits? If so, what did they involve?	3.1.3	Comments:
28.	Are there any unresolved recommendations? If so, what are they?	3.1.3	Comments:
29.	How does the organization ensure that employees receive and understand this information?	3.1.4	Comments:
30.	If required to do so, did the organization have an A-133 audit performed? • If yes, review the report and determine whether there are any instances of noncompliance, questioned costs, fraud, abuse or illegal acts that remain unresolved. • If no, additional or different review work may need to be done; seek guidance from the Cost Analysis and Audit Resolution (CAAR) Branch.	3.2.1	Comments:
31.	Is there an internal audit function and, if so, is it sufficiently independent from management to constructively challenge management's decisions? For example, does the function report to the awardee's equivalent of a Chief Executive Officer?	3.2.1	Comments:

#	Questions	Observation References	Comments
	PRINCIPLE 4. There are policies and procedures in place that address ethical and regulatory compliance.		
32.	How are the policies and procedures communicated to employees?	4.1.2, 4.2.2	Comments:
33.	Do employees formally acknowledge receipt of the policies and procedures?	4.1.3, 4.2.3	Comments:
34.	How does the organization ensure that employees receive and understand this information?	4.2.3	Comments:
35.	Does the purpose of the organization and the powers that have been granted to it to enter into contractual relationships and/or accept awards raise any issues that should be explored? If so, what are they?		Comments:
36.	Is the disclosure updated annually or as new reportable significant financial interests are obtained?	4.2.1	Comments:
37.	Are one or more persons designated to review financial disclosures and determine what conditions or restrictions, if any, should be imposed by the organization to manage, reduce, or eliminate the conflict of interest?	4.2.4	Comments:
38.	How does the policy incorporate adequate enforcement mechanisms and provide for sanctions where appropriate?	4.2.4	Comments:
39.	Is there a legal function and, if so, how is it sufficiently independent from management to constructively participate in an advisory capacity?	4.3.1	Comments:
40.	Are there outstanding, unresolved regulatory issues? If so, what are they?	4.3.1	Comments:
41.	Are there pending legal actions regarding regulatory issues involving the organization? If so, what are they?	4.3.1	Comments:
42.	Is disclosure to the organization of all significant financial interests a written and enforced policy?	4.2.1	Comments:
	PRINCIPLE 5. There is an established system for oversight by senior-level management and/or advisory boards or committees.		
43.	Is there a charter in place? Does the charter include mission, issue resolution mechanisms, names and titles of participants, and frequency of meetings?	5.1.1	Comments:
44.	Do advisory boards and/or committees meet at least annually?	5.1.1	Comments:
45.	How are advisory boards and/or committees professionally diverse?	5.1.1	Comments:
46.	Is there an institutional oversight function? Who is involved? Is NSF informed when appropriate? Is there an external advisory board that advises the organization's director? Is the organization's facilities director involved in this process?	5.1.1	Comments:
47.	How .does the awardee's advisory board foster adequate governance and promote accountability?	5.1.1, 5.1.2	Comments:

#	Questions	Observation References	Comments
48.	How are advisory boards and/or committees sufficiently independent from management to constructively challenge management's decisions and act effectively?	5.1.2	Comments:
	PRINCIPLE 6. There are systems in place for business reporting and records retention.		
49.	Does the organization have strategic, operational and individual reports?	6.1.1	Comments:
50.	Do these reports compare actual versus budget results?	6.1.1	Comments:
51.	What is the publication frequency of these reports (e.g., monthly, quarterly, annually)?	6.1.1	Comments:
52.	How do these reports assist leadership in decision making?	6.1.2	Comments:
53.	Does the communication material address managerial, technical, and personnel issues?	6.1.2	Comments:
54.	Is there any duplication between these reports?	6.1.3	Comments:
	PRINCIPLE 7. The organization has systems in place to address other general management issues.		
55.	How are conflicts resolved within the organization?	7.2.1	Comments:
56.	How do employees communicate concerns with their managers? Is the process effective at resolving those concerns?	7.2.1	Comments:
57.	Is there a collective bargaining agreement covering any of the organization's employees?		Comments:

Additional Comments:

WORKSHEET 3 – PLANNING AND BUDGET CHECKLIST

File No.:

Reviewer:

Date Initiated:

#	Questions	Observation References	Comments
	PRINCIPLE 1. The organization has a systematic process for formulating its budgets.		
1.	Does the organization have written policies and procedures for the development and execution of budgets? And if so, are these adhered to?	1.1.1	Comments:
2.	Does the budget formulation unit have enough personnel to perform the work required to plan and formulate the budget?	1.2.1, 1.2.3	Comments:
3.	Does the organization have expert staff or consultants to prepare budget estimates? Are these reviewed by an independent entity? Why or why not?	1.2.1, 1.2.3	Comments:
4.	Is it clear what each position does and the need for the position?	1.2.1, 1.2.2	Comments:
5.	How are lines of authority and responsibility delineated?	1.2.3	Comments:
6.	Do individuals involved with budget planning have enough authority to accomplish their duties?	1.2.4	Comments:
7.	In what way are program managers involved in budget formulation? Can you provide examples of guidance memos or templates given to program staff? Do program managers personally track their budgets against actuals? Are they held accountable for substantive deviations? If they are not responsible for monitoring their budgets, who is?	1.3.1, 1.3.2, 2.2.1	Comments:
	PRINCIPLE 2. The organization has an established process to ensure that budgets are accurate.		
8.	Does the organization achieve realistic estimates/budgets through the use of actual costs, historical data, standard rates (e.g., MEANS for estimating construction, EPS for estimating maintenance, repair, and alteration), and/or surveys?	2.1.1	Comments:
9.	Does the organization keep track of the source of funding that supports visiting PIs? If so, how does it use that information?	2.1.1	Comments:
10.	Can funds be shifted between budget categories (line items, projects, etc.) during a fiscal year? If so, at what management level are reprogramming decisions made and authorized?	2.2.1	Comments:
11.	Does the organization periodically compare budgets to actuals? If so, how often and who reviews? If deviations are found in a sample report, do differences represent an improvement or a failure?	2.2.1, 2.2.2	Comments:

#	Questions	Observation References	Comments
12.	Does the organization include allowances in its budgets for documented delays or irregularities? Are these allowances reviewed regularly? What is the process for adjusting budgets when unplanned contingencies arise? How are adjustments tracked against the baseline?	2.2.2	Comments:
13.	Are obligations reconciled and adjusted downward, when necessary, within a reasonable time after liquidation (expenditure)? Approximately what portion of obligations on the books are actual vs. estimates (ex: travel estimates, payroll estimates, etc)	2.2.3	Comments:
14.	Does the organization produce regular financial management reports for its leadership and budget personnel? How often? By what method?	2.3.1	Comments:
15.	Is the system capable of producing accurate, thorough financial reports that can be used to develop budgets or to reconcile cost outlays with the budget?	2.3.2	Comments:
16.	Does the organization provide budget reports in the format and time frame outlined in the cooperative agreement and/or contract?	2.3.3	Comments:
17.	How is an acquisition requested, approved, and recorded? At what point are "funds available" verified and by whom?	2.3.4	Comments:
18.	Review documentation that supports financial reports and funding requests submitted to NSF throughout the fiscal year (including the original cooperative agreement). Are justifications and estimates reasonable and consistent?	2.3.5	Comments:
19.	How does the awardee close out at the end of the fiscal year, and how are end-of-the-year reports developed and delivered to NSF? Does the organization carry over funds across fiscal year? If yes, what is the process for informing NSF and for reallocating carry over funds within the organization the following fiscal year?	2.3.6	Comments:

Additional Comments:

WORKSHEET 4 – FINANCIAL MANAGEMENT CHECKLIST

File No.:
Reviewer:

Date Initiated:

#	Questions	Observation References	Comments
	PRINCIPLE 1. A system is in place to carry out the organization's financial management responsibilities.		
1.	Is it clear what each position does and the need for the position?	1.1.1, 1.1.2	Comments:
2.	How are lines of authority and responsibility delineated?	1.1.3	Comments:
3.	Do individuals involved with financial management have enough authority to accomplish their duties?	1.1.3	Comments:
4.	Does the finance department have enough personnel to perform the work required?	1.1.3	Comments:
5.	Verify that the organization exercises effective control over and accountability for all funds, property, and other assets. Specifically: • Is there adequate segregation of duties in areas such as access to accounting records, check-signing authority, responsibility for making deposits, posting cash receipts to the books of account, disbursements in the cash journal, and performance of bank reconciliation? • Are employees involved in record keeping or custody of assets or in some other position of trust adequately bonded?	1.1.3	Comments:
6.	Verify that the organization maintains a current description of the accounting system including books of original entry, general and subsidiary ledgers, and any statistical and/or supporting records that demonstrate the initiation of transactions, flow of documents, and the identification of all points where correcting, adjusting, or other cost transfers can be entered into the system.	1.2.1, 2.1.1, 3.1.1	Comments:
7.	Verify that adequate procedures exist for approving and documenting, correcting, adjusting, closing, credit and transfer entries, and reconciling all subsidiary cost ledgers and cost objectives to the general ledger accounts.	1.2.1, 2.1.1	Comments:
	PRINCIPLE 2. The organization has an adequate operational accounting system that is compliant with generally accepted accounting principles and federal and internal policies.		
8.	Verify that transactions are recorded in a timely manner.	2.1.1	Comments:
9.	Verify that the organization has developed written procedures and utilizes them to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the use of those funds by the recipient for program purposes.	2.1.1	Comments:

#	Questions	Observation References	Comments
10.	Verify that the organization has developed written procedures and utilizes them to determine the reasonableness, allowance, and allocation of costs.	2.1.1, 2.1.2	Comments:
11.	What controls does the organization have that identify and segregate unallowable costs?	2.2.2	Comments:
12.	Is the organization accounting for indirect costs in accordance with the established rate methodology?	2.2.2	Comments:
13.	Is the organization claiming costs in accordance with the terms and conditions contained in the award instrument?	2.2.2	Comments:
14.	Does the organization have policies and procedures in place to identify whether costs are to be treated as direct or indirect?	2.3.1	Comments:
PRINCIPLE 3. Systems are in place to ensure proper support for costs incurred under federal awards.			

Additional Comments:

WORKSHEET 4-A – ADDITIONAL REVIEW INFORMATION FOR FINANCIAL MANAGEMENT SYSTEMS

Time and Effort Costs

The reviewer may determine if labor costs are allowable, allocable, and reasonable. It is also important to determine if the awardee institution maintains a system to document and support salary charges to NSF awards.

Reviewer can select a sample of time and attendance records for verification of accuracy and compliance with organizational policy, as well as NSF and other federal requirements.

Time and attendance records indicate that a particular employee was present for duty or out on vacation, sick, or annual leave. Time and effort reports indicate what particular project or job number the employee was working on for how many hours or what proportion of his or her effort.

The reviewer can select a mix of employees (i.e., scientific, administrative, exempt, and nonexempt) where possible and review the following:

- Obtain a list of salary charges to an NSF award from the project cost summary by employee name
- Select a sample of direct labor charges to review
- Determine what payroll period the employee(s) in the sample charged labor or salary as a direct charge (or as cost sharing) to the award being reviewed
- Verify that the time and effort reports match the payroll period that the salary was charged to the NSF sponsored project
- Based on the sample that has been selected and using professional judgment, determine whether the charges to the NSF-sponsored project are adequately documented.

Some time and effort systems may be automated; the reviewer can use printouts or work online to review the timekeeping data.

Reviewers can verify the elements that appear on the time and effort reports reviewed. The following elements should appear in the sample (time card or electronic version):

- Employee name and/or identification number
- Project number or account code
- Hours or percentage of effort charged
- Total effort for that pay period
- Employee signature and/or supervisory (with first-hand knowledge about the employee's activities) signature.

Indirect Costs

Indirect costs are those costs not readily identified with a project or any other organizational activity, but rather incurred by an organization for the joint benefit of the project and other objectives. Such costs are usually grouped into common pools and charged to benefiting objectives through an allocation process.

In theory, all costs might be charged directly. Practical difficulties, however, preclude such an approach. Accordingly, an indirect cost rate is established as a device for determining fairly and expeditiously the proportion of such general expenses that each project will bear. The indirect cost rate is the ratio between the total indirect expenses of an organization and some direct cost base. Common direct cost bases are salaries and wages, total direct costs, or some modification thereof.

Award actions may contain indirect cost rates and bases that do not agree with the organization's negotiated rate agreement. The organization may choose to cost share some of the indirect cost or for some other reason may choose to propose an indirect cost rate that is different from its negotiated cost methodology. NSF will generally incorporate the proposed rate and allocation base in the award action if it results in lower costs to NSF.

As with other areas, the award/contract terms determine what costs can be claimed. The organization's accounting system should still identify and allocate costs in accordance with its prescribed accounting methodology (see Negotiated Indirect Rate Agreement); however, the organization will only be allowed to bill or claim costs in accordance with the terms of the award/agreement.

The difference between the incurred indirect cost allocable to an award (based on the accounting system) and the billable or claimed indirect cost represents an under (loss) or over (windfall) recovery of indirect costs. These differences must be properly identified and accounted for.

The reviewer should identify whether the organization has a current negotiated rate established with NSF or another federal agency and is using the rate appropriately; is accounting for indirect costs in accordance with the established rate methodology (see Negotiated Rate Agreement); or is claiming indirect costs in accordance with the award terms and conditions.

Reviewers should conduct an indirect cost review to determine if the organization is consistently accounting for several key areas. If applicable, the review of the following areas should be performed:

- Fringe benefits
- Equipment, supplies, and materials
- Travel
- Consultant costs.

Direct Costs

Travel
Travel costs include expenses for transportation, lodging, subsistence, food, taxi, tolls and other incidental expenses incurred by employees and outside consultants in travel status.

Travel is allowable as a direct cost to a particular sponsored project where it provides a direct benefit to that activity and is a necessary and reasonable expense. Where travel is charged to an individual award there should be documentation (such as a travel authorization) describing the travel and explaining how/why this trip is directly related or will help accomplish award objectives. The awardee should also have a reasonable basis for the allocation of travel costs if they are charged partially to two or more awards.

Travel costs are allowable as indirect cost pool expenses where it occurs in the normal course of business of the awardee or benefits more than one particular project. NSF has waived the cost principal requirements for Agency prior approval of travel costs.

Reviewers can obtain a copy of the organization's travel policies and procedures and review supporting documentation for travel costs. If the approved budget indicates that travel costs are authorized, the reviewer should review procedures maintained by the awardee to control and document travel expenditures. If the awardee does not maintain documented travel procedures, they must comply with federal travel guidelines. In these cases, any travel paid for with federal funds must be consistent with the Federal travel guidelines. Typical supporting documents would include:

- A travel authorization document that approves the travel in advance and explains the purpose of the travel and its relation to travel objectives
- An after the fact expense report detailing the types of travel expenses claimed and showing advances, if any, and liquidation of that amount
- Original receipts should be maintained with travel records to reduce the possibility of claiming the same expense for reimbursement on more than one award or to 3rd party sources.

Reviewers can select a sample of travel transactions to determine if the awardee institution consistently follows its procedures. If not, reviewers can determine if exemptions to travel policies are approved in writing in advance by a responsible official within the organization. Transactions sampled can also be reviewed to determine if cost claimed for travel are necessary, reasonable, and allocable to the NSF award.

Consultants
Consultants are identified as persons (i.e., individuals) who are members of a particular profession or possess a special skill. Although a consultant agreement is technically a type of contract, under NSF awards, consultants are categorized differently than sub-award agreements.

Generally, consultant services are provided by individuals to give technical advice and support to the awardee. Consultants work under the awardee's direction to achieve the goals of the project. Typically, consultant agreements do not bind the consultant to a finite deliverable.

In contrast, sub-award agreements are typically made to organizations and not to individuals. The agreements are generally more formal with stated deliverables and deadlines. Unlike consultants, sub-awardees are contracted to accomplish a piece (or pieces) of the project independently or with very little direction from the primary awardee.

The awardee must limit the amounts paid to consultants under NSF awards. Recovery for personal compensation of consultants is limited to the daily equivalent of the rate paid to an Executive Schedule Level IV federal employee (exclusive of indirect cost, travel, per diem, clerical services, fringe benefits and supplies). The limitation is statutorily imposed and included in NSF's annual appropriation.

Note: The limitation on consultant costs was not included in the NSF Fiscal Year 2006 appropriation language.

Other problem areas include lack of written policies & procedures, lack of or inadequately documented consulting agreements that fully disclose the rate of pay and consultant agreements that do not contain a statement of work.

Reviewer can request a listing of consultants being charged to the identified award(s) and select a sample of the consultant agreements for further review. Reviewers should verify that the rate of pay does not exceed the NSF consultant limit and ensure that the agreement(s) contain the following items:

- Name of the consultant
- Rate of pay
- Period of performance
- Description of services to be provided
- Other data (e.g., cost information on indirect charges, travel, per diem and supplies)

Reviewer can review a sample of paid invoices to determine compliance with the agreement and to determine if the invoice contains sufficient information to indicate that the work performed relates to the NSF award. The selected invoices should contain sufficient information to allow for the calculation of the daily rate paid. The salary portion of the invoices should be separate and distinct from all other costs and should be reflected in dollars per hour or day.

Reviewer can verify that the consultant was not paid over the NSF allowable limit keeping in mind the period of the services provided.

Post Retirement Benefits
FASB 106 requires companies that provide postretirement health care benefits to accrue a liability of future health care costs for both current employees and current retirees. Are PRB costs being accrued and shown as liabilities on the financial statements?

Accrued Vacation Liability
Determine whether there is any liability to NSF for accrued vacation. Is it currently funded in accordance with FASB 106?

Contingent Liabilities
Are there any contingent liabilities present which might have a material impact on the government's interest?

WORKSHEET 5 – FINANCIAL REPORTING CHECKLIST

File No.:

Reviewer:

Date Initiated:

#	Questions	Observation References	Comments
	PRINCIPLE 1. The organization has systems in place to carry out the functions related to cash management and financial.		
1.	Does the awardee have enough personnel to perform the work required?	1.1.1	Comments:
2.	Is it clear what each position does and the need for the position?	1.1.2	Comments:
3.	Are there any situations in the management structure which could lead to conflicts of interest? If so, what are they?	1.1.2	Comments:
4.	How are lines of authority and responsibility delineated?	1.1.3	Comments:
5.	Do individuals involved with FCTR have enough authority to accomplish their duties?	1.1.3	Comments:
6.	Verify the existence of properly segregated responsibilities for access and permissions to the FastLane Financial Functions for preparing the FCTR and Cash Request by: • Obtaining the institution's FastLane Organization Permissions Report for FastLane Financial Functions (e.g., Financial Administrator, FCTR, Cash Request, and Grantee Electronic Funds Transfer Update), and determining if the Permission Report is up to date. • Reviewing the institution's procedures for administering FastLane Financial Function user permissions. • Determining whether the institution's permissions provide for reasonable segregation of duties.	1.3.1, 1.3.2	Comments:
	PRINCIPLE 2. The organization has a system in place for accurate and complete payment requests (advance payment or cost-reimbursable method).		
7.	Determine if the awardee's cash management processes are efficient and verify the accuracy of "cash on hand" by determining if the awardee uses advance or reimbursement funds request process: • Validate that funds are maintained in an interest-bearing bank account. • Validate whether cash requests were properly annotated per the awardee's established method. • Validate that the books and records account for cash related to grant funds.	2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5	Comments:
8.	What systems does the organization have in place to determine cash requirements for the purpose of advance payment requests?	2.2.1	Comments:

#	Questions	Observation References	Comments
9.	Determine if the awardee's cash management processes are efficient and verify the accuracy of "cash on hand" by selecting a sample of payment requests submitted through FastLane, Treasury Automated Standard Applications of Payments, or by SF 270. Trace amounts to books and records (project cost ledger or summary) to determine if requested amount was reasonable.	2.3.1	Comments:
	PRINCIPLE 3. The organization has a system in place for accurate and complete FCTR reporting.		
10.	Verify and test the completeness and accuracy of the FCTR reporting mechanism by selecting a sample of award expenditure amounts reported on FCTRs for the fiscal year under review and tracing amounts to books and records (project cost ledger or summary).	3.1.1	Comments:
11.	Verify and test the completeness and accuracy of the FCTR reporting mechanism by selecting a sample of award expense items from the books and records (project cost ledger or summary) and tracing the amounts to source documentation for the individual expense. ■ Awardees should be able to demonstrate that FCTR amounts are fully supported by books and records. ■ Awardees should be able to demonstrate that the financial management system is capable of maintaining detailed supporting records for all grant expense items.	3.1.2	Comments:
12.	Verify and test the completeness and accuracy of the FCTR reporting mechanism by reviewing amounts reported on FCTR for fiscal year for cash-on-hand, days of cash-on-hand, interest income, and project income. ■ If cash-on-hand was positive, determine whether the amount was reasonable; if it was not reasonable, request explanation of circumstances leading to excess cash. ■ Determine whether days of cash-on-hand represents the actual days the funds were held prior to expenditure. ■ Determine total interest income reported during the year; if amount was more than $250, validate that the excess was returned to the Department of Health and Human Services. ■ Determine if project income was reported on the FCTR. Trace amounts to validate that any project income was accounted and expended for project purposes.	3.2.1, 3.2.2	Comments:

#	Questions	Observation References	Comments

Additional Comments:

WORKSHEET 6 – Procurement and Acquisition Checklist

File No.:
Evaluator:

Date Initiated:

#	Questions	Observation References	Comments
	PRINCIPLE 1. The organization has a procurement system for acquiring goods and services in a fair and competitive manner.		
1.	Is there a petty cash fund? What are the procedures for using it? Who is authorized to access it? How is it managed and accounted?	1.4.2	Comments:
2.	What policies and procedures have been established to handle leases and rents?	1.5	Comments:
3.	What policies and procedures have been established to handle termination liabilities?	1.6	Comments:
4.	Verify that some form of cost or price analysis has been conducted and documented in the procurement files in connection with every procurement action.	1.2.5	Comments:
5.	Is there a system for contract administration to ensure contractor conformance with the terms, conditions, and specifications of the contract and to ensure adequate and timely follow-up of all purchases?	1.3.1	Comments:
6.	Interview procurement personnel to verify that small purchase files are periodically reviewed to ensure: • Related items are consolidated when practical and advantageous • Requirements are not split or manipulated to avoid thresholds • Non-priced orders contain appropriate monetary limitations • Recurring orders are evaluated at least annually to determine the appropriateness of establishing, updating, or canceling blanket purchase agreements.	1.4.6/1.3	Comments:

#	Questions	Observation References	Comments
7.	Select a sample of files to review from the list of subawards, subcontracts, and purchase orders awarded for the most recently completed accounting year. The number of files that can be reviewed will vary depending upon the amount of time planned for the Onsite Review. At a minimum, the reviewer should select a sample that includes a cross-section of the types of procurement activities, e.g., subawards, subcontracts, and purchase orders including small purchases. For each file in the sample, perform the following: • Verify that the significant history of the procurement is documented and includes the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis of contract price. • Verify that procurements provide full and open competition or justify other than full and open competition. • Examine documentation in support of the rationale to limit competition in those cases where competition was limited and ascertain if the limitation was justified. • Verify that contract files exist. Ascertain whether appropriate cost or price analysis was performed in connection with procurement actions including contract modifications and that it supported the procurement action. • Verify that NSF approved procurements exceeding $100,000 or $250,000 for FFRDC (when stated in Cooperative Agreement) when such approval was required. Approval may be required for procurements awarded by noncompetitive negotiation, awarded when only a single bid or offer was received, awarded to other than the apparent low bidder, or specifying a "brand name" product. • Verify compliance with other procurement requirements specific to the award.	1.2	Comments:
8.	Do all negotiated contracts over the small purchase threshold include a provision to the effect that the recipient, NSF, the Comptroller General of the United States, or any of their duly authorized representatives, will have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts, and transcripts?	1.3.1	Comments:
9.	Verify justifications for other than full and open competition are approved in writing at the appropriate level.	1.2.2	Comments:
10.	Verify the organization is alert to conflicts of interest.	2.1, 1.3.2	Comments:
11.	Verify the organization is alert to noncompetitive practices among vendors.	1.1.2	Comments:
12.	Verify vendors who develop or draft specifications, requirements, statements of work (SOW), invitations to bid, and/or requests for proposals (RFP) are excluded from competing unless documentation provided to support inclusion is in the best interest of the program or project.		Comments:
13.	Verify awards are made to the bidder or offeror who is responsive to the solicitation and is most advantageous in terms of price, quality, and other considered factors.	1.2.1, 1.3.2	Comments:
14.	Verify solicitations clearly set forth all requirements that the bidder or offeror must fulfill in order for the bid or offer to be evaluated.	1.2	Comments:

#	Questions	Observation References	Comments
15.	Verify that policies and procedures are established to prevent the awardee from purchasing unnecessary items.	1.2.6	Comments:
16.	Verify where appropriate, an analysis is made of lease versus purchase alternatives to determine which would be the most economical and practical procurement.	1.2.5	Comments:
17.	Verify solicitations for goods and services provide for all of the following: • Clear and accurate descriptions of the technical requirements for the material, product, or service to be procured; in competitive procurements, that such descriptions do not contain features which unduly restrict competition • Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals • A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards • The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation • The acceptance, to the extent practicable and economically feasible, for products and services dimensioned in the metric system of measurement • Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources, protect the environment, and are energy efficient.	1.2.1	Comments:
18.	Verify procurement records and files for purchases in excess of the small purchase threshold should include at a minimum: • Basis for contractor selection • Justification for lack of competition when competitive bids or offers are not obtained • Basis for award cost or price.	1.2.2	Comments:
19.	Verify that contracts contain the following provisions found in 2CFR. 215 and elsewhere as applicable.		Comments:
20.	Verify that in addition to provisions to define a sound and complete agreement, terms and conditions substantially identical to the language detailed in Section 10.5.3 is included in all contracts.		Comments:
PRINCIPLE 2. Procurement staff are knowledgeable and trained abut their roles and responsibilities in the procurement process.			
22.	Does the awardee have written standards of conduct requiring that personnel engaged in the award and administration of procurement activities do not solicit or accept gratuities, favors, employment, or anything of monetary value from vendors or prospective vendors?	2.1.1	Comments:
23.	How does the awardee's procedures outline a clear assignment of authority for issuing purchase orders and contracts for good and services?	2.1.2	Comments:

#	Questions	Observation References	Comments
24.	Do the procedures provide for segregation of duties between employees responsible for procurement, accounts payable, disbursing, and receiving?	2.1.3	Comments:
25.	Is it clear what each position does and the need for the position?	2.1.3	Comments:
26.	Do the procedures contain internal controls to ensure that delegations are not exceeded or used without authorization? • Are requiring offices advised of the lead times necessary to initiate and complete the contractual obligation of funds? • Are clear lines of authority and responsibility delineated?	2.1.4	Comments:
27.	What internal controls do the procedures contain to ensure that delegations are not exceeded or used without authorization?	2.1.4	Comments:
28.	How are job descriptions sufficient to ensure the recruitment and retention of employees with adequate skills levels?	2.4.1	Comments:
29.	Is the training received by employees (both formal classroom training and informal on-the-job training) timely, adequate, and appropriate for the specific level of certification?	2.2	Comments:
30.	Is staffing adequate to support the mission (how often does the organization supplement staff with overtime or the addition of temporary employees)?		Comments:
PRINCIPLE 3. The organization actively seeks diverse sources for procuring and acquiring goods and services.			
32.	How does the organization's policies and procedures demonstrate that positive efforts are made to use small, minority-owned, and women's business enterprises by using such firms to the fullest extent practicable?	3.1.1	Comments:
33.	Do the organization's policies and procedures demonstrate that positive efforts are made to use small, minority-owned, and women's business enterprises by making information on forthcoming opportunities available and arranging time frames for purchases and contracts to encourage and facilitate participation (e.g., attending trade fairs, conferences, and SBA training)?	3.1.1	Comments:
34.	Do the organization's policies and procedures demonstrate that positive efforts are made to use small, minority-owned, and women's business enterprises by considering whether firms competing for larger contracts intend to subcontract?	3.1.1	Comments:
35.	Do the organization's policies and procedures demonstrate that positive efforts are made to use small, minority-owned, and women's business enterprises by encouraging contracting with consortiums of such businesses?	3.1.1	Comments:
36.	Do the organization's policies and procedures demonstrate that positive efforts are made to use small, minority-owned, and women's business enterprises by using the services and assistance, as appropriate, of organizations such as SBA and the Department of Commerce's Minority Business Development Agency?	3.1.1	Comments:
PRINCIPLE 4. Procurements are processed and received in a timely manner.			

#	Questions	Observation References	Comments
37.	Are requiring offices advised of the lead times necessary to initiate and complete the contractual obligation of funds?	4.1.1	Comments:
38.	Does the awardee have documented processes for the receipt and acceptance of new acquisitions? How are invoices handled? Are payments made only on original invoices? Are they stamped to avoid duplicate payment?	4.1.2	Comments:
39.	Are goals and metrics in place and routinely used to assess performance? What information is generated? What information is used?	4.2.1	Comments:
	• Does management regularly conduct an analysis of the procurement and acquisition function and monitor performance?		
	• Does management regularly conduct procedural reviews and monitor adherence to established organizational policies and procedures?		
PRINCIPLE 5. The organization's procurement procedures distinguish between acquisitions of goods and services and subrecipient agreements for sponsored projects			
	1. **Pre-Award Review**		
40.	Before making a substantial subaward, has the prime awardee ensured that the subawardee is able to perform (both technically and administratively)?	5.1.1	Comments:
41.	Before making a substantial subaward, has the prime awardee ensured that the subawardee has not been debarred or suspended from receiving federal grants or contracts?	5.1.1	Comments:
42.	Before making a substantial subaward, has the prime awardee ensured that the subawardee has an adequate accounting system (a project cost accounting system)?	5.1.2	Comments:
43.	Before making a substantial subaward, has the prime awardee ensured that the subawardee has the financial capability to perform?	5.1.1/5.1.2	Comments:
44.	Before making a substantial subaward, has the prime awardee ensured that the subawardee has an appropriate indirect cost rate and application base?	5.1.2	Comments:
	2. **Making the Subaward**		
45.	Verify that the following provisions that should be in subawards beyond statement of work, payment, and deliverables are included:	5.2.1	Comments:
	Audit and access to records		
	Prime awardees right to perform both technical and administrative site visits		
	Cost Principles (OMB Circulars A-21, A-87, A-122, or FAR Part 31) and Administrative Requirements		
	Non-performance and termination or other legal remedies		
	Statutory or regulatory—such as conflict of interest, non-discrimination, drug-free workplace, animal rights, human subjects, and a number of grant terms and conditions. (See GC-1 Article 8–Significant Project Changes for a list of GC-1 Articles that must be included in subaward instruments)		

#	Questions	Observation References	Comments
46.	Has the prime awardee considered if there is a need to include any special award conditions such as the following: Advance or periodic payments Payment attached to milestones Reimbursement after performance Progress or technical reporting requirements Financial or business reporting requirements Other special award conditions	5.2.1	Comments:
3.	**Post-Award Monitoring**		
47.	What type of plan, if any, does the prime awardee have in place for monitoring subawardees?	5.3.1	Comments:
48.	Does this plan include a risk assessment to target certain subawardee organizations for more detailed review?	5.3	Comments:
49.	Is implementation of the subawardee monitoring plan documented?	5.3.1	Comments:
50.	Does the prime awardee just pay invoices as they are submitted or is there a technical or business review of the invoices prior to payment?	5.3.1	Comments:
51.	Does the prime awardee perform technical or business site visits to monitor progress? Are copies of such site visit reports available?	5.3.1	Comments:
52.	Has the prime awardee ensured that the required A-133 reports are received and findings in those reports pertaining to the subaward are followed-up?	5.3.1	Comments:
53.	Does the prime ever require supporting documentation prior to approving an invoice? What are the required documents?	5.3.1	Comments:
54.	Has the prime performed audits or financial reviews on subawardee organizations?	5.3.1	Comments:
55.	Are required reports (monthly status, annual progress, or final technical) being received in a timely manner?	5.3.1	Comments:
56.	What close-out procedure does prime require when the subaward is completed?	5.3.1	Comments:
57.	Are there any other subawardee monitoring activities undertaken by the prime awardee (e.g., PI site visit to subawardee site to meet with and discuss progress)? What are these activities?	5.3.1	Comments:
58.	Do documentations exist (in a selected subaward file) that shows the prime awardee is doing an adequate job of monitoring? Note these documents:	5.3.1	Comments:

#	Questions	Observation References	Comments

Additional Comments:

WORKSHEET 7 – PROPERTY AND EQUIPMENT CHECKLIST

File No.:

Reviewer:

Date Initiated:

#	Questions	Observation References	Comments
	PRINCIPLE 1. The organization has a structure in place to carry out the functions related to the property and equipment management system.		
1.	Is it clear what each position does and the need for the position?	1.1.1	Comments:
2.	Are proposed purchases reviewed and approved? By whom?	1.1.1	Comments:
3.	Do individuals involved with property and equipment management have enough authority to accomplish their duties?	1.1.2	Comments:
4.	Does the department responsible for property and equipment management have enough personnel to perform the work required?	1.1.3	Comments:
5.	How are lines of authority and responsibility delineated?	1.2.1	Comments:
	PRINCIPLE 2. The organization has policies and procedures that are in compliance with federal regulations for acquisition of property and equipment.		
6.	Do the policies and procedures require classification for types of personal property? What are the classifications?	2.1.1, 2.1.2	Comments:
7.	Do the policies and procedures require that the organization submit an annual report by NSF award number of NSF-owned property having an original acquisition cost of $5,000 or more and that a physical inventory of government-owned equipment is conducted annually?	2.1.1, 2.3.1, 5.2.1, 5.2.2	Comments:
8.	Does the organization have procedures in place to ensure that only equipment that is necessary for the sponsored activity is purchased? Is there a check to see if such equipment is reasonably available within the institution prior to purchasing it? Explain this process?	2.2.2	Comments:
9.	Do the policies and procedures ensure that only equipment necessary for the research or activity supported by the award is purchased?	2.2.2	Comments:
10.	Is the equipment purchased with NSF funds of a scientific nature and purpose or is it general office equipment? The reviewer may wish to consult with the program officer or review the original budget to determine the appropriateness of computer and other multi-purpose equipment.	2.2.2, 3.1.1	Comments:
11.	Is there a central location that receives and tags newly acquired property? Where is this location?	2.2.4, 2.2.5	Comments:

#	Questions	Observation References	Comments
12.	Do the policies and procedures require that equipment owned by the Federal Government be marked, tagged, or segregated in such a manner as to clearly indicate its ownership?	2.2.5, 3.2.1	Comments:
PRINCIPLE 3. The organization has policies and procedures that are in compliance with federal regulations and requirements for the use and disposition of property.			
13.	Do the policies and procedures require that the equipment be used in the project or program for which it was acquired?	3.1.1	Comments:
14.	Do the policies and procedures require that, in connection with the physical inventory, the organization verify the existence, current utilization, and continued need for the equipment?	3.1.3	Comments:
15.	Does the award document specify that title to equipment purchased or fabricated with NSF funds will vest in NSF? If not, title vests in the organization and the property is considered "exempt."	3.2.1	Comments:
16.	Do the policies and procedures require that disposition instructions on federal property in excess of the organization's requirements are requested from the NSF Property Administrator, and carried out as directed? Is disposition of property documented?	3.2.2, 7.2.3	Comments:
PRINCIPLE 4. The organization has a system in place for securing and maintaining equipment purchased with federal funds and keeping the equipment in good condition.			
17.	Do the policies and procedures provide guidance on using property purchased with federal funds to work off-site?	4.1.1	Comments:
18.	What is the process for notification of loss, damaged, or destroyed property? Is NSF notified?	4.1.2	Comments:
19.	Does the organization have systems in place to prevent loss, damage, or theft of equipment purchased with federal funds and for keeping the equipment in good condition? What are these systems?	4.1.2	Comments:
20.	Are there security guidelines, policies, and procedures for safe handling or proprietary/sensitive information stored in property? What are the procedures?	4.1.2	Comments:
21.	Does the system require that any loss, damage, or theft of equipment be investigated and fully documented?	4.1.2	Comments:
22.	Does the system require that any loss, damage, or theft of federally owned equipment be reported to the federal awarding agency?	4.1.2	Comments:
PRINCIPLE 5. The organization's inventory and recordkeeping practices are in compliance with federal requirements and are accurately maintained in a property management or inventory system.			
23.	Do the policies and procedures outline how to maintain a property record and the information it must contain?	5.1.1, 5.1.2, 5.1.4	Comments:

#	Questions	Observation References	Comments
24.	Do the awardee's inventory records contain all the information or data fields identified within its property management system requirements?	5.1.1, 5.1.2, 5.1.3	Comments:
25.	How is off-site or loaned property managed and inventoried?	5.1.3	Comments:
26.	Are policies and procedures in place for management of recordkeeping?	5.1.4	Comments:
27.	Does the system permit only authorized users to enter, modify, or otherwise alter property records?	5.1.5	Comments:
28.	Do the policies and procedures require that a physical inventory of equipment be taken and reconciled with the equipment records at least once every 2 years? What was the date of the most recent inventory?	5.1.6, 5.2.1, 5.2.2	Comments:
29.	Is there an audit trail for entries to a property record including the identification of individuals entering or approving information and/or other data?	5.1.7	Comments:
30.	Do the awardee's accounting system and property records show what equipment was purchased with Federal funds and exclude that portion from depreciation or use allowances claimed in calculating direct cost? How is this done?	5.1.8	Comments:
31.	Do the policies and procedures outline how to reconcile the inventory?	5.2.2, 5.2.3	Comments:
32.	Do the policies and procedures direct that any discrepancies between the physical inventory and the equipment records be investigated to determine the cause of the difference?	5.2.3	Comments:

Additional Comments:

WORKSHEET 7A – NSF AWARDEE AND CONTRACTOR PROPERTY REVIEW GUIDE

Review Checklist

General Instructions

The reviewer must discuss with appropriate officials of the property management activity each response to the Request for Data that was recorded as "Unsatisfactory." If the discussions produce additional information that cause the reviewer to conclude that the response is now "Satisfactory," the reviewer must re-score the response as "Satisfactory" and attach a summary of the additional information provided by the property management activity. If a question does not apply then the response should be recorded as N/A.

The reviewer should continue the onsite review by addressing the additional questions that follow. The sampling techniques described in Section III of this chapter should be used to provide responses to questions addressing records or documentation.

Sample Report

1. Summary of Findings

The findings resulting from the review are summarized below. A statement must be included indicating whether the findings were determined to be material weaknesses of the system or non-material weaknesses requiring administrative improvement.

A.   Management Indicators

1. Adequacy of policies and procedures
2. Placement of the property management operations within an organization
3. Staffing
4. Having a written property control system

B.   Property Management Performance Indicators

1. Inventory Completion Rate
2. Property Record Accuracy Rate

II. Background

The Division of Administrative Services, Property Management conducted a review of the (Name of the property management activity) during the week of (Dates).

The review, under the direction of (Title of directing official) was conducted by the following team:

(Names and titles of review team).

The NSF Property Management Review Guide and the awardees written property control system were used as the review protocol. The Guide provides an objective and consistent evaluation of the Foundation's property management activities.

The review was based on:

- An analysis of the responses to data supplied and on-site review questions appropriate to the property management activity.
- Supplemental information furnished by the (Name of the Property Management Activity.)
- Interviews with officials responsible for the management and control of the inventory.
- A review of applicable receiving, inventory, receipt, adjustment and disposal records.

The following functional areas were included in the review:

- Organization and Management
- Operating Practices, Control, and Reporting
    - Acquisition
    - Receiving
    - Accountability and Control
    - Physical Inventory
    - Maintenance
    - Storage
    - Utilization and Disposal
    - Motor Vehicles
    - Subawardee Control
    - Reporting
    - Aircraft
- Property Management Performance Indicators
    - Inventory Completion Rate

– Property Record Accuracy Rate

III. Characteristics of the Property Management Activity

This section should describe the scope, extent, and nature of the property management activity in terms of customers served, volume of activity, geographic service area, etc. Include any initiatives for improvement that have been undertaken by the property management activity.

IV. Management Indicators

The discussion of individual management indicators in this section can be introduced using the following language:

- Management indicators have to do with managing the function and the people in it rather than operating the hands-on property management process. They provide a means for measuring the quality of the organization's activities, the professionalism and productivity of its staff, the effectiveness of its managers, the appropriateness of its organizational placement, and the adequacy of its checks and balances.

- The management indicators were evaluated against standards prescribed in the Guide. Based on the resulting score, each indicator was rated as "Meets Standard" or…

- This should be followed by a discussion of the review team's findings in each functional area reviewed. Findings should be supported by statutory or regulatory citations where possible and the impact of noncompliance or non-use of established business practices. The extent of the deficiencies found should be indicated, for example, whether a problem was found in one, several, or all of the items reviewed. The report should also show balance in commending the property management activity for practices that go beyond the standard in a positive direction.

Signature/Title

Date

_____   _____

Glossary

Abandonment or Destruction—A process to dispose of personal property that requires a written determination that it has no commercial value or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale.

Accountable Property—Refers to property over $5,000 that has been recorded in a formal personal property accounting system, identified, and controlled from its acquisition through disposition.

Report of Survey—An activity used to examine facts, determine responsibility, and establish liability for the loss, damage, or destruction of government property and to document the removal of property from a formal account.

Capitalized Property—Property with an acquisition cost at or above $25,000 that is recorded in the general ledger of the agency's financial accounts.

Excess Property—Property under the control of a federal agency that is not required for its need and has been reported to GSA.

Physical Inventory—The verification of the existence, location, and quantity of property items and of additional information.

Pool—A sharing arrangement for a group of properties with a common purpose.

Surplus Property—Any excess property that is not required by all federal agencies as determined by GSA.

Utilization—The identification, reporting, and transfer of excess personal property among federal agencies to fill a current or future requirement in lieu of a new procurement.

WORKSHEET 7B – NSF AWARDEE AND CONTRACTOR PROPERTY CHECKLIST

Institution _____   Award Number _____   Review Date _____

Management Area	Explanation
I. Organization and Management	
1. Has a focal point been formally established to ensure development, control, and dissemination of property management instructions, policies, and guidance?	
2. Are personnel resources assigned to the property management functions sufficient to meet the workload requirements?	
3. Have internal training programs been conducted for property custodians/asset center representatives? (Review training schedules, course content, and rosters.)	
4. Do users of personal property receive training on their responsibilities for personal property management and utilization?	
5. Have all personal property management functions been officially assigned throughout the organization and evidenced by documentation such as an organization chart or functional statement?	
6. Does the structure of the property management program support the size, type and level of the organization being reviewed?	
7. Does the property management office perform and document self-evaluations of its own operations?	
8. Is there a successful working relationship between the property management staff and the program, procurement, and finance organizations? (Conduct personal interviews)	
9. Are required personal property management reports submitted in a timely fashion?	
10. Is a determination of need performed prior to the acquisition of an item of equipment?	
11. Does the awardee have a written property control system for government-furnished property?	
II. Operating Practices, Control, and Reporting	
A. Acquisition	
1. Are justifications reviewed by the property activity for equipment procurement?	
2. Do procurement methods assure internal screening for available excess equipment in lieu of new procurements?	

Management Area	Explanation
3. Is there coordination between ordering groups (users), purchasing personnel, and those who are knowledgeable as to the availability of excess property?	
B. Receiving	
1. Are receiving documents sent to the shipping and receiving activity in advance of incoming shipments?	
2. Are receiving areas clearly established?	
3. Is the receiving area secured from unauthorized entry?	
4. Are work areas and walkways kept free of scrap and salvage materials?	
5. Is the receiving operation so arranged as to allow the orderly movement of property through the facility?	
6. Is property physically protected and safeguarded while in the receiving area?	
7. Are controls established to ensure property has been documented?	
8. Are receiving reports signed by an authorized employee(s)?	
9. Are receiving reports promptly distributed to accounting and purchasing functions to permit the timely processing of invoices for payment?	
10. Does documentation indicate that the receiving official has checked quantity, condition, and type of property received?	
11. Are accessories as well as the basic item listed on the receiving report and physically checked?	
12. Is accountable property not received through the normal receiving dock, tagged, and recorded in the proper control account?	
13. Are receiving reports annotated to indicate the following situations:	
a. Date received	
b. Names of personnel checking shipment	
c. Date on which the property was released from the receiving area	
d. Physical count	
e. Overages, shortages, and damaged shipments (external and internal damage)	
f. Serial number(s)	
g. Decal/bar-code number(s)	
14. Have physical controls been established to handle:	
a. Defective or damaged property	
b. Substituted items of property	

Management Area	Explanation
c. Misrouted shipments	
d. Rejected items of property	
15. Is prompt action taken by receiving in the following situations:	
a. Processing claims for damage	
b. Overages and shortages	
c. Return of defective items	
d. Return of incorrect items	
e. Adjustment of overcharge of freight bills	
C. Accountability and Control	
1. Do policies, instructions, guidance, and operating procedures for the management and control of accountable equipment address the following topics?	
a. Official use	
b. Loan	
c. Borrowing	
d. Identification marking	
e. Physical protection of property	
f. Retirement/replacement	
g. Property belonging to others such as subawardees, etc.	
h. Employee participation and responsibility	
2. Is a property custodian system in place?	
a. Is the information on custodians and custodial areas current?	
b. Are changes in custodians and locations promptly reported to the cognizant property management office?	
3. To account for all equipment in employee's possession, what clearance procedure do you have in place for accountability?	
4. Is the property record system automated?	
5. Does the system integrate all functions (e.g., control, financial accounting)?	
6. Does the system cover leased and rented equipment?	
7. Does the accountable property information system provide the following?	
a. Decal/barcode number	
b. Item description	
c. Serial number	
d. Manufacturer	

Management Area	Explanation
e. Model number	
f. Custodial code	
g. Acquisition cost	
h. Acquisition date	
i. Purchase order number	
j. Cumulative depreciation	
k. Object classification	
l. Federal stock classification	
m. Receiving organization	
n. User name	
o. Property custodian code	
p. Location information	
q. Transaction date	
r. Condition code	
s. Lease cost (annual)	
t. Lease expiration date	
u. Warranty expiration date	
v. Maintenance contract code	
8. If any control subsystems are used (i.e., subordinate units or programs), do subsystem records interface with the primary accounting system?	
9. Do custodians/asset center representatives maintain on a current basis, subsystem information relative to equipment in their custody?	
10. Do custodians report changes in equipment status promptly? Are the accountable property records updated in a timely manner?	
11. Are custodial officers provided listings showing the current status of their custodial account as it appears in the accountability records?	
12. Between the receipt of an updated listing, does the property custodial officer/asset center representative annotate changes and bring discrepancies to the attention of the property officer?	
13. Are property records updated when equipment is moved from one location to another?	
14. Are the book values of larger items increased when accessory items are installed?	
15. Are the book values of larger items reduced when accessory items are removed?	

Management Area	Explanation
16. Are accountable items that are fabricated in-house included in property records?	
17. Are property records supported by properly certified documents to record receipts, issues, adjustments, and disposals?	
18. Are accessory items that are part of larger items included in the historical file?	
19. Does the awardees' written property control system contain the following essential elements?	
a. Property records	
b. Identification	
c. Segregation	
d. Physical protection	
e. Physical inventories	
f. Care, maintenance, and use	
g. Control of sensitive items or specialized property	
h. Flow down of requirements to subcontractors	
i. System ensures that equipment used only for official purposes	
j. Positive preventive maintenance program	
k. Procedures for the disposition of government-furnished property?	
D. Physical Inventories	
1. Have procedures been developed for the performance of physical inventories of accountable property?	
2. Is accountable property physically inventoried annually?	
3. Does the inventory procedure provide for immediate marking or tagging of otherwise unidentified property?	
4. Are changes in custodian/asset center representative and/or location noted?	
5. Are labor-saving systems such as inventory by exception, statistical sampling, and bar coding used where applicable?	
6. Are adjustments made to the financial control accounts as a result of physical inventories?	
7. Does the system provide for recording, investigating, and resolving ownership of unrecorded property found during the physical inventory?	
8. Do the recording procedures include checks and balances (e.g., separation of responsibilities to prevent manipulation by a single individual)?	
9. Are adjustments to property records made promptly?	
10. Are reports of survey initiated when property is lost, damaged, or destroyed?	

Management Area	Explanation
11. Are equipment pools established where practicable?	
12. Do records include accurate information on user location and current custodian?	
13. Is there a system in place for the tracking of loaned property?	
E. Maintenance	
1. Has a maintenance program been established?	
2. Is routine preventive maintenance scheduled for equipment?	
3. Is warranty coverage checked prior to requesting repairs?	
4. Are records of maintenance and repair orders maintained?	
5. Have formal calibration procedures been established to ensure the proper correction factors for special instruments?	
6. Are decals and/or seals used to identify instrumentation calibration status?	
7. Does such status marking show the calibration expiration date?	
8. Are calibration services performed at regular intervals?	
9. Are calibration intervals subject to adjustment on the basis of performance history?	
10. Are calibration, maintenance, and repair data and costs recorded and made part of historical information?	
11. Is provision made for prompt notification to the property management officer of the loss, damage, or destruction of government property?	
12. Is missing property reported to the security office and law enforcement officials?	
13. Are results of investigations documented and made a part of resulting survey actions?	
14. Is the investigative effort commensurate with the value of property involved?	
15. Are investigations commenced promptly on receipt of notice of lost, damaged, or destroyed property?	
16. Are periodic analyses conducted to identify trends in property losses (e.g., lack of administrative control, particular types of items, particular locations)?	
F. Storage	
1. Do storage facilities protect property against theft, fire, flood, weather, or other types of loss or damage?	
2. Is the physical security of storage areas sufficient to prevent unauthorized access?	
3. Are storage areas clean and free of crating and scrap materials?	
4. Are fire prevention and control devices installed?	

Management Area	Explanation
5. Are periodic safety inspections conducted? (Cite inspection records)	
6. Is the facility well lighted?	
7. Is an individual assigned to manage the storage operations?	
8. Is property stored safely and according to prescribed guidelines?	
9. Are special provisions made for the storage of contaminated property?	
10. Are movements in and out of storage documented?	
11. Have Occupational Safety and Health Administration standards for equipment been reviewed and implemented if applicable?	
G. Utilization and Disposal	
1. Have written directives for the utilization and disposal of non-required, excess, and surplus personal property been issued?	
2. Are property items identified as idle or unneeded utilized or declared excess, in accordance with directives?	
3. Is cannibalization of equipment conducted in accordance with agency policy?	
4. Is the GSA or awardee screening system effectively utilized?	
5. Is a want list maintained and updated during the year?	
6. Prior to requisitioning excess property, has consideration been given to the following factors?	
a. Nature and cost of any repairs?	
b. Duration of the job on which equipment will be used?	
c. Handling and transportation cost?	
7. Is excess property reported to GSA in a timely fashion?	
8. Is the condition of excess equipment determined by personnel familiar with its operation?	
9. Are transfers of excess personal property documented on an SF-122, Transfer Order Excess Personal Property or electronically?	
10. Are handbooks and spare parts for major items of equipment forwarded with the property?	
11. Are identification tags and property numbers removed prior to shipment?	
12. Are donations of surplus personal property to public bodies included in the annual utilization and disposal report? (Confirm by reviewing reports.)	
13. Are donations to foreign governments made in accordance with applicable regulations?	
14. Do files pertaining to sales contain copies of all documents necessary to provide a complete record of the transaction?	
15. Are proceeds from sales handled as required?	
16. Are identification tags and property numbers removed prior to disposal?	

Management Area	Explanation
17. Is scrap material protected from corrosive effects of weather when necessary?	
18. Is there documentation to record shipment of scrap from the site including authority, date, weight tickets, etc.?	
19. Prior to abandonment or destruction, has a written determination been made by the designated official that the property has no commercial value or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale?	
H. Motor Vehicles	
1. Are U. S. Government Certificates (SF-97) issued to obtain title to a motor vehicle? Signed by the NSF Property Administrator?	
2. Does a review of file indicate that the awardees have adhered to the following motor vehicle requirements?	
a. Acquisition	
b. Selection of vehicle type	
c. Identification	
d. Utilization	
e. Maintenance	
f. Disposal	
g. Reporting	
3. Does the awardee maintain motor vehicles in accordance with the established rules for the use of government property?	
4. Does the awardee have written policies and procedures for fleet management including manuals, driver guides, and handbooks?	
5. How are vehicles acquired?	
6. Is there a vehicle replacement policy? How often is it updated?	
7. How is the decision made to replace vehicles?	
8. How is the type of acquired vehicle selected? How is the right vehicle matched for particular uses?	
9. Are motor vehicle records maintained including a complete record of utilization, users, VIN, maintenance costs, etc.?	
10. Are vehicles inspected periodically?	
11. What safeguarding measures are in place to protect vehicles?	
12. Are any of the vehicles assigned to individuals? If so, what are the criteria for justification? Who approves any exemptions?	
13. Are vehicles assigned to a particular group in the organization?	

Management Area	Explanation
14. Are there in-house maintenance facilities?	
15. Are maintenance costs assigned to each vehicle?	
16. Is there a preventive maintenance program for all types of vehicles?	
17. Are the manufacturers' maintenance recommendations incorporated into procedures?	
18. Is maintenance performed on vehicles beyond the normal useful life?	
19. Who approves maintenance and repairs?	
20. Who ensures compliance with motor vehicle procedures?	
21. Are drivers instructed to use only self-service pumps and the lowest grade of fuel for vehicles?	
22. Are there fuel charge cards? Are drivers aware of policy governing fuel cards?	
23. Is alternative fuel usage tracked?	
I. Sub-awardee Control	
1. Are procedures and controls established to assure that government property in a subawardee's possession is adequately protected?	
2. Is the subawardee aware of property management responsibilities such as reporting lost, damaged, or stolen property to the awardee?	
J. Reporting	
1. Does the awardee report the following annual reports to NSF?	
a. Negotiated Sales, 10/15, Letter, or Spreadsheet	
b. Exchange Sale, 10/15, Letter, or Spreadsheet	
c. Excess Property Acquired, 10/30, Letter, or Spreadsheet	
d. Financial Statement, Annually	
e. Motor Vehicle, 10/30, Format	
f. Real Property, 10/15, Letter, or Spreadsheet	
g. Physical Inventory, 10/15, Letter, or Spreadsheet	
K. Aircraft	
1. Does the awardee maintain aircraft?	
2. Who is responsible for the custody of the aircraft?	
3. Who is responsible for maintenance?	
4. How is aircraft acquired?	
5. Is there a system to track inventory of aircraft supplies/parts?	
6. Are logbooks maintained to show aircraft utilization?	

Management Area	Explanation
7. What is the process for parts replacement?	

Reviewer Signature _____

Date _____

Reviewer Title _____

WORKSHEET 8 – HUMAN RESOURCES CHECKLIST

File No.:
Reviewer:

Date Initiated:

#	Questions	Observation References	Comments
	PRINCIPLE 1. The organization has a structure in place to carry out the functions related to the management of human resources.		
1.	Does the organization chart clearly present the reporting and management structure?	1.1.1	Comments:
2.	Does the organization chart clearly reflect all approved positions?	1.1.1	Comments:
3.	Does the organization chart appear to be logical with positions appropriately aligned?	1.1.1	Comments:
4.	Are goals and metrics in place and routinely used to assess progress? What information is *generated*? What information is *used*? What internal or external reviews are conducted to assure compliance with laws and policies? What practices exist to ensure that human resource staff is current with new laws and regulations and aware of human resource best practices?	1.2.1	Comments:
5.	Does the organization periodically review its policies and procedures and make necessary revisions based upon changes in practice, regulations, and requirements? How often?	1.2.2	Comments:
6.	Meet with responsible personnel to obtain an overview of the various risk factors considered by management and an understanding of how management identifies the risks, estimates the significance of risks, and assesses the likelihood of their occurrence.	1.2.3	Comments:
7.	If required, has the organization provided proof that it filed a current Form 5500 with the Internal Revenue Service?	1.3	Comments:
8.	Does the organization sponsor J-1 and H-1 visa holders and are those procedures sufficient to ensure compliance with the employer's responsibilities and in full compliance with federal laws?	1.3	Comments:
9.	Determine whether specific levels of licensing, certification and training are required by reviewing the award agreement. *Should* specific levels be required?	1.3	Comments:
10.	Do the organization's policies and procedures contain information related to implementation and compliance with the Immigration Reform and Control Act (IRCA) (Public Law 99-603)?	1.3	Comments:
11.	Do the organization's policies and procedures contain information related to implementation and compliance with USERRA (38 U.S.C. parts 4301 through 4333)?	1.3	Comments:

#	Questions	Observation References	Comments
12.	Is the organization in compliance with Davis-Bacon Act, Walsh Healey Act, and the Service Contract Act?	1.3, 3.3	Comments:
13.	Review the Benefits Plan Documents and the Summary Plan Descriptions to determine if the organization is in compliance with ERISA requirements. At a minimum, an ERISA-compliant organization should develop a "plan document" that serves as the plan's constitution and a summary plan description. Specifically, with regard to ERISA requirements, the Plan document must: • Name one or more fiduciaries that have authority to control and manage the operation and administration of the plan. • Provide a procedure for establishing and carrying out a funding policy consistent with the objectives of the plan. • Create a procedure for amending the plan. • Specify the basis on which payments are made to and from the plan.	1.3.1	Comments:
14.	Does the organization have a Drug-Free Workplace Policy that complies with the law and with award conditions?	1.3.1	Comments:
15.	Are HR personnel knowledgeable of and in compliance with Uniformed Guidelines for Employee Selection Procedures?	1.3.1	Comments:
16.	For organizations offering Defined Contribution plans, is the organization current in its payments?	1.3.2	Comments:
17.	For organizations offering Defined Benefit plans, was a copy of the plan valuation and a copy of the PBGC-1 provided?	1.3.2	Comments:
18.	Has the organization performed tests to ensure that its retirement plan is qualified? Both Defined Contribution and Defined Benefit plans are "qualified" and can be disqualified if they exclude (i.e., by discriminating) personnel who should be included. Indicate the tests that the organization performs to ensure that its retirement plan is qualified.	1.3.2	Comments:
19.	If the organization performs Adverse Impact Analyses, determine if they are performed in order to identify and eliminate systemic and/or accidental discrimination. Do the analyses, for example, ensure that men and women, minorities and non-minorities, etc., are being treated in the same way?	1.3.3	Comments:
20.	Does the organization have a procedure that ensures exempt and nonexempt status is applied fairly, consistently, and in accordance with regulations?	1.3.4	Comments:
21.	Does the organization have reasonable and fair procedures for addressing employee relations and providing employee assistance?	1.4.1, 1.4.2	Comments:
22.	Is there a person/place (either in the organization or through a third-party) where employees can air confidential employment-related matters?	**1.4.1**	Comments:
23.	Does the organization have an employee assistance program to assist employees with personal or family problems? How is this program publicized?	1.4.1	Comments:

#	Questions	Observation References	Comments
24.	What confidentiality guarantees are provided?	1.4.2	Comments:
25.	What procedures have been established to address the possibility of violence in the workplace?	1.4.3	Comments:
	PRINCIPLE 2. The organization has succession planning systems in place to ensure continual management of the project.		
26.	Should the current leaders of the awardee organization retire, what mechanisms are in place to ensure the consistent leadership of the organization and oversight and management of the grant?	2.2	Comments:
27.	With regard to the practitioners who are performing the work to achieve the results delineated in the grant, what mechanisms are in place to ensure their effective management? Replacement in case of retirement or attrition?	2.2.2	COMMENTS:
28.	Are succession strategies and mechanisms clearly defined?	2.2.1	Comments:
29.	How are recruiting and selection, retention, training, measurement, and performance assessment processes delineated?		Comments:
30.	Is the succession plan robust and detailed?	2.2, 2.3	Comments:
31.	Does the strategic, business, or human capital plan discuss organizational leadership in the context of their overall mission or vision?	2.2.1	Comments:
32.	Is succession planning a component of strategic processes?	2.2.2	Comments:
33.	Does the organization manage succession by anticipating vacancies and considering criticality? Or does the organization manage succession by grooming an individual successor or a pool of potential successors for key roles in the organization?	2.2, 2.3	Comments:
34.	Is the succession planning process documented in terms of process maps or flow charts?	2.3	Comments:
35.	Are the process steps clearly defined (e.g., start/finish activities, decision points, technology used, flow direction)?	2.3	Comments:
36.	Does the process involve the relevant stakeholders (e.g., program directors, HR, succession committee)?	2.3	Comments:
37.	Are the process steps' inputs, outputs, and dependencies described?	2.3	Comments:
38.	Is there diversity among leadership in terms of age, sex, race, etc.?	2.4.1	Comments:
39.	What market drivers exist that could impact whether leaders remain with the awardee organization?	2.4.2	Comments:
40.	How many vacancies currently exist within the organization? How many of those are considered leadership positions?	2.5.1	Comments:
41.	What has been the vacancy trend over time? What is the turnover rate?	2.5.1	Comments:

#	Questions	Observation References	Comments
42.	Are vacancy announcements and files maintained for review and reconstruction purposes?	2.5.1	Comments:
43.	Are practices used to advertise, recruit, and select individuals in compliance with Uniformed Guidelines for Employee Selection Procedures?	2.5.1, 3.1.2	Comments:
44.	Do position profiles and/or descriptions include detailed information regarding job responsibilities, reporting structure, processes relevant to responsibilities, and other information that can be used by a successor?	2.6.1	Comments:
45.	How often are position profiles and/or descriptions updated?	2.6.2	Comments:
46.	Does the awardee have a formal recruiting plan in place to fill vacancies – both leadership vacancies staffed externally, and a mechanism for hiring to back-fill positions from which leaders are promoted?	2.7	Comments:
47.	How varied are the media for posting openings (e.g., newspaper, internet, industry journals, head-hunting organizations)?	2.7	Comments:
48.	Does the awardee have a competitive bonus and raise structure?	2.7.2	Comments:
49.	Is there a logical and achievable promotion plan in place to fill leadership positions from within?	2.7.3	Comments:
50.	Are other retention mechanisms in place (i.e., flexible work schedules, vacation, etc.)?	2.7.4	Comments:
PRINCIPLE 3. The organization recruits and develops employees based on practices that are designed for ensuring that positions are appropriately filled.			
51.	How do the policies and procedures ensure that any essential competencies and/or knowledge necessary to qualify for various positions are identified?	3.1.1	Comments:
52.	What strategies are being implemented to help ensure that employees have or will continue to have the competencies and skills for the job?	3.1.1	Comments:
53.	Do the policies and procedures indicate that the organization advertises vacancies in a manner and to an audience likely to reach individuals qualified for the vacancy?	3.1.2	Comments:
54.	Do the policies and procedures indicate that the organization seeks to use, where practicable, a competitive process to select individuals for vacancies?	3.1.2	Comments:
55.	Do the policies and procedures address internal advancement into higher level positions within the same discipline or into new disciplines?	3.1.3	Comments:
56.	Do the policies and procedures provide guidance to managers so that they know their rights and responsibilities regarding recruitment and advancement?	3.1.3	Comments:
57.	Do the policies and procedures provide guidance as to what questions can and cannot be asked of prospective employees?	3.1.4	Comments:
58.	Are there written procedures? Do they align with NSF expectations? Are the procedures followed? Can they be substantiated?		Comments:

#	Questions	Observation References	Comments
59.	Does the organization conduct appropriate background screenings on candidates to ensure they are suitable for employment and will not compromise organization endeavors and/or proprietary information?	3.2.1	Comments:
60.	Has the organization conducted an assessment to determine how extensive an applicant screening program is needed? Is the organization responsible for any highly sensitive, classified, or proprietary information?	3.2.1	Comments:
61.	If a personnel security program exists, are there different levels of security investigations based on the level/access of the employee? If so, who determines the security level required for each position and what criteria are used to make that determination?	3.2.2	Comments:
62.	If an applicant-screening program exists, what specific processes are in place to check the backgrounds of applicants/employees?	3.2.1	Comments:
63.	What does the organization do when it determines an individual has provided false information, has a criminal record, or has engaged in other activities that call into question his or her suitability for the position?	3.2.3	Comments:
64.	How are applicants/employees notified of the existence and requirements of the personnel security program, the Drug Free Workplace Act, the Fair Credit Reporting Act, and the Employee Polygraph Protection Act?	3.2.4	Comments:
65.	Does the organization conduct polygraph examinations? If so, is it in compliance with the Employee Polygraph Protection Act?	3.2.4	Comments:
66.	Does the organization request consumer credit reports on applicants and/or employees? If so, is it in compliance with the Fair Credit Reporting Act?	3.2.4	Comments:
67.	Is the organization in compliance with the provisions of the Drug Free Workplace Act (Public Law 100-690) of 1988? If the organization did not provide a copy of its Drug-Free Workplace policy, follow up with HR staff regarding the organization's compliance with award conditions and with the Drug-Free Workplace Act.	3.2.4	Comments:
68.	Are there any positions that have access to classified information? If the organization has positions that have access to classified information, what procedures exist to ensure individuals do not have access to such materials until their background investigation has been fully adjudicated?	3.2.1, 3.2.2	Comments:
69.	Do the organization bases have a logical and appropriate scheme for establishing and modifying pay structures and defining salary ranges for staff?	3.3.1	Comments:

#	Questions	Observation References	Comments
70.	Does the organization base decisions regarding compensation on consistently-applied practices for setting initial compensation, for reviewing salaries, and for making appropriate adjustments over time? Do the policies and procedures contain: • Guidance related to setting initial compensation? • Guidance related to reviewing salaries and making adjustments? • Information related to implementing and complying with the Equal Pay Act? • Information related to implementing and complying with the Fair Labor Standards Act?	3.3.1	Comments:
71.	Is the rationale for pay structure and compensation policies effective and cost efficient?	3.3.2	Comments:
72.	Is the organization in compliance with ERISA, COBRA, the Retirement Equity Act, and HIPAA?	3.4	Comments:
73.	Does the organization make employees aware of their benefits and of the services provided by human resources? For example: • Do employees receive an employee handbook, a new employee orientation, or similar instructional material upon being hired? • Does the organization make available information regarding benefits and services provided by human resources through other means (e.g., intranet, newsletters)?	3.4.1	Comments:
74.	Do the policies and procedures contain information related to implementation of and compliance with the Family and Medical Leave Act (Public Law 103-3) (February 15, 1993)? For example, has the organization assigned someone the responsibility to: • Collect FMLA requests? • Determine appropriateness and approve or disapprove requests? • Monitor the amount of leave used to ensure that the entitlement is not abused?	3.4.2	Comments:
PRINCIPLE 4. The organization has a performance management process for setting expectations, monitoring performance, providing feedback and periodically rating overall performance.			
75.	Are performance appraisal criteria robust and measurable? Do criteria focus on leadership skills?	4.1	Comments:
76.	Do appraisals contribute to individual ratings, bonuses, raises, promotions?	4.1.2	Comments:
77.	How is appraisal feedback presented to recipients?	4.1	Comments:
78.	Is there a prescription for suggested development actions for the next round of appraisals?	4.1.3	Comments:

#	Questions	Observation References	Comments
79.	Determine whether the organization has a performance management process. For example, • Do the policies and procedures contain guidance on setting work expectations? • Does a process exist for setting individual and/or team performance expectations? • Do employees have input to the process of setting performance expectations? • Do employees have input to the process of monitoring performance? • Do employees have input to the process of providing feedback?	4.1	Comments:
80.	Are compensation, award and retention decisions based on performance outcomes?	4.1.2	Comments:
81.	By what mechanism are poor performers held accountable for their work efforts?	4.1.5	Comments:
82.	Does the organization have an employee recognition program?	4.2.1	Comments:
83.	Are there policies and procedures for determining what type of recognition an individual receives? What types of recognition are available (e.g., monetary, non-monetary, gifts or saving bonds, other)?	4.2.1	Comments:
84.	Who has the authority to approve and/or provide recognition?	4.2.2	Comments:
85.	What criteria are used to ensure that rewards are provided in an efficient and equitable manner?	4.2.1	Comments:
86.	How do you gauge the effectiveness of your recognition programs and whether there is a link between recognition and performance?	4.2.1	Comments:
87.	Does the organization assess current and long-term training and development needs and have plans to address skills gaps and succession plans for key positions?	4.3.3	Comments:
88.	Who participates in determining the organization's training and development needs (is there a steering committee, stakeholder feedback, other participatory process)?	4.3.1	Comments:
89.	How are employees selected for training?	4.3	Comments:
90.	Is training mandatory for particular positions (e.g., supervisors)?	4.3	Comments:
91.	Do employees have individual learning plans?	4.3.2	Comments:
92.	Is all training job-related?	4.3	Comments:
93.	How are reasonable costs for training determined?	4.3	Comments:
94.	How are training costs paid (e.g., centralized or decentralized, employee and organization split costs, cost reimbursement upon course completion.)?	4.3	Comments:
95.	How much does the organization spend per employee on training?	4.3	Comments:
96.	What is the average number of hours per year that employees spend at designated learning activities (e.g., classroom, e-learning, conferences, etc.)?	4.3	Comments:

#	Questions	Observation References	Comments
97.	Are employees required to work a certain amount of time before they are eligible for training?	4.3	Comments:
98.	Are there any requirements for continued employment service subsequent to training?	4.3	Comments:
99.	What training delivery systems are used (e.g., on-the-job training, Web-based learning, classroom training, conference, satellite)?	4.3.4	Comments:
100.	Is there any return on investment data?	4.3.1	Comments:
101.	How is the program funded?	4.3.1	Comments:
102.	Are any changes expected in the work or the organization? How might these changes impact the employee development program?	4.3.3	Comments:
103.	Select a sample of employees to interview to determine whether their training and development needs are being met.	4.3.1	Comments:
104.	Who has the right to discipline or fire an employee?		Comments:
105.	What training and guidance are provided to these individuals to ensure they are properly exercising their rights and responsibilities regarding employee discipline and termination?		Comments:
106.	Is there any neutral review of such determinations to protect the organization from claims of discrimination, violation of employment agreements, etc?		Comments:

Additional Comments: